

CARES Act Provisions Affect Drake Retirement Plans

As a participant in the Drake University Retirement Plan(s), we want to ensure you are aware of the options available to you as a result of the Coronavirus Aid, Relief and Economic Security (CARES) Act.

The Act, signed into law March 27, 2020, provides options for you to consider as you navigate financial decisions in the coming months. We strongly encourage you to contact your TIAA financial consultant to review your current situation, along with short and long-term financial goals, before making any decisions.

Drake University has chosen to adopt the following CARES Act provisions:

- Increased Voluntary Retirement Plan loan limits
- Optional suspension of required minimum distributions (RMDs) for 2020

Voluntary Retirement Plan Withdrawals and Loans

You are considered eligible to take a distribution/loan from your Voluntary Retirement Plan if any of the following conditions are met:

- You have been diagnosed with COVID-19 by a test approved from the Centers for Disease Control and Prevention;
- You have a spouse or dependent who has been diagnosed with COVID-19; or
- You suffer financial consequences as a result of quarantine, employment furlough, layoffs, reduced work hours or cannot work due to lack of child-care as a result of coronavirus.

Penalties and withholding are waived for qualified distributions from Voluntary Retirement Plan Accounts. Provided the eligibility criteria are met, the CARES Act will waive the 10% early withdrawal penalty and eliminate the 20% withholding for coronavirus-related distributions up to \$100,000 across qualified retirement plans and IRAs. While the 20% withholding will not be taken from distributions, you will have the option to add withholding should you wish.

Distributions will be subject to taxation, and you will have the option to pay taxes due over a three-year period. We encourage you to consult with your personal tax advisor regarding taxation.

The Act also allows you to reinvest withdrawn funds within three years regardless of that year's contribution limit, making it easier to replace the amount of your distribution in your retirement account.

Voluntary Retirement Plan Loan Limits

Maximum retirement plan loan limits have been increased from \$50,000 or 50% of vested account balances, to \$100,000 or 100% of the vested account balance **for loans made within 180 days of enactment of the CARES Act on March 27, 2020.**

In accordance with Drake's Voluntary Retirement Plan, a maximum of one loan is permissible. If you choose to take a loan, you will be asked to self-certify that you meet the requirements for a coronavirus-related loan. The loan approval process will remain the same as it does for non-coronavirus-related loans. **Although the CARES Act expands retirement plan loan limits, loans from Drake's Mandatory Retirement Plan are not permissible.**

If you have an existing Voluntary Retirement Plan loan, you may be able to defer payments for one year and extend the term of your loan by one year.

Please visit [TIAA.org](https://www.tiaa.org) or call TIAA at **855-400-4294** if you have questions related to Voluntary Retirement withdrawals or loans.

Suspension of Required Minimum Distributions (RMDs)

To help provide relief for those required to take RMDs, the CARES Act allows you to cancel your 2020 RMD payments and restart them in 2021.

- **If you already have an RMD payment scheduled for this year:**
You have the flexibility to cancel it, and TIAA will restart it automatically in 2021.
- **If you have already started receiving your RMD this year:**
You have the option to repay it as a rollover. If checks have already been sent, you have 60 days to roll over those funds into a plan that accepts rollovers or into an IRA. In past disaster scenarios, the IRS has extended that rollover period. TIAA will monitor regulatory activity and notify clients if an extension is granted in this context.
- **If you have not set up your RMD this year:**
Based on the CARES Act, TIAA cannot set up new RMD payments. If you still need the money, you can take a withdrawal.

Additional CARES Act Changes

Tax filing and payment changes

The Treasury has extended federal tax filing and IRA contribution deadlines. The federal deadline for filing a 2019 tax return has been extended to July 15, 2020.

Student loans and stimulus payments

Borrowers who have certain federal student loans have an opportunity to defer payments until later in the year, and qualified taxpayers meeting specific single/joint filing criteria may be eligible to receive stimulus payments. Please consult your personal tax advisor or your loan provider for additional information.

Next Steps

- If you meet the eligibility criteria detailed above, would like to speak to a financial consultant, or would like to request a loan or distribution, you may log into your online account at [TIAA.org](https://www.tiaa.org) or call TIAA at **855-400-4294**. For additional information regarding CARES Act provisions, please visit [TIAA .org](https://www.tiaa.org)
- If you would like to learn more about the impact of the health crisis on the U.S. economy, please [register online](#) for TIAA's Financial Essentials Webinar.
- If you would like to [schedule a virtual financial counseling session](#), you may register online or call **800-732-8353**.
- If you have questions regarding your Drake University benefits, please contact marlene.heuertz@drake.edu