<u>CARES Act Participant Communication on experience for Coronavirus-related loans and withdrawals</u>

Subject: CARES Act provisions affecting retirement plans

As a participant in our Bowie State University retirement plans we want to make you aware of the options available to you as a result of the Coronavirus Aid, Relief and Economic Security (CARES) Act.

The act was signed into law by the president on March 27 and provides options for you to consider as you navigate financial decisions in the coming months. As always, we recommend reaching out to your TIAA financial consultant to review your current situation–along with short- and long-term financial goals–before making any decisions.

Bowie State University has chosen to adopt the following CARES Act provisions for our retirement plan(s):

- Penalties and withholding are waived for qualified distributions from retirement plan accounts
- Retirement plan loan limits have been increased
- Optional suspension of required minimum distributions (RMDs) for 2020

In addition to these CARES Act relief measures, the deadline for 2019 Individual Retirement Account (IRA) contributions has been extended from April 15 to July 15, 2020.

What does this mean for you?

We know that keeping you and your family healthy and safe amid the challenges surrounding COVID-19 needs to be your first priority. That's why we're working with our retirement plan partners at TIAA to break down the provisions in the act to make them easier to understand so you can determine if they may be right for you.

Retirement plan withdrawals and loans

Who is eligible?
You are considered eligible to take distributions/loans from your retirement plan if any of the below 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
- 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

- You experience a financial loss to an individually owned or operated business that is caused by a closing or reduction of hours due to coronavirus
- Other factors as determined by the Secretary of the Treasury or his delegate

How can the act help if you are eligible?

Penalties and withholding are waived for qualified distributions from retirement plan accounts
Provided the above eligibility criteria are met, the CARES Act waives the 10% early withdrawal penalty and eliminates the 20% withholding for coronavirus-related distributions of up to $100,000 across qualified retirement plans and IRAs. Note: While the 20% withholding will not be taken from distributions, you will have the option to add withholding if you want.

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

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.

Retirement plan loan limits are increased
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.

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.

If you have existing retirement plan loan payments, you may be able to defer payments for one year and extend the term of your loan by one year.

Visit **TIAA.org** or call TIAA at **855-400-4294** if you have questions related to taking a loan or the possibility of deferring payments to an existing retirement plan loan.