



### Information for CARES Act Decision Tree

#### **Self-Certification**

The CARES Act allows self-certification but doesn't specify how the Plan Sponsor should administer this process. For instance, should Prudential require certification in writing, whether a paper form or an online certification? Request a copy of a doctor's diagnosis? Request a mortgage foreclosure notification or other evidence of adverse financial consequences? By authorizing call-in self-certification, the Board acknowledges there is a lack of prescriptive guidance from the IRS. There is a risk, albeit presumably a small one, that the IRS would find the method authorized by the Board unacceptable, find fault and levy a fine. Prudential has requested direction from Plan Sponsors to implement the CARES Act and has adopted a standard method for administration of these provisions once directed by clients.

#### **Repayment of Distributions**

The CARES Act allows repayment of distributions if payment is made within 3 years following the distribution. This amount would be treated as a "roll-in" and would be in addition to the annual contribution amount of \$19,000, as well as, special provisions such as "catch-up" contributions for those over 50 yrs. old. The Act doesn't specify how the Plan Sponsor should administer this process. Prudential along with other recordkeepers cannot quickly build the IT platform to track individual distributions and account for repayments. By authorizing repayment, the Board acknowledges there is a lack of prescriptive guidance from the IRS. There is a risk, albeit presumably a small one, that the IRS would find the method authorized by the Board unacceptable, find fault and levy a fine. Prudential has requested direction from Plan Sponsors to implement the CARES act and has adopted a standard method for administration of these provisions once directed by clients.

#### **Deferral of Loan Payment**

The CARES Act permits the deferral of loan payments for CRD-eligible participants; however, the treatment of these deferrals is inconsistent with the existing SRP Loan Policy. To permit the one-year deferral of loan payments through December 31, 2020 and maintain compliance with the loan policy the staff recommends the Board approve modifying the loan policy for CRD-eligible participants and allow those participants to self-certify. Loans will be re-amortized following the one-year deferral, extending the term of the loan by 1 year. Note that interest will accrue during the deferral period and will be included in the calculation of the re-amortization.