

# CARES Act Retirement Plan Update: Participant Loan Changes

Articles, COVID 19: Answers to Business Challenges April 2, 2020

As a result of the Coronavirus Aid, Relief and Economic Security (CARES) Act that was enacted on March 27, 2020 there have been changes to participant loans

## Participant Loan Changes

For a qualified individual (as described above), the following changes are made to the rules for participant loans:

- **Temporary Higher Limits:** For the 180 days following March 27, the limit for participant loans will be increased to the lesser of \$100,000 or 100% of vested account. Ordinarily the limit equals the lesser of \$50,000 or 50% of the vested account
- **Extended Due Dates:** Any loan repayment due during 2020 can be delayed for one year with subsequent repayments being appropriately adjusted for accrued interest

Similar to the changes for in-service distributions, a plan sponsor has the option to adopt these changes and has at least until the last day of the plan year beginning during 2022 to formally amend their plan document.

For additional information contact Ed Wodarczyk.