



DATAIR has created the following COVID-19 and CARES Act communication materials to help you assist plan sponsors with the operation and administration of the special COVID-19 and CARES Act retirement plan provisions. These materials do not replace the requirement to formally amend the plan and provide plan participants with a Summary of Material Modifications. DATAIR will be providing actual amendments for your plans once the IRS releases guidance with respect to these special provisions.

Participant Notice

The Participant Notice is used to communicate the changes to their participants and allows participants to self-certify their eligibility for these special provisions. These notices are not required by law, however if a plan sponsor intends on offering these special benefits, it is important to communicate them to all plan participants.

There are three versions of the participant notice, select the notice that reflects the special provisions being offered:

1. The Coronavirus Related Distributions and Coronavirus Related Loan Provisions Memo – use this if the plan sponsor is offering CVRD Qualified Participants both Coronavirus related distributions and Coronavirus related loan enhancements.
2. The Coronavirus Related Distributions Memo – use this if the plan sponsor is offering CVRD Qualified Participants Coronavirus related distributions but not Coronavirus related loan enhancements.
3. The Coronavirus Related Loan Provisions Memo – use this if the plan sponsor is offering CVRD Qualified Participants Coronavirus related loan enhancements but not Coronavirus related distributions.

CVRD Qualified Participant Self Certification

The Act allows plan sponsors to rely on a participant's self-certification that they meet the requirements. The "CVRD Qualified Participant Self Certification" form has been included in these materials which can be used by the plan sponsor to document participant self-certification. It is intended that this certification form will be used with your normal distribution paperwork, or any special COVID-19 and CARES Act distribution paperwork that may be provided by the plan's recordkeeper.

The CARES Act requires that a participant be a "CVRD Qualified Participant" to take advantage of the CVRDs and CVRD expanded loan provisions. A participant is a "CVRD Qualified Participant" if they meet any of the following requirements:

1. The participant, participant's spouse, or participant's dependent (as defined by Code Sec. 152) have been diagnosed with the virus SARS-CoV-2 or with the disease COVID-19 by a test approved by the Center for Disease Control (CDC); or
2. The participant has experienced adverse financial consequences as a result of one or more of the following events due to SARS-CoV-2 or COVID-19:
 - a. they were quarantined, furloughed, or laid-off
 - b. they experienced a reduction in work hours;
 - c. they were unable to work due to lack of childcare; or
 - d. they own or operate a business that either closed or was forced to operate under reduced hours.

Note that this list may be updated by the Secretary of the Treasury.

CARE Act Provisions Operational Checklist

This checklist can be used by the plan sponsor to document how the plan is being operated so the amendment, once available, can be accurately completed (current amendment deadline is the end of the plan year starting on or after 1/1/2022).

To: All Plan Participants
From:
Date:
RE: Coronavirus Related Distributions

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act of 2020 (the CARES Act) was signed into law. As a result, we have decided to add a distribution trigger to the plan that may allow you to take money out of the plan. These distributions are referred to as Coronavirus Related Distributions (CVRDs) and you may take the distribution if you meet the requirements to be a CVRD Qualified Participant. This notice is intended to describe the CVRD provisions.

Who is a CVRD Qualified Participant?

In order to take a CVRD you must be a CVRD Qualified Participant. You are a CVRD Qualified Participant if you meet any of the following requirements:

1. You, your spouse, or your dependent (as defined by the IRS) have been diagnosed with the virus SARS-CoV-2 or with the disease COVID-19 by a test approved by the Center for Disease Control (CDC); or
2. You have experienced adverse financial consequences as a result of one or more of the following events due to SARS-CoV-2 or COVID-19:
 - a. you were quarantined;
 - b. you were furloughed;
 - c. you were laid-off;
 - d. you experienced a reduction in work hours;
 - e. you were unable to work due to lack of childcare; or
 - f. a business you own or operate either closed or was forced to operate under reduced hours.

This list may be updated by the Secretary of the Treasury.

What is a CVRD?

A CVRD is a distribution that meets all the following requirements:

1. you are a CVRD Qualified Participant;
2. the distribution is taken between January 1, 2020 and December 31, 2020; and
3. the total distribution is not more than \$100,000 (or your vested account balance). This limit includes all amounts taken from all plans sponsored by the same employer.

Is the CVRD subject to tax?

Yes, the amount you take out as a CVRD will be considered taxable income. However, the distribution will not be subject to mandatory withholding at the time it is made and the 10% withdrawal penalty tax that usually applies to early distributions will be waived. Additionally, the tax on Coronavirus-Related Distributions can be paid over a period of up to 3 years by making an election on your 2020 tax return.

Can the money I take out as a CVRD be put back into a plan?

Yes, you will also have a window of 3 years to pay back this distribution to either a retirement plan or an IRA.

If you have any questions, please contact your Plan Administrator.

To: All Plan Participants
From:
Date:
RE: Coronavirus Related Loan Provisions

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act of 2020 (the CARES Act) was signed into law. As a result, we have decided to adopt special loan provisions available if you meet the requirements to be a CVRD Qualified Participant. This notice is intended to describe the CVRD provisions.

Who is a CVRD Qualified Participant?

In order to take a CVRD you must be a CVRD Qualified Participant. You are a CVRD Qualified Participant if you meet any of the following requirements:

1. You, your spouse, or your dependent (as defined by the IRS) have been diagnosed with the virus SARS-CoV-2 or with the disease COVID-19 by a test approved by the Center for Disease Control (CDC); or
 2. You have experienced adverse financial consequences as a result of one or more of the following events due to SARS-CoV-2 or COVID-19:
 - a. you were quarantined;
 - b. you were furloughed;
 - c. you were laid-off;
 - d. you experienced a reduction in work hours;
 - e. you were unable to work due to lack of childcare; or
 - f. a business you own or operate either closed or was forced to operate under reduced hours.
- This list may be updated by the Secretary of the Treasury.

What are the expanded loan provisions?

For loans taken from the plan between March 27, 2020 and September 23, 2020 by CVRD Qualified Participants, the applicable limits on plan loans described in the plan's Summary Plan Description (SPD) are increased. The \$50,000 limit that generally applies has been increased to \$100,000 and the 50% of vested account balance limit is increased to 100%. Refer to your SPD to see how these limits are applied when calculating the maximum available plan loan.

Have the repayment terms changed?

Yes, if you are a CVRD Qualified Participant, all loan payments due at any time between March 27, 2020 and December 31, 2020 will be suspended for a period of 1 year. Loan payments will restart as of the first due date that occurs on or after January 1, 2021 and the skipped payments will be adjusted to reflect interest during the suspension period and must be repaid starting on the one-year anniversary of the first skipped payment. Additionally, the time to repay the loan may be extended by one year.

If you have any questions, please contact your Plan Administrator.

To: All Plan Participants
From:
Date:
RE: Coronavirus Related Distributions and Loans

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act of 2020 (the CARES Act) was signed into law that provides special plan distribution and loan provisions to the plan that are available to CVRD Qualified Participants (as defined below). This notice is intended to describe the CVRD provisions.

Who is a CVRD Qualified Participant?

In order to take a CVRD you must be a CVRD Qualified Participant. You are a CVRD Qualified Participant if you meet any of the following requirements:

1. You, your spouse, or your dependent (as defined by the IRS) have been diagnosed with the virus SARS-CoV-2 or with the disease COVID-19 by a test approved by the Center for Disease Control (CDC); or
2. You have experienced adverse financial consequences as a result of one or more of the following events due to SARS-CoV-2 or COVID-19:
 - a. you were quarantined;
 - b. you were furloughed;
 - c. you were laid-off;
 - d. you experienced a reduction in work hours;
 - e. you were unable to work due to lack of childcare; or
 - f. a business you own or operate either closed or was forced to operate under reduced hours.

This list may be updated by the Secretary of the Treasury.

Coronavirus Related Distributions (CVRDs)

We have decided to add a distribution trigger to the plan that may allow you to take money out of the plan. These distributions are referred to as Coronavirus Related Distributions (CVRDs) and you may take the distribution if you meet the requirements to be a CVRD Qualified Participant. Coronavirus Related Distributions (CVRDs) are further described below:

What is a CVRD?

A CVRD is a distribution that meets all the following requirements:

1. you are a CVRD Qualified Participant;
2. the distribution is taken between January 1, 2020 and December 31, 2020; and
3. the total distribution is not more than \$100,000 (or your vested account balance). This limit includes all amounts taken from all plans sponsored by the same employer.

Is the CVRD subject to tax?

Yes, the amount you take out as a CVRD will be considered taxable income. However, the distribution will not be subject to mandatory withholding at the time it is made and the 10% withdrawal penalty tax that usually applies to early distributions will be waived. Additionally, the tax on Coronavirus-Related Distributions can be paid over a period of up to 3 years by making an election on your 2020 tax return.

Can the money I take out as a CVRD be put back into a plan?

Yes, you will also have a window of 3 years to pay back this distribution to either a retirement plan or an IRA.

Expanded Loan Provisions

We have decided to enhance the plan loan provisions for CVRD Qualified Participants as described below.

What are the expanded loan provisions?

For loans taken from the plan between March 27, 2020 and September 23, 2020 by CVRD Qualified Participants, the applicable limits on plan loans described in the plan's Summary Plan Description (SPD) are increased. The \$50,000 limit that generally applies has been increased to \$100,000 and the 50% of vested account balance limit is increased to 100%. Refer to your SPD to see how these limits are applied when calculating the maximum available plan loan.

Have the repayment terms changed?

Yes, if you are a CVRD Qualified Participant, all loan payments due at any time between March 27, 2020 and December 31, 2020 will be suspended for a period of 1 year. Loan payments will restart as of the first due date that occurs on or after January 1, 2021 and the skipped payments will be adjusted to reflect interest during the suspension period and must be repaid starting on the one-year anniversary of the first skipped payment. Additionally, the time to repay the loan may be extended by one year.

If you have any questions, please contact your Plan Administrator.

CVRD QUALIFIED PARTICIPANT SELF-CERTIFICATION

I, _____ hereby certify that I have experienced the following *(select all that apply)*:

- ☐ I have been diagnosed with the SARS-CoV-2 virus or a COVID-19-related disease.
- ☐ My spouse and/or dependent has been diagnosed with the SARS-CoV-2 virus or a COVID-19-related disease.
- ☐ I have suffered “adverse financial consequences” as a result of the following associated with COVID-19: *(select all that apply)*:
 - ☐ A health-related quarantine
 - ☐ A furlough
 - ☐ A lay off from employment
 - ☐ A reduction in work hours
 - ☐ A lack of childcare
 - ☐ A business I own or operate has been forced to close or reduce its hours of operation

Acknowledgement/Authorization

Signature of Participant: _____

Date: _____

CARE ACT PROVISIONS OPERATIONAL CHECKLIST

The purpose of this checklist is to memorialize the elections made by the plan sponsor with respect to special provisions that apply to retirement plans as a result of the CARE Act which was enacted in March 27, 2020.

NOTE: This is not an amendment to the plan. The deadline to amend a retirement plan to reflect the CARES Act is the last day of the plan year beginning on or after **January 1, 2022** (e.g., December 31, 2022 for a calendar year plan). An amendment reflecting the operation of the plan will be prepared once the IRS has issued the necessary guidance with respect to the required contents of the amendment.

- ☐ Coronavirus-Related Distributions: _____ (Enter date first made available).
- ☐ Coronavirus-Related Loan Provision: _____ (Enter date first made available).
- ☐ 2020 Required Minimum Distribution (RMD) Provisions
- ☐ Participants will have the choice to waive their RMD
- ☐ All RMDs are waived unless distributed prior to: _____ (Enter date RMDs are suspended, if other than the first day of the plan year)
- ☐ RMDs will not be waived for 2020

NOTES: (Use this space to make any notes with respect to the administrative operation of these special provisions):

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.