

## **Update on 401(k) CARES Act**

In response to the COVID-19 pandemic, Congress passed the CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT (CARES Act) on March 27, 2020. The bill provides financial aid for individuals and companies.

When the CARES Act was initially signed into law, the intent was to provide relief for employees who had experienced a significant loss of their own income and/or hours worked during the pandemic. This did not apply to most DENSO associates at the time because the criteria was based on the associate's income only and did not include overtime hours worked. Based on this criteria, DENSO did not offer the distribution. In the past few months, there have been updates and clarifications made to the CARES Act. The IRS has also widened the definition to include a spouse's lost wages.

We have heard from many associates that the loss of DENSO income is only a portion of the financial hardship families are experiencing. Many families are experiencing loss of a second household income and are in need of financial relief through the CARES Act distribution.

Effective September 1, 2020, the DENSO Retirement Savings Plan (DRSP) will be amended to offer the CARES Act distribution option. The CARES Act distribution is offered through December 31, 2020 with a maximum distribution amount of up to \$100,000 or 100% of vested account balance. The CARES Act distribution is not subject to the early 10% penalty for participants under the age of 59 ½, and tax liabilities may be spread over a three year period. Empower has waived the origination fee for CARES Act distributions. Although it is not required, CARES Act distributions may be repaid to the plan or an IRA within 3 years of receipt.

While it might be tempting during these hard times to lower your contribution to the DRSP, it is important that you consider not stopping your contributions and continue contributing at least 4% so that you continue to receive the 4% company matching contributions.

You can contact Empower Retirement to discuss your distribution options at 1-888-411-4015 or [www.empowermyretirement.com](http://www.empowermyretirement.com).