



## Metropolitan Transportation Authority

State of New York

### MTA Deferred Compensation Program: Understanding the CARES Act and what it means for you

As a result of COVID-19, relief programs have been put in place to help you meet your immediate financial needs. This includes loosened restrictions on accessing your retirement savings. Some programs require you meet certain eligibility conditions, while other measures are more broadly available. Keep in mind, short-term moves in your retirement account can impact your long-term savings strategy.

#### Overcoming challenges together

For many of us, we're adjusting to a "new normal" as our jobs, families, and lives are impacted by COVID-19. If you're feeling uncertain about what's next and how to manage your money, know you're not alone.

The government recently signed into law a stimulus package – the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). It offers a variety of relief programs for Americans, such as cash payments, temporary federal student loan relief, and expanded unemployment benefits. These programs can certainly help but may not be enough to fully cover your immediate needs.

#### The CARES Act and your retirement savings

MTA Deferred Compensation Program offers ways to access your money normally, and **this relief program has expanded these options by providing loosened restrictions on early withdrawals and loans against retirement accounts for eligible individuals.**

#### You're eligible if you meet one of these qualifications:

- You, your spouse or dependent is diagnosed with COVID-19 or with the virus SARS-Co-V-2, by a test approved by the Centers for Disease Control and Prevention.
- You have experienced adverse financial consequences as a result of being quarantined, furloughed, or laid off, or if your work hours have been reduced, you are unable to work due to lack of childcare or business closures related to the coronavirus pandemic.

#### Early withdrawals (CRD or Coronavirus-related distributions)

- Withdraw up to \$100,000 without the usual 10% penalty and the 20% mandatory federal tax withholding.
- Spread out any income taxes that you owe over three years from the date you took the distribution. You will need to claim this tax treatment on your personal income tax returns for 2020.
- Put the money back into the account before those three years are up, even though the maximum contribution rules would normally keep you from contributing that much.

#### Loans

- You can take out a loan of up to \$100,000 or 100% of your vested balance. Usually you can't take out more than half your balance and no more than \$50,000.
- This option is available from March 27 through September 23, 2020.
- The payment dates for any loans due the rest of 2020 would be extended for a year, if you elect this option by contacting Prudential
- The MTA 401(k) Plan allows 2 loans at a time and the MTA 457 Plan allows 1 loan at a time. However, you are allowed to have a maximum of 2 loans outstanding from both plans combined at any point in time and this has not changed. But if you are eligible to take a loan, and meet the criteria, then you are now eligible to take a loan for up to \$100,000 maximum for all outstanding loans through September 23, 2020 (180 days from the date the law went into effect).

**Required Minimum Distributions**

For those who turned 70½ or older in 2019, you would normally have to take a Required Minimum Distribution (RMD) from your account. The IRS has allowed for a suspension of the automatic RMD payments, and no longer requires them for the remainder of the 2020 calendar year. Letters will be mailed to those participants. Also earlier in 2020, the required age of minimum distributions has been changed from age 70 ½ to age 72.

**Some things to think about before accessing your retirement savings**

We understand that it’s difficult to maintain a long-term focus right now, when it feels like things are changing daily. But we encourage you to keep your retirement savings goals on track, as much as possible, so you can build a stronger financial future. Here are some things to consider:

- **The money you take out from your retirement savings loses its potential to grow for you.** It can put a permanent dent in your plan balance.
- **Withdrawing savings during a down market may limit your ability to recover your losses.** If your retirement investments have experienced losses as a result of the recent market downturn, selling them now will “lock in” your losses.
- **You may need to pay tax on the money you withdraw.** If you’re qualified, the newly enacted law forgives penalties, but you’ll still owe ordinary income taxes if it’s not paid back within three years. Please check with your tax advisor.
- **Loans will need to be repaid.** If you’re qualified to take your money as a loan, you’ll need to pay back the funds with after-tax dollars. Even though the payments can be suspended for a year, interest will continue to accrue during the period they are suspended.

**Next Steps Talk to a Retirement Counselor**

Prudential is here for you. We encourage you to set up a personal consultative discussion to review your options and the impact. To set up a phone or virtual one-on-one consultation, you may contact counselors directly using their mobile numbers and emails listed below:

2 Broadway Margarita Tsang 646-413-0234 <a href="mailto:margarita.tsang@prudential.com">margarita.tsang@prudential.com</a>	Bronx, Westchester and Connecticut Greg Sirett 347-844-3798 <a href="mailto:gregory.sirett@prudential.com">gregory.sirett@prudential.com</a>
Brooklyn, Queens and Long Island George Russo 917-579-3851 <a href="mailto:george.russo@prudential.com">george.russo@prudential.com</a>	Manhattan, Bronx and Brooklyn Edward Summers 917-485-2745 <a href="mailto:edward.summers@prudential.com">edward.summers@prudential.com</a>
Brooklyn and Staten Island Hayden Yogman 917-597-2188 <a href="mailto:hayden.yogman@prudential.com">hayden.yogman@prudential.com</a>	Manhattan and Queens Diane Texin, Manager 917-280-3614 <a href="mailto:diane.texin@prudential.com">diane.texin@prudential.com</a>
Bronx, Queens, Westchester & Connecticut Drew Miller 917-608-1715 <a href="mailto:andrew.miller@prudential.com">andrew.miller@prudential.com</a>	Queens Owen Ashley 646-957-4385 <a href="mailto:owen.ashley@prudential.com">owen.ashley@prudential.com</a>

**If you are ready to make a request, give Prudential a call**

To request a CRD distribution or to request a loan for up to \$100,000 or if you wish to suspend your current loan payments please contact Prudential at 1-877-PLN-4MTA (877-756-4682). They have trained specialist to help with the CARES Act provisions.