

## Justin Whitstine

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**From:** Mark Nixon  
**Sent:** Tuesday, March 24, 2020 5:54 AM  
**To:** Neal Rider; Justin Whitstine  
**Cc:** Donna Smith  
**Subject:** FW: Update on Hardship Withdrawals: A Message from Margaret McKenna



To our valued customers,

In a time of unprecedented health concerns and market volatility, Fidelity is committed to providing you and your participants with meaningful resources and timely information to help you understand the landscape of regulatory and legislative actions. We are here to help you navigate any relief that may become available and help your participants understand what it means to them. Fidelity is closely monitoring two potential vehicles to allow participants access to funds in their 401(k), 403(b) and 457(b) plans.

**QUALIFYING CORONAVIRUS-RELATED DISTRIBUTIONS (QCDs):** In its current form, the Coronavirus Aid, Relief, and Economic Security (CARES) Act would allow participants to **take penalty-free withdrawals of up to \$100,000** for those who meet certain criteria related to the coronavirus (COVID-19). These include adverse financial consequences as a result of being quarantined, furloughed, laid off or having work hours reduced; being unable to work due to a lack of child care as a result of COVID-19; or closing or reducing hours of a business owned or operated by the individual due to COVID-19.

**Important to note:**

- Income tax on the distribution may be paid over a three-year period;
- Participants will have the ability to repay the amount withdrawn within three years;
- Repayments will not be subject to the retirement plan contribution limits; and
- All contribution sources (other than money purchase pension plan sources) will be available.

**SAFE HARBOR HARDSHIP WITHDRAWALS:** Under regulations issued in September 2019, a new safe harbor was created for hardship withdrawals due to a Federal Emergency Management Agency (FEMA)-declared major disaster. Accordingly, if FEMA declares a major disaster in a state as a result of COVID-19, a safe harbor hardship withdrawal would be available for 401(k) or 403(b) plans to cover a participant's expenses and losses (including loss of income)—provided that their home or workplace is located in an area designated by FEMA for individual assistance.

**We encourage you to consider the following to help speed your participants' ability to access their accounts when needed:**

- Operationally, CARES Act transactions and FEMA hardship withdrawals will be pre-approved with participant self-certification (no paperwork) with the exception of plans that require spousal consent;
- eCertified hardship withdrawal processing will greatly reduce the time to distribute funds to participants for all hardship reasons;
- Spousal consent will be difficult to obtain with notaries being scarce during this time and many plan administrator representatives working remotely; and
- We strongly encourage employees to update electronic funds transfer (EFT) information on NetBenefits®, as EFT greatly reduces time to distribute funds and will eliminate the need to go to a bank and the passing of paper checks.

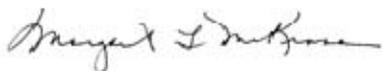
In an effort to reduce ever-growing email traffic in this turbulent time, we are pleased to share a **new participant resource hub** on NetBenefits® as the vehicle to share information with your participants as they manage the challenges ahead. We are launching “Helpful Resources” as an ongoing source of information for participants and plan sponsors.

**LOG INTO THE PARTICIPANT  
RESOURCE HUB**

**VISIT THE PLAN SPONSOR  
RESOURCE CENTER**

Thank you for your willingness to work with us in these challenging times. Be well!

Best regards,



Margaret McKenna  
Executive Vice President, Relationship Management  
Fidelity Investments



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