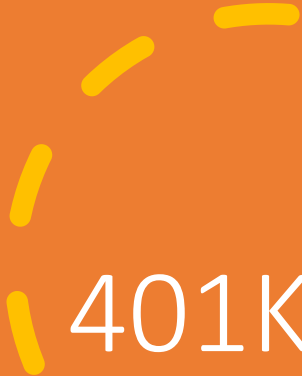




401K FURLOUGH OPTIONS



Furlough vs Termination Status



While on Furlough, Fidelity will not classify you as “Termination Status” for your 401K.



A 401k loan is immediately due when "terminated", however because you are on "Furlough" payment can be deferred for a year.



Downside is no ability to roll over funds from 401k to IRA.

Ways to access money in 401k

401k Loan

Withdrawal

401k Loan – Normal Times

- 50% of Account Value up to 50k Max
 - Minimum is 1k
 - 50k minus highest loan balance in last 12 mo.
- Can access rollover funds within 401k.
- Not a taxable event, unless the loan is not repaid.
- Interest is fixed – fixed at time of application.
- Interest paid to yourself.
- Term is 5 years - Primary residence 10 years.
- If on furlough, payment stops but interest still accrues.
- At end of a furlough, loan is amortized to still stay within the original 5 or 10 years.

401k Loan – Normal times Cont

- If you don't pay the loan back, it is considered a distribution.
 - 10% Penalty
 - Taxable at current rates (increases income for the year)
- Loan approved in a day or two. Loan for primary residence can take longer.
- Can only take loan while active, not on furlough.
- Can only apply for 1 loan per calendar year.
- Can only have 1 loan at a time. Can pay off loan, then take another as long as you didn't apply for that loan in the same calendar year.
- Loan is not reportable to Credit Agencies.



401k Loans – Cares Act



Max Loan amount
currently 50% of account
value up to 50k.



Can get a deferral on payments through
the end of the year, interest is still
accumulating.



With loan deferral, when you
start paying it back, the term is extended
as opposed to amortizing the amount
left over the original term.

401k Withdrawal – Normal Times

Can withdraw any time
after 60 Penalty Free

Hardship Withdrawal –
Penalty Free

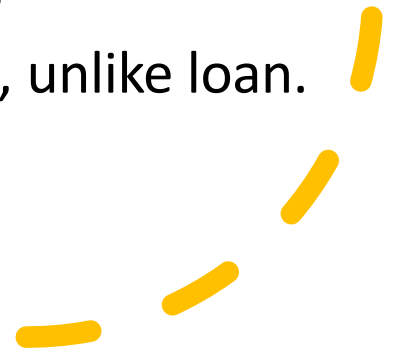
- List of specific items for this
at the end of Summary Plan
Description

401k Withdrawal – Normal Times Cont

- All other withdrawals under 59 ½ incur a 10% penalty
 - Any pretax money along with associated gains and after tax gains will be counted as income for tax purposes in the year you receive it.
 - This would also count as income for the Healthcare Exchange subsidy purposes.
 - Cannot be paid back or reversed.
- 

401k Withdrawal – Cares Act

- Can take up to 100k by Dec 30, 2020 with no 10% penalty.
 - Not just 401k..... can be IRA's as well.
 - Must state this is a "coronavirus related distribution" to the provider. They will mark it as such on your tax forms.
- Pretty much everyone qualifies. Can qualify verbally with no documentation.
- Can take this after furlough date, unlike loan.



401k Withdrawal – Cares Act

- Tax Implications

- Same as "normal times" as far as what gets taxed. (pretax contributions)
- Taxes may be stretched out over 3 years with 2020 being the first.
 - If you take out 60k, you can tell IRS 20k for 2020, 20k for 2021, and 20k for 2022
- This will increase your income for the year by at least 1/3 of your distribution thus making you less eligible for Healthcare Exchange subsidies. (Roth distributions do not count as income)
- You may choose to take taxes all in one year.
- You have the right to pay the distribution back...must file amended tax returns to get your taxes back.

A large orange shape on the left side of the slide, consisting of a rectangle with a quarter-circle cutout on its right side.

Deadlines

- Furlough Date – You can't take a 401k loan after you are on furlough. You must be approved prior. Takes 1-2 days for approval.
 - Dec 30, 2020..... For a cares act withdrawal with the special tax treatment. This is current law and could change any time with a cares act extension. After this date the only penalty free withdrawals available are hardship withdrawals.
- 
- A yellow dashed line in the bottom right corner, consisting of several short, curved segments.