

A man with a white beard and glasses, wearing a brown hat and a bright yellow raincoat, stands against a blue background. He is holding a thin black pole in his right hand. A white rectangular sign is attached to the pole, containing text in orange and black. He has black binoculars hanging from his neck. The overall image conveys a sense of preparedness and outdoor activity.

COVID-19
CHANGES GIVE YOU

EASIER ACCESS
TO RETIREMENT PLAN
AND IRA DOLLARS

The logo for Ascent Financial features a stylized mountain range in shades of blue and grey above the word "Ascent" written in a blue cursive font. Below "Ascent" is the word "FINANCIAL" in a blue, all-caps, sans-serif font.

Ascent
FINANCIAL

HAVE YOUR FINANCES BEEN IMPACTED BY THE CORONAVIRUS?

DO YOU HAVE MONEY IN A RETIREMENT PLAN¹ OR AN INDIVIDUAL RETIREMENT ACCOUNT (IRA)?

If you answered “YES” to both of those questions, the Coronavirus Aid, Relief, and Economic Security (CARES) Act may make it easier for you to access your retirement funds through a “coronavirus-related distribution.” (A distribution is essentially a withdrawal.)

REQUIRED MINIMUM DISTRIBUTIONS (RMDs)

The law waives required minimum distributions for 2020 from most retirement plans and IRAs. The waiver applies to individuals making their first required minimum distribution for 2019 for which the required beginning date is April 1, 2020 (and that were not already made in 2019) in addition to required minimum distributions for 2020. The waiver also applies to inherited IRAs.

WHO QUALIFIES FOR A CORONAVIRUS-RELATED DISTRIBUTION?

You qualify if:

- You, your spouse or dependent has been diagnosed with the coronavirus.
- You’ve experienced adverse financial consequences as a result of being quarantined, furloughed or laid off, or your work hours have been reduced.
- You’re unable to work because of a lack of child care.
- You’ve had to close or reduce the hours of a business as a result of the virus.

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QUALIFIED EARLY DISTRIBUTIONS

If you are qualified, you can withdraw up to \$100,000 from your eligible retirement plan or IRA between Jan. 1, 2020, and Dec. 31, 2020.

If you are younger than age 59½:

- The 10% withdrawal penalty is waived.
- You can choose to have no federal income taxes withheld from the initial distribution and pay the income taxes over the next three years.
- You can also repay the distribution amount over the next three years, with the repayments not counting toward your annual contribution limits. If the entire amount is paid within the three years, no income taxes are owed.

QUALIFIED IN-SERVICE DISTRIBUTIONS

Some retirement plans prohibit still-employed participants from taking distributions from their retirement plan. This change makes it easier for plan sponsors to waive those rules and allow participants to take coronavirus-related distributions up to \$100,000 between Jan. 1, 2020, and Dec. 31, 2020.

RETIREMENT PLAN LOANS

The law increases loan limits from retirement plans from \$50,000 to \$100,000 — or up to 100% of the vested amount, whichever is less — for coronavirus-related loans made within the 180-day period beginning March 27, 2020. New and existing loan payments can be deferred for a year.

Experts recommend caution when considering early distributions and loans from a retirement plan or IRA.¹ Please consider all other options before accessing money in a retirement plan or IRA.

Not all plans will offer all these features — check with your employer or plan sponsor!



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¹ <https://www.marketwatch.com/story/it-going-to-be-easier-to-make-early-401k-withdrawals-but-should-you-do-it-2019-10-29>

<https://www.natlawreview.com/article/cares-act-effect-retirement-plans>

<https://www.sgrlaw.com/client-alerts/retirement-plan-relief-in-the-cares-act/>

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