

CARES Act Provisions Affecting Retirement Plans

If you are a participant in one (or more) of the NMU Retirement Plans with TIAA, we want to make you aware of the options available to you as a result of the Coronavirus Aid, Relief and Economic Security (CARES) Act.

The Act was signed into law by the President on March 27th and provides options for you to consider as you navigate financial decisions in the coming months. As always, we recommend reaching out to your TIAA financial consultant to review your current situation—along with short- and long-term financial goals—before making any decisions.

NMU has adopted the following CARES Act provisions:

403(b) Retirement Annuity Plan:

- Penalties and withholding are waived for qualified Coronavirus-related distributions from retirement plan accounts

403(b) Tax Deferred Annuity Plan (voluntary plan):

- Penalties and withholding are waived for qualified Coronavirus-related distributions from retirement plan accounts
- Retirement plan loan limits have been increased

457(b) Deferred Compensation Plan (voluntary plan):

- Penalties and withholding are waived for qualified distributions from retirement plan accounts
- Retirement plan loan limits have been increased

What does this mean for you?

We know that keeping you and your family healthy and safe amid the challenges surrounding COVID-19 needs to be your first priority. That's why we've worked with our retirement plan partners at TIAA to break down the provisions in the Act to make them easier to understand so you can determine if they may be right for you.

Retirement Plan Withdrawals (Coronavirus-related distribution) and Loans:

Who is eligible?

You are eligible to take distributions/loans from your retirement plan if any of the below conditions are met:

- You have been diagnosed with COVID-19 by a test approved from the Centers for Disease Control and Prevention
- You have a spouse or dependent who has been diagnosed with COVID-19
- You suffer financial consequences as a result of quarantine, employment furlough, layoffs, reduced work hours or cannot work due to lack of child care as a result of coronavirus
- You experience a financial loss to an individually owned or operated business that is caused by a closing or reduction of hours due to coronavirus
- Other factors as determined by the Secretary of the Treasury or his delegate

How can the Act help if you are eligible?

1) Penalties and withholding are waived for qualified distributions from retirement plan accounts.

Provided the above eligibility criteria is met, the CARES Act waives the 10% early withdrawal penalty and eliminates the 20% withholding for coronavirus-related distributions of up to \$100,000 across qualified retirement plans and IRAs. Note: While the 20% withholding will not be taken from distributions, you will have the option to add withholding if you want.

Distributions will be subject to taxation, and you will have the option to pay taxes due over a three-year period. We suggest you consult with your personal tax advisor.

The Act also allows you to reinvest withdrawn funds within three years regardless of that year's contribution limit, making it easier to replace the amount of your distribution in your retirement account.

2) Retirement plan loan limits are increased (for plans that permit loans).

Maximum retirement plan loan limits have been increased from \$50,000 or 50% of vested account balances to \$100,000 or 100% of the vested account balance for loans made within 180 days of enactment of the CARES Act on March 27.

This is also dependent on NMU's loan policy, the type of loan, the number of loans allowed and limits offered within our plan. We currently allow participants a maximum of **one (1)** plan loan.

If you choose to take a loan, you will be asked to self-certify that you meet the requirements for a Coronavirus-related loan. The loan approval process will remain the same as it does for other loans.

If you have existing retirement plan loan payments, you may be able to defer payments for one year and extend the term of your loan by one year.

While the CARES Act does expand the loan limits for loans taken from certain NMU retirement plans, in accordance with the loan policy **in the 403(b) Retirement Annuity Plan, loans are not permissible on University-funded contributions to the Plan.**

For retirement plan distributions and loans, TIAA encourages you to set up electronic funds transfer (EFT) for faster delivery of funds.

Visit **TIAA.org** or call TIAA at **855-400-4294** if you have questions related to taking a loan or the possibility of deferring payments to an existing retirement plan loan.

Next steps:

If you meet the eligibility criteria detailed above, would like to speak to a financial consultant, or would like to request loans or distributions, you can do so by logging in to your online account at **TIAA.org** or by calling TIAA at **855-400-4294**. You can also visit [TIAA.org](https://www.tiaa.org) for more information on the provisions of the CARES Act and other changes to consider. We recommend reviewing all of your options prior to making a decision.

Other informational changes in the CARES Act:

1) Tax filing and payment changes

The Treasury has extended federal tax filing and IRA contribution deadlines. The federal deadline for filing a 2019 tax return—and any corresponding 2019 IRA contributions outside of your retirement plan—has been extended to July 15, 2020.

2) Suspension of required minimum distributions (RMDs)

To help provide relief for those required to take RMDs, the CARES Act allows you to cancel your 2020 RMD payments and restart them in 2021.

3) Student loans and stimulus payments

Borrowers who have certain federal student loans have the opportunity to defer payments until later in the year, and qualified taxpayers meeting specific single/joint filing criteria may be eligible to receive stimulus payments. Please consult your personal tax advisor or your loan provider for additional information.