

The CARES Act (Coronavirus Aid, Relief and Economic Security)

Website Announcement

The CARES Act (Coronavirus Aid, Relief, and Economic Security)

On March 27, 2020, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act allows employers to make changes to their defined contribution plans to allow greater access to retirement funds through the following options:

- Distributions up to \$100,000 for coronavirus-related qualifying reasons,
- Increase in loan amounts and suspension of loan payments for coronavirus-related reasons,
- Waiver of Required Minimum Distributions (RMDs) in 2020 (certain exceptions apply).

The University System of Georgia has added these provisions to the USG 403(b) and 457(b) voluntary savings plans. Self-certification of the Coronavirus qualifying reason is required to receive a distribution or loan. If you have questions, please reach out to your retirement vendor directly using the number below. More information is available through the CARES Act and the USG 403(b) and 457(b) plan FAQs.

- AIG Retirement 800-448-2542, weekdays, 8:30 a.m. to 5:30 p.m. (ET).
- Fidelity 800-642-7131, weekdays, 8 a.m. to 9 p.m. (ET).
- TIAA 800-732-8353, weekdays, 8 a.m. to 8 p.m. (ET).

The CARES Act (Coronavirus Aid, Relief and Economic Security)

The CARES Act and the USG 403(b) and 457(b) Plans FAQs

[1. Who do I contact if I would like to get more information about the CARES Act or take a distribution or loan from my 403\(b\) or 457\(b\) account?](#)

For more information on Coronavirus-related distributions and expanded loan provisions, please contact your service provider.

- AIG Retirement 800-448-2542, weekdays, 8:30 a.m. to 5:30 p.m. (ET)
- Fidelity 800-642-7131, weekdays, 8 a.m. to 9 p.m. (ET)
- TIAA 800-732-8353, weekdays, 8 a.m. to 8 p.m. (ET)

[2. Who is eligible for the new provisions?](#)

Participants in the ORP are not eligible for the provision.

Employees who are participants in the 403(b) and 457(b) plans (have an account balance in one of these plans) and have been adversely impacted by COVID-19 due to the following reasons are eligible for the new provisions:

- Financial consequences due to being quarantined.
- Furloughed, laid off or having work hours reduced.
- Inability to work due to a lack of childcare.
- Company closure or reduced hours of a business owned or operated by the individual.

[3. What are the provisions for taking a Coronavirus-related distribution from the USG 403\(b\) and/or 457\(b\) Plan?](#)

- Up to \$100,000 limit across all plans.
- Distributions are available through December 31, 2020.
- 20% federal tax withholding and 10% early withdrawal penalty waived at the time of distribution.
- Employees will need to self-certify with each qualifying distribution directly with their service provider (AIG, Fidelity, TIAA).
- Option to have income taxed over three years or the ability to pay back the distribution within three years. Any portion not paid back within 3 years will be considered a taxable distribution.

The CARES Act (Coronavirus Aid, Relief and Economic Security)

- Participants are responsible for monitoring the aggregated amount across all plans up to \$100,000 including IRA accounts.
- Employees will need to contact their service providers directly to begin the distribution process.

[4. How quickly can I begin to request a Coronavirus-related distribution or loan from my account?](#)

Many service providers are quickly preparing to receive and process requests from plan participants as soon as possible. Contact your service provider directly for further details.

[5. What are the provisions for taking a Coronavirus-related loan from the USG 403\(b\) and/or 457\(b\) Plan?](#)

- During the 180-day period beginning March 27, 2020, the loan amount maximum increased from 50% of vested account balance to 100%, up to a \$100,000 limit.
- Employees with a current outstanding loan can suspend loan payments between now and Dec. 31 for up to one year.
- Employees with an outstanding loan may take another loan up to the new maximum amount allowed under the new provisions.

[6. Is written documentation required to take a Coronavirus-related distribution or Loan?](#)

Each USG vendor will allow for individuals to self-report their need without documentation.

[7. Can I take a Coronavirus-related distribution and a loan at the same time?](#)

You can take a Coronavirus-related Distribution and loan at the same time in accordance with the individual limits and provisions.

[8. Does the CARES Act apply to the Optional Retirement Plan \(ORP\) or the Teachers Retirement System \(TRS\)?](#)

USG will not apply the CARES Act provisions to the ORP plan. As an alternative to TRS, the plan does not currently allow for withdrawals from the plan as an active employee. As a defined pension plan, the CARES Act does not apply to TRS.

The CARES Act (Coronavirus Aid, Relief and Economic Security)

9. What is a Required Minimum Distribution (RMD)?

A Required Minimum Distribution is the minimum amount you must withdraw from your retirement account each year once you are no longer an active employee and reach a certain age as determined by the IRS. You generally have to start taking withdrawals from your 403(b) and 457(b) retirement plan account when you reach age 72 (70 ½ if you reach 70 ½ before January 1, 2020) and are no longer actively employed with a USG institution. The Cares Act waives this requirement in 2020. If your first Required Minimum Distribution was taken in 2019, it is not eligible to be waived.