

Helping you and your participants negotiate the COVID-19 economy

Nationwide's mission is to protect people, businesses, and futures with extraordinary care.

As your trusted partner, Nationwide is committed to helping you and your participants navigate this challenging time.

We wanted to provide you with the following update regarding the recently-passed Coronavirus Aid, Relief and Economic Security Act (CARES Act) – a \$2 trillion stimulus bill aimed at helping the individuals, states and businesses facing financial hardship caused by the COVID-19 pandemic.

Provisions of the Act which affect Retirement Plans for qualified individuals are as follows:

1

Tax-favored coronavirus-related distributions (CRDs) up to \$100,000 until December 31, 2020

2

Expanded access to loans for 180 days after enactment of the law

3

Waiver of 2020 Required Minimum Distributions (RMDs)

Provision #1

Tax-favored coronavirus-related distributions (CRDs) up to \$100,000 until December 31, 2020

Details	<ul style="list-style-type: none">• 10% early withdrawal tax is waived• Ordinary income tax may be paid in equal installments over a three-year period, beginning in tax year 2020• Participants may repay CRDs within a specified three-year period, and these repayments will not be subject to the annual contribution limits• Participants must self-certify they meet the qualifications (listed below)
Qualifications	<p>To qualify for the CRD and special loan provisions, you must self-certify that you are someone:</p> <ul style="list-style-type: none">• Who is diagnosed with the SARS-CoV-2 virus or with coronavirus disease 2019 (COVID-19);• Whose spouse or dependent is diagnosed with COVID-19;• Who experiences adverse financial consequences as a result of being quarantined, furloughed, laid off, having work hours reduced, being unable to work due to lack of child care due to COVID-19, closure or reduction in hours of a business owned or operated by the individual due to COVID-19; or• Other factors as determined by the Treasury Secretary
Plan Types	401(k), 401(a), 403(b), governmental 457(b), IRA
Plan Adoption Requirements	This is a new, optional provision that requires a plan document amendment. The plan does not have to be amended for the CARES Act provisions until the last day of the first plan year beginning after January 1, 2022 (or January 1, 2024 for governmental plans). It is not necessary for the plan to have an existing hardship or unforeseeable emergency provision to take advantage of CRDs.
Effective Date	Distributions made on or after January 1, 2020 and before December 31, 2020
Nationwide Defaults	When using a Nationwide pre-approved plan, Nationwide will amend the plan document to add the CARES Act provisions to a plan only at the written direction of the plan sponsor. See opt-in steps below.
Opt-in / out Requirements	Please complete this attached election form . If you have questions, please contact your Nationwide Representative or email NRSPLAN@nationwide.com .

Provision #2

Expanded access to loans for 180 days after enactment of the law

Details	<ul style="list-style-type: none">• Loan limits for new loans are increased to the lesser of \$100,000 or 100% of the participant's vested account balance, as adjusted for the outstanding loan balance calculation.• For new or existing loans, participants may choose to delay loan repayments due in 2020 for up to one year.
Qualifications	<p>To qualify for the CRD and special loan provisions, you must self-certify that you are someone:</p> <ul style="list-style-type: none">• Who is diagnosed with the SARS-CoV-2 virus or with coronavirus disease 2019 (COVID-19);• Whose spouse or dependent is diagnosed with COVID-19;• Who experiences adverse financial consequences as a result of being quarantined, furloughed, laid off, having work hours reduced, being unable to work due to lack of child care due to COVID-19, closure or reduction in hours of a business owned or operated by the individual due to COVID-19; or• Other factors as determined by the Treasury Secretary
Plan Types	401(k), 401(a), 403(b), governmental 457(b)
Plan Adoption Requirements	This is a new, optional provision that requires a plan document amendment. The plan does not have to be amended for the CARES Act provisions until the last day of the first plan year beginning after January 1, 2022 (or January 1, 2024 for governmental plans). It is not necessary for the plan to have an existing loan program, but one would have to be established first.
Effective Date	Loans made during the 180-day period after the enactment of the Act (March 27, 2020 to September 23, 2020)
Nationwide Defaults	When using a Nationwide pre-approved plan, Nationwide will amend the plan document to add the CARES Act provisions to a plan only at the written direction of the plan sponsor. See opt-in steps below.
Opt-in / out Requirements	Please complete this attached election form . If you have questions, please contact your Nationwide Representative or email NRSPLAN@nationwide.com .

Provision #3

Waiver of 2020 Required Minimum Distributions (RMDs)

Details	Waives RMD payments due in calendar year 2020.
Qualifications	<ul style="list-style-type: none">• Those participants who are due to receive an RMD in calendar year 2020• Those participants whose first RMD was due by April 1, 2020, but they had not yet received their RMD by January 1, 2020
Plan Types	401(k), 401(a), 403(b), governmental 457(b), IRA
Plan Adoption Requirements	This is an optional plan provision that requires a plan document amendment. The plan does not have to be amended for the CARES Act provisions until the last day of the first plan year beginning after January 1, 2022 (or January 1, 2024 for governmental plans).
Effective Date	Effective January 1, 2020 through December 31, 2020
Nationwide Defaults	Nationwide will waive RMD distributions due in 2020, unless the participant contacts Nationwide and requests to receive their RMD, or the plan sponsor directs Nationwide in writing to pay 2020 RMDs.
Opt-in / out Requirements	If the plan sponsor would like to take a different direction regarding RMD distributions than what was described above, please contact your Nationwide representative.

Please note:

- For any COVID-19 participant related requests, Retirement Plans will waive or reimburse any Nationwide-imposed fees for all loan initiation, distribution or hardship withdrawals for participants in plans where those fees may apply effective from when the CARES Act was signed on March 27 through September 30, 2020.
- Retirement Plans has elevated and accelerated our processes and our highly experienced contact center team members will continue to ensure extraordinary care and are ready to assist our participants with their COVID-19 related distribution request

Additional FAQS related to Nationwide's implementation of the CARES Act

1. When will CARES Act relief be available?

It is important to understand that the plan sponsor must elect to adopt the special CARES Act relief provisions because they are optional. As of Monday, April 6, Nationwide is ready to process CARES Act loans and CRDs provided that those provisions have been adopted by the plan sponsor.

2. How do you identify “qualified individuals” for purposes of the CARES Act?

Participants will need to self-certify that they are eligible based on the criteria in the Act by completing a self-certification form

3. Is this a global change or can plan sponsors opt out?

Our approach will be to require that plan sponsors direct Nationwide in writing that they intend to take advantage of these relief provisions through a later plan document amendment. The plan does not have to be amended for the CARES Act provisions until the last day of the first plan year beginning after January 1, 2022 (or January 1, 2024 for governmental plans). We will begin reaching out to our plan sponsors later this week regarding their decision to adopt the relief. We will also enable processes that allow us to identify a participant that has called in for COVID-19-related relief, and ask the plan sponsor if they intend to adopt the CARES Act relief provisions.

4. How will you enforce the \$100,000 limit for CRDs?

- We will apply a cap of \$100,000 for each participant in a plan (or across multiple plan types for the same employer if all the plans are recordkept by Nationwide).
- For those situations where the employer has multiple retirement plans, not all of which are recordkept at Nationwide, or where there are multiple investment providers for the same plan, plan sponsors will be required to monitor the maximum CRD limit.

5. How are you communicating the availability of CARES Act relief to participants?

Information will be available on the participant website

6. Can participants elect to receive a Form 1099-R for the full CRD amount, instead of using the 3-year income inclusion option?

Form 1099-R is issued for the full amount of the CRD. The 3-year income inclusion option is

available to the taxpayer and is an option made outside of the plan.

7. When will CARES Act relief for “qualified individuals” be implemented?

It is important to understand that the plan sponsor must first elect to adopt the special CARES Act relief provisions because they are optional. If a plan sponsor has elected to adopt one or more of the CARES Act provisions, we will be ready to accept participant requests for relief no later than Monday, April 6th and will make every effort to accommodate any participant that calls in sooner. We will be reaching out to our plan sponsors (targeted to begin 4/2/20) to explore their desire to adopt these provisions.

8. Are you waiving all required minimum distributions due to be paid in 2020 (including those set up for automatic payment) or do participants have to contact Nationwide to request that their RMD be waived for 2020?

Nationwide will waive RMD distributions due in 2020, unless the participant contacts Nationwide and requests to receive their RMD, or the plan sponsor directs Nationwide in writing to pay 2020 RMDs.

9. Once a participant adds a direct deposit (ACH) address to your system, how many business days does the participant have to wait in order to use that ACH address?

We use technology to validate banking information. No additional timeframe is required provided all information matches between the bank account and recordkeeping system. If a mismatch is identified, we reach out immediately to begin resolution.

10. Are there any deadlines to notify Nationwide of the plan sponsor’s decision to opt-in or opt-out to CARES Act relief provisions?

At this point, we have not identified a deadline as we expect this to be a fluid situation.

11. Please provide the steps the participant should take to request this relief.

The participant should contact our Solutions Center (877-677-3678) and, based on plan sponsor adoption of the CARES Act relief, he or she will be provided a form to complete, along with appropriate transaction information.



Nationwide®
is on your side

Information presented in this communication was current and accurate as of the date of publication. This information is of a general and informational nature and is NOT INTENDED TO CONSTITUTE LEGAL OR INVESTMENT ADVICE. Plan Sponsors are urged to consult their own counsel regarding this information.

Nationwide, the Nationwide N and Eagle and Nationwide is on your side are service marks of Nationwide Mutual Insurance Company.
© 2020 Nationwide

PNM-15652AO (04/20)