Understanding the CARES Act and Related Coronavirus Relief

Here, we describe how the CARES Act provides expanded retirement plan loan relief for qualified individuals.

Who is qualified

A qualified individual is generally defined as someone:

- diagnosed with COVID-19 or SARS-CoV-2 (or whose spouse or dependent is diagnosed) in an approved test
- or experiencing certain related adverse financial consequences

This analysis is based on currently available guidance and is subject to change as additional information becomes available.

Eligible plan types

- 403(a) annuity
- 457(b) plans maintained by governments
- 403(b)

- 401(a) qualified plans (e.g., profit sharing/401(k) plans)

Maximum loan amount

Beginning on March 27 and ending on September 22, 2020, the CARES Act temporarily doubles the maximum loan amount available to qualified individuals.

The new maximum loan amount is the lesser of

- $100,000
- 100% of the participant’s vested benefit (e.g., account balance)

Note that any outstanding plan loan amounts will still need to be factored into the maximum loan calculation.

Loan repayments

Qualified individuals who have a loan repayment due on or after March 27, 2020

and

on or before December 31, 2020

can delay their loan repayments for up to one year.

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