**DATE:**March 30, 2020

**SUBJECT:**CARES Act – Impact on FIS Retirement Services

**DISTRIBUTION:**All FIS Retirement Services Clients

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**EXECUTIVE SUMMARY**

On Friday, March 27, 2020, the “Coronavirus Aid, Relief, and Economic Security Act” (the “CARES Act”) was signed into law to address the economic impacts associated with the COVID-19 virus. The CARES Act includes provisions that impact retirement plans of all types. FIS is currently reviewing the legislation, the impact on our software and plan documents, and will provide a follow-up communication in the coming days to outline our system recommendations for these changes.

Please carefully review the following as it contains important information.

**WHAT CHANGED**

The following is an overview of the key changes in the CARES Act that impact retirement plans:

* **Coronavirus Distributions and Waiver of the Premature Distribution Penalty Tax** – The CARES Act provides for a new “coronavirus-related distribution” of up to $100,000 that is exempt from the 10% premature distribution penalty tax (under Internal Revenue Code §72(t)), can be repaid over a three-year period from the date of the distribution, and is taxable over a three-year period (to the extent that it is not repaid). A coronavirus-related distribution is a distribution made during calendar year 2020 to an individual who:
	+ Is diagnosed with COVID-19,
	+ Has a spouse or dependent diagnosed with COVID-19,
	+ Experiences adverse financial consequences as a result of being quarantined, furloughed, laid off, having reduced work hours due to the virus, unable to work due to lack of child care, or the closing or reducing hours of the business owned by the individual due to the virus or any other factor determined by the Treasury Secretary.
	+ Plans may rely on the employee’s self-certification that they meet one of the above criteria.
* **Qualified Plan Limit Increase and Extension** – The CARES Act provides for an increase to the participant loan limit to the lesser of $100,000 or 100% of the participant’s account balance/accrued benefit for loans made during the 180-day period ending on September 24, 2020. The CARES Act further provides for a one-year extension to the due date of a participant loan otherwise due between March 27, 2020, and December 31, 2020 for a qualifying participant (defined as a participant who satisfies the requirements for a coronavirus-related distribution detailed above) ; however additional interest will accrue and the loan repayment schedule should be re-amortized to reflect the increased interest and repayment period.
* **Required Minimum Distribution Waiver** – The CARES Act provides for a waiver of required minimum distributions (“RMDs”) due in calendar year 2020 from qualified defined contribution (401(a)/401(k)), 403(b), and 457(b) plans.
* **Single-Employer Defined Benefit Plan Funding Relief** – The due date for any minimum required contributions to a single-employer defined benefit plan otherwise due in 2020 is extended to January 1, 2021, at which time the payment will be due with interest. The CARES Act further provides that plans may use their funded status for the most recent plan year ending before January 1, 2020, for purposes of determining any benefit restrictions based on the plan’s funded status for plan years that include calendar year 2020.
* **Plan Amendments** – Plans may adopt the CARES Act provisions immediately provided that the plan is amended before the last day of the first plan year that begins on or after January 1, 2022, to reflect plan operations.

**WHAT FIS IS DOING**

FIS is undertaking a review of the CARES Act legislation and the impact the new rules will have on our Omni and Relius solutions and services. We anticipate completion of our review this week and will provide a follow-up communication shortly to outline our system recommendations for these changes.

In addition, FIS is reviewing the amendment requirements for our Corbel and PPD plan documents. As noted above, the statutory language provides that, except for terminating plans, plan amendments related to the CARES Act are required by the end of the plan year that begins on or after January 1, 2022, or by such later date reflected in Treasury Regulations. FIS is working on an amendment that can be adopted in the near-term; however, a follow-up amendment may be required based on future IRS guidance. As with the SECURE Act, the CARES Act provides that it will not be a plan failure to operate the plan in accordance with the new legislation so long as a retroactive amendment is adopted by the deadline.

We will communicate and update our timelines as information becomes available.

**SCHEDULE**

We expect to publish recommendations for the necessary CARES Act accommodations this week.

​We will post messages on our website and product dashboards when additional information is available.

​**WHERE TO GO FOR MORE INFORMATION**

For Relius clients seeking additional assistance, our Support Representatives are available between the hours of 8:30 AM – 5:30 PM at 1-800-326-7235 or you can visit our website at [www.relius.net](http://www.relius.net/).

For Omni clients seeking additional assistance, inquiries may be sent to omnisupport@fisglobal.com.

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