

## 401k Update - Helping you through the impacts of COVID-19

During these uncertain times, we want you to know you're not alone—we're here to help. Legislation, called the CARES Act, was just enacted, and it offers you some assistance if you or your family has been impacted by COVID-19.

### What relief does the CARES Act provide?

If a Coronavirus-related distribution (CRD) is taken, the typical 10% penalty tax that applies to early withdrawals does not apply.

- Standard 20% withholding is reduced to 10% withholding unless you elect otherwise.
- Income taxes for the distribution can be spread over 3 years or in the year of distribution.
- Maximum amount available for an individual to withdraw is \$100,000, and you may be permitted to recontribute the amount within 3 years (as a rollover) without regard to contribution limits.
- Self-certification is available - you can certify if you have been affected by COVID-19 and are eligible for a distribution.
- This is available between now and before Dec. 31, 2020.
- In order to qualify, you must certify you have adverse financial consequences from the COVID-19 pandemic or you, your spouse, or dependent have been diagnosed with COVID-19 or SARS-CoV-2. \*

### Delay of loan payments

- Plan loan payments due between March 27, 2020 and Dec. 31, 2020, are delayed for one year with the delay period disregarded from the loan's term. Subsequent payment due dates will be adjusted to reflect the delay period, including additional interest that accrues during the delay.
- In order to qualify, you must certify you have experienced certain adverse financial consequences from the COVID-19 pandemic or you, your spouse, or dependent have been diagnosed with COVID-19 or SARS-CoV-2. \*

### RMD waiver

- There is a temporary waiver of the RMD rules for distributions required in 2020 for defined contribution plans.
- An additional year is allowed for beneficiaries to complete their distributions if they are taking distributions under the 5-year rule.

### Fee waiver information

To directly help you, Principal® is taking important steps to help navigate this difficult time, including waiving certain fees.

- Participant-paid distribution fees for taking a CRD are waived now through Sept. 30, 2020
- Participant-paid distribution fees are waived for taking hardship withdrawal now through Sept. 30, 2020
- Loan origination fees are waived for taking loans now through Sept. 30, 2020.

### Here's how you can request relief through the CARES Act

Log onto your account at [principal.com](https://principal.com) to access the relief provided through the CARES Act. Or, you can call Principal at 800-547-7754. As always you should consider the information described above before deciding to take any action including to start, continue, or change your salary deferral rate.

We hope you and your family are safe, and our thoughts are with you during this time.

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\* An individual, their spouse, or dependent must be diagnosed with COVID-19 (by a test approved by the Centers for Disease Control and Prevention) or the individual experience adverse financial consequences as a result of being quarantined, furloughed, laid off, having work hours reduced, being unable to work due to lack of child care as a result of COVID-19, closing or reduced hours of a business owned or operated by the individual due to COVID-19.

\*\* May need additional guidance from the DOL related to the loan for 100% of vested balance.

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