




CARES Act | Coronavirus-Related Distributions from Wespath-Administered Plans

The CARES Act (Act), passed in March 2020, allows Wespath to amend the United Methodist Personal Investment Plan (UMPIP) and the Horizon 401(k) Plan (Horizon) so certain **participants can access their retirement savings and take Coronavirus-Related Distributions (CRDs)**. A CRD from either of these two plans is available beginning May 1. **This distribution option, which is available to “qualified individuals” as defined by the Act, is available until December 31, 2020 and is eligible for special tax treatment.**

Am I Eligible for a CRD from UMPIP or Horizon?

In order to be eligible to receive a CRD from the UMPIP or Horizon plans, you must:

- 1  **Be an active participant,** a participant **on a leave of absence,** or a **retired and then rehired clergy**person
- 2  **Be a “qualified individual,”** as defined by the CARES Act; and
- 3  **Have an eligible account balance in a UMPIP or Horizon plan***

A **qualified individual** is an individual:

1. **Who is diagnosed with COVID-19** using a CDC-approved test; OR
2. **Whose spouse or dependent is diagnosed with COVID-19** using a CDC-approved test; OR
3. Who experiences **adverse financial consequences** as a result of one of the following, due to COVID-19:
 - Quarantine, furlough, layoff or reduced work hours;
 - Inability to work due to lack of child care;
 - Inability to work due to closing or reducing hours of a business the individual owns or operates;
 - Reduction in pay, job offer rescinded, or start date for a job delayed;
 - A spouse or household member experiences one of the situations above; OR
 - Other factors as determined by the Secretary of the Treasury

What amount can I receive from UMPIP or Horizon as a CRD?



The total amount of CRDs available from a UMPIP or Horizon plan in 2020 may not exceed **the lesser of \$100,000 or the total amount of the account that is eligible for the CRD.**

Available limits by plan are:

- For UMPIP, you may access your **participant contribution** and rollover account balances subject to the \$100,000 limit
- For Horizon, you may access both **plan sponsor and participant account balances**, subject to the \$100,000 limit

What are the tax implications if I take a CRD?



- CRDs are not subject to the 10% penalty tax that applies to early distributions;
- Income taxes due on CRDs may be spread over three years;
- CRDs may, if you elect, be repaid to plans within three years;
- Income tax withholding at a default rate of 10% will apply, as opposed to mandatory 20% withholding; and
- You may elect “no withholding”

Are there other retirement plan distributions that I receive in 2020 that can be treated as CRDs for tax purposes?



If you are a qualified individual under the Act and receive a distribution from a retirement plan (other than a Puerto Rico plan) in 2020 without using the new CRD option described above (for example, because you were already eligible to receive a distribution due to retirement or termination of employment), **you may choose to designate up to \$100,000 in 2020 retirement plan distributions as CRDs, and have those distributions qualify for the special tax treatment.** Please consult your accountant or tax attorney for further information.

How do I request a CRD from UMPIP or Horizon?



Contact Wespath at 1-800-851-2201 to request an application. In order to qualify for the CRD, you must be able to self-certify on the application that you are a qualified individual. Wespath representatives are available business days from 8:00 a.m. to 6:00 p.m., Central time.

For additional information, including FAQs, please visit our COVID-19 webpage at wespath.org/about-wespath/Coronavirus.

*Participants in Puerto Rico plans are not eligible for the CRD