

COVID UPDATE

REVISED
11/23/20

MESSAGE FROM THE ASSISTANT CEO/HR DIRECTOR

Our commitment to you remains unwavering and we'll continue providing support and resources you need to make decisions that are right for you and your family.

In response to the financial impacts caused by the Coronavirus pandemic, Congress recently passed the Coronavirus Aid, Relief And Economic Security Act (CARES Act) on March 27, 2020. The CARES Act offers potential assistance during this difficult time and is intended to bring relief to those adversely impacted by the Coronavirus pandemic. If you are currently participating or previously participated in the County's 457 Deferred Compensation Plan and have an account balance with one of our 457 deferred compensation vendors (Nationwide or AIG), the new provisions of the CARES Act may apply to you.

The CARES Act makes it easier for employees to access their 457(b) retirement savings plan. In an effort to assist our employees, the County of Riverside has adopted the new provision to our deferred compensation plan.

The recently adopted provisions of the CARES Act include changes affecting:

1. Changes to Distribution Rules

- Waiver of the 10% early distribution penalty tax (for distributions taken before age 59 1/2) for Coronavirus-related distributions up to \$100,000 per individual.
- You can repay all or a portion of the distribution within three years. The repayments are not subject to contribution limits.
- Regular income taxes due on the distribution will be spread over three years, unless you

elect otherwise. The 20% withholding is not required.

A coronavirus-related distribution includes any distribution made between the date of enactment and December 31, 2020, to a person who has one of the following:

- A personal diagnosis of COVID-19 by a test approved by the Centers for Disease Control and Prevention.
- A spouse or dependent who has been diagnosed with COVID-19.
- Experienced adverse financial consequences due to being furloughed, quarantined, laid off, reduction in paid work hours, or the close of a business due to Coronavirus.

2. Changes to Loan Rules

- The maximum loan amount for qualified loans is increased from \$50,000 or 50% of the vested account balance to \$100,000 or 100% of the vested account balance.
- Employees who meet the Coronavirus-related distribution definition, may be able to defer their current loan payments by one year, or later.

3. Suspension of Required Minimum Distribution (RMD's) in 2020

- Any RMD required to be made in calendar year 2020 is waived. This includes RMD's due as a death benefit to a beneficiary.

Since each employees financial situation is different,

COVID UPDATE

if you have questions regarding the new provisions and how they might apply to you, please contact the deferred compensation vendors at their contact information provided below. You will receive advice from a licensed and qualified financial representative, at no cost.

We know these are difficult times and the CARES Act is intended to provide relief. But, it also has significant implications for your retirement planning. While the Act is aimed at helping you in the short-term, be sure to understand the long-term impacts to your overall financial future. Any loans or withdrawals could impact your retirement savings. Think about these forms of relief before taking money from your retirement plan, and potentially negatively impacting your retirement readiness. Never lose sight of the long-term impact they can have on your retirement.

It's important to weigh all available options to address your immediate financial needs, while still being mindful of your financial well-being. Decisions like this can be difficult to sort through, so we recommend talking with a financial advisor before making any changes to your retirement savings account. Our goal is to provide you with solid resources and information to help you remain on track with your retirement goals.

To learn more, contact a representative today!

Nationwide



Nationwide

(800) 545 - 4730 or

<http://www.RiversideCountyDC.com>

Valic

VALIC®

(888) 568 - 2542 or

<https://my.valic.com/online>

HR Benefits Division

RIVCO 1HR
retirement division

(951) 955-4981, Option 2 - Retirement@rivco.org

<https://benefits.rc-hr.com/RetirementPlans.aspx>

Brenda Diederichs
BRENDA DIEDERICHS