

# CARES Act Loan Repayment Deferment

The CARES Act allows for qualified individuals to defer repayment of their retirement plan loan(s) through the end of the year. To be considered a "qualified individual", the participant, their spouse or dependent must have either been diagnosed with COVID-19 or the participant must have suffered adverse financial impact due to COVID-19 as a result of the participant, their spouse, or a member of the participant's household:

- being quarantined, being furloughed or laid off, or having work hours reduced due to COVID-19;
- being unable to work due to lack of childcare due to COVID-19;
- closing or reducing hours of a business that they own or operate due to COVID-19;
- having pay or self-employment income reduced due to COVID-19; or
- having a job offer rescinded or start date for a job delayed due to COVID-19.

While in deferment, the loan will continue to accrue interest with each delayed payment. The loan will need to be re-amortized when payments are ready to be resumed and at that time an updated payment amount will be calculated.

## What should a plan sponsor do when a qualified participant requests to defer loan repayments?

Once a request has been made to defer loan repayments, please provide your Plan Consultant with the following information:

- Participant's name and last 4 of SSN
- The last payroll date to include a loan repayment before deferment
- The effective date of the loan deferment
- The anticipated date payments will resume (if known)

While not a required document, in the event that you would like to retain documentation from participants regarding requests to defer loan payments, we have prepared this [Loan Repayment Suspension Request Form](#) for your use.

## What should a plan sponsor do when payments are ready to be resumed on a previously-deferred loan?

Once a participant has returned to work and/or is ready to resume repaying their outstanding loan, **it is important that you contact your Plan Consultant prior to resuming loan payment deductions.** Each loan repayment that was due from March 27, 2020, through the date payments resume will be reamortized. Interest accrued from the date of the loan suspension (for loans suspended after March 27) will be included in the reamortization. Additionally, the loan term will be extended by the number of payments skipped during the deferment period. Once the loan has been reamortized, you will be provided with an updated payment amount and maturity date for the loan.

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