

RETIREMENT PLAN LEGISLATIVE ITEMS

COVID-19 EMERGENCY RESPONSE

The American Retirement Association strongly supports legislation that would provide tax relief to individuals and employers suffering a sustained economic loss from the COVID-19 pandemic. The relief would be patterned, in part, after Sections 202, 203, and 205 in Title II of Division Q of the Further Consolidated Appropriations Act, 2020 (Public Law 116-94) and Section 201 in Title II of the Worker, Retiree, and Employer Recovery Act of 2008 (Public Law 110-458).

HARDSHIPS

- Waive the Section 72(t) additional ten percent tax on early withdrawals from retirement plans for individuals who have a principal residence in a declared health emergency area and suffered economic loss. Permit individuals 3 years to repay the distribution. Permit individuals to include the distribution in income ratably over 3 years.

LOANS

- Increase retirement plan loan limits to the lesser of \$100,000 or 100 percent of the participant's vested account balance in the plan (doubling current loan limits).
- Individuals unable to repay loans could pay the income tax associated with a loan default over 3 years rather than all in the year of default.
- Individuals who borrowed from their plan and have a repayment due during the months following the virus outbreak could delay their loan repayment for up to one year.

RMD WAIVER

- Provide a temporary waiver for calendar year 2020 of the rules for required minimum distributions from defined contribution plans and IRAs.

ERISA DISCLOSURE AND REPORTING RELIEF

- Expand the Department of Labor's authority to postpone certain ERISA disclosure and reporting deadlines due to a public health emergency.