Relaxed 403(b) Plan Rules Under the CARES Act

Summary:
Under the CARES Act, Mason 403(b) plan participants financially impacted by COVID-19 can:
- Take early withdrawals up to $100,000 without the usual 10% early withdrawal penalty and 20% mandatory tax withholding, effective April 1; these distributions are called “CARES Act Distributions”
- Delay 403(b) loan repayments due between March 27, 2020, and December 31, 2020, for one year
- Access increased loan amounts

CARES Act Distributions
Under the CARES Act, 403(b) plan participants can take in-service distributions with no 10% early distribution penalty or 20% withholding for coronavirus-related distributions if:
- Diagnosed with COVID-19 by a test approved by the Center for Disease Control and Prevention (CDC)
- The participant’s spouse or dependent is diagnosed with COVID-19 by a test approved by the CDC, or who experiences adverse financial consequences as a result of:
  - Being quarantined
  - Being furloughed, laid off, or having work hours reduced as a result of COVID-19
  - Being unable to work due to lack of childcare as a result of COVID-19
  - Closing or reduced hours of a business owned by such individual as a result of COVID-19

How do I request a CARES Act Distribution?
You must contact your retirement plan vendor to confirm eligibility and request a CARES Act Distribution. You will be asked to self-certify that you meet the coronavirus-related distribution requirements listed above.
- If your account is with Fidelity, log into NetBenefits or call 1-800-343-0860
- If your account is with TIAA, log into TIAA or call 1-800-842-2252

Are CARES Act Distributions tax free?
Income taxes will still be owed on the amount withdrawn under CARES Act Distributions. Participants may repay any taxes due over a three-year period. Participants may also treat the CARES Act Distribution as a loan and pay back the distribution over three years. Participants should consider taking a loan from the 403(b) first due as loans are tax-free.

Is there a deadline for a CARES Act distribution?
Yes, CARES Act Distributions must be processed and distributed by December 31, 2020.

Loans
Delaying Current Loan Repayments
If you have a current loan repayment due between March 27, 2020, and December 31, 2020, and you qualify based on coronavirus-related eligibility, you may delay repaying the
loan for up to one year by contacting your retirement plan vendor, either Fidelity or TIAA, directly.

**Increased Loan Amounts**
If you qualify based on coronavirus-related eligibility, the CARES Act doubles the maximum loan limits to $100,000 or 100% of your vested 403(b) account balance. **This feature is not yet available. We will provide additional details when the feature is available.**

**How do I request a CARES Act Loan?**
**Once the CARES Act Loans are available,** you must contact your retirement plan vendor to confirm eligibility and request a coronavirus-related loan. 403(b) participants will be asked to self-certify that they meet the requirements for a coronavirus-related loan. The approval process will remain the same as it does for non-coronavirus-related loans.

If you have questions, please email benefits@gmu.edu.