



What the Coronavirus Aid, Relief, and Economic Security (CARES) Act Means to You

Lincoln is here to help

To help you navigate financial difficulties resulting from COVID-19, the federal government has passed the CARES Act, an economic stimulus package that includes provisions aimed at making it easier, for those who qualify, to access money in their retirement plan accounts.

The CARES Act provisions

1. Penalty-free, coronavirus-related distributions (CRDs)—subject to the terms of your plan

You can take up to \$100,000 from the vested balances in your retirement plan accounts, including IRAs. You can take money from more than one retirement account, but the maximum you can withdraw from all your retirement accounts combined is \$100,000. You won't be subject to the normal 10% early withdrawal penalty (if you're under 59½) or the 20% mandatory tax withholding. However, 10% federal tax withholding will apply unless you elect no tax withholding on the CARES Act distribution request form. While your distribution is considered ordinary income and is taxed, you can spread that expense over three years and pay a portion of the tax each year.

If you take the distribution in 2020, you also have the option to repay the distribution back to your retirement account over a three-year period, in which case it will be treated as a direct transfer and will not be taxed.

You can request a distribution more than once (up to the \$100,000 vested balance maximum across all of your retirement accounts). This allows you the ability to request enough money to meet your short-term needs while retaining as much in your retirement account as possible.

Are you eligible?

To take advantage of the CARES Act distribution and loan provisions, you must self-certify that you meet **one of the following** criteria:

- ✔ You have contracted COVID-19
- ✔ Your spouse or dependent has contracted COVID-19
- ✔ You have lost your job, been furloughed, or are working a reduced schedule because of COVID-19
- ✔ You are unable to work due to loss of childcare because of COVID-19

Your plan permits:

- ✔ Penalty-free distributions
- ✔ Increased loan limit
- ✔ Additional loan
- ✔ Delayed loan repayments

2. Expanded loan provisions—subject to the terms of your plan

You can borrow up to 100% of your vested balance or \$100,000 (whichever is less) from eligible retirement plan accounts during the qualifying period from March 27, 2020, through September 23, 2020, and pay it back, along with accrued interest.

You will be permitted to take an additional loan, as long as the outstanding loans from all eligible retirement accounts combined do not exceed the lesser of \$100,000 or 100% of your vested account balance.

Any repayments due between March 27, 2020, and December 31, 2020, on new or existing loans can be delayed for one year, although interest will still accrue.

3. Required Minimum Distribution (RMD) waiver

If you attained age 70½ prior to January 1, 2020, you are legally required to take a RMD in 2020, calculated based on your previous calendar year-end account value. However, under the CARES Act, you can waive taking a RMD in 2020 (including a first-time RMD required for 2019 that was delayed until April 1, 2020), and avoid the effect recent market losses may have on a withdrawal from your account. In addition, if you took a 2019 or 2020 RMD between February 1, 2020, and May 15, 2020, you may be able to do a direct transfer of the distribution back into your retirement plan.

Lincoln is here to help



To find out what CARES Act provisions are available to you, to request an eligible distribution or loan, or if you have a question about your RMD, please call the Lincoln Customer Contact Center at **800-234-3500**, Monday through Friday, between 8:00 a.m. and 8:00 p.m. Eastern.

Not a deposit
Not FDIC-insured
Not insured by any federal government agency
Not guaranteed by any bank or savings association
May go down in value

©2020 Lincoln National Corporation

LincolnFinancial.com/Retirement

Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates.

Affiliates are separately responsible for their own financial and contractual obligations.

PAD-3032501-040720

POD 4/20 **Z01**

Order code: LAP-CA0-FLI001



This material is provided by The Lincoln National Life Insurance Company, Fort Wayne, IN, and, in New York, Lincoln Life & Annuity Company of New York, Syracuse, NY, and their applicable affiliates (collectively referred to as "Lincoln"). This material is intended for general use with the public. Lincoln does not provide investment advice, and this material is not intended to provide investment advice. Lincoln has financial interests that are served by the sale of Lincoln programs, products, and services.



Important Note

Before taking an eligible loan or distribution from your plan account, be sure to first consider other options. By withdrawing money that's meant for retirement, you'll be reducing your balance and eliminating any future earning potential.