

## CARES Act Provisions Added to the DAP

### *Coronavirus Aid, Relief and Economic Securities Act*

Congress passed the CARES Act to provide expanded access to vested retirement account balances without penalties for many Americans during this unprecedented time. Further, the CARES Act enables participants to defer loan repayments and to skip taking the Required Minimum Distribution during 2020. While taking a loan or withdrawing money from your retirement account early should be a last resort, we understand that sometimes unusual times call for unusual actions.

#### To help, the Directed Account Plan has adopted the following provisions:

- 1) CRD - Corona Related Distribution
- 2) CRL - Corona Related Loan
- 3) RMD - Required Minimum Distribution Requirement Suspended in 2020

#### CARES Act relief for CRD and CRL applies to individuals who:

- ✓ Have been diagnosed with COVID-19 by a test approved by the Centers for Disease Control and Prevention.
- ✓ Have a spouse or dependent who has been diagnosed.
- ✓ Are experiencing adverse financial consequences due to being furloughed, quarantined or laid off; having their paid work hours reduced; being unable to work due to the lack of childcare; or having to close or scale back a business due to coronavirus.

### 1. CRD - Corona Related Distribution

- The 10% IRS penalty tax on pre-age-59 1/2 early withdrawals is waived for coronavirus-related distributions of up to \$100,000 through December 2020. These withdrawals are taxable as income, but the tax may be spread over three years, and the participant can elect to repay it within three years. Additionally, the 20% standard income tax withholding at the time of the distribution is not required.
- To apply for a CRD, log in to your account at [www.dap401k.com](http://www.dap401k.com), click on the plan name "Directed Account Plan", and select **Plan Forms** to access your request form.

### 2. CRL - Corona Related Loan

- For a coronavirus need, the maximum loan amount is increased from \$50,000 (or 50% of your vested balance) to \$100,000 (or 100% of your vested balance). This increase applies to loans taken through September 22, 2020.
- For any new or existing loan, repayments due between March 27, 2020 and December 31, 2020, may be delayed for one year. All subsequent payments will be adjusted to account for the delay and interest accrued during the delay.
- To apply for a CRL, call 1-844-861-4327 to request a form

**While we encourage you to stay the course, remain invested and continue to save, we understand this is a challenging time. Before making decisions about taking money out of your retirement savings, please discuss your options with a tax professional.**

### 3. RMD Suspension in 2020

- For all RMD eligible participants, the CARES Act allows account holders to skip their 2020 required minimum distribution (RMD).
- The DAP requires your direction to change distributions that are already in place. There will not be any interruption to your installment payments unless you direct a change.
- The December 2020 annual RMD force out is canceled. The annual force out will resume in December 2021.
- The Department of the Treasury allows a 60 day roll-in of distributions and has not yet provided guidance for roll-ins beyond that time period.
- To make changes to your RMD distributions or to request a roll-in, please call the DAP Office at 314-739-7373.

## Investing: The Nuts and Bolts

Periodically reviewing investing basics can help keep your DAP 401(k) account growing



### Start Saving Now

The earlier you start, the better. But it's never too late.

**Compounding** The interest earned on both your principal and any interest your principal earns.

### Remember Inflation

Inflation will rob your retirement funds of their buying power now and after you begin to use them. Are you saving enough?

**Inflation** The erosion of money's purchasing power due to the rising cost of goods and services.

### Nothing is Risk Free

Understand the risks. Fit the degree of risk you take to your personal investment strategy.

**Risk** The potential to lose money in an investment.

### Protect Against Volatility

The best approach to retirement savings is "diversification" - spreading your savings across many investment types that tend to move in different directions, such as US stocks, non-US stocks, and fixed income. The **DAP**

**Tier I - Asset Allocation Funds** provide this type of diversification.

**Volatility** How much and how often the value of an investment increases or decreases in value.

**Diversification** The process of keeping your nest eggs in **more** than one basket.

### Allocate Your Assets

Diversification and asset allocation are good ways to manage risk. Pick a course that's right for you and stay with it. Market timing seldom pays.

**Asset Allocation** The process of distributing investments between or among different asset classes to produce the greatest possible return consistent with an investor's ability and willingness to accept risk.

**Market Timing** The process of deciding when to buy or sell securities based on economic factors, such as changing interest rates, or technical indications, such as trading volume. Most experts believe that this is not a successful approach to investing.

**Dollar-Cost Averaging** Accumulating assets by investing a set amount of dollars at regular intervals. You buy more shares or units when prices are low. You own more at a greater value

when prices go back up. Your biweekly contributions to the DAP 401(k) automatically dollar-cost average for you.

### Invest for Your Lifetime

Investment selection is a function of your age, goals and risk tolerance. Retiring from the workforce does not mean you should put your 401(k) investments in neutral or let them coast. On the contrary, you should invest with your DAP 401(k) according to your life expectancy. Many investment professionals recommend some stock market exposure into retirement.

**Time Horizon** The length of time investors have to invest their money.

### Manage Your Assets

The key is to set your course and stick with it. Let your life circumstances dictate your asset allocation decisions, not the market's movements. You choose which investments are appropriate for your account by how long you have to invest, how much you need to accumulate, and your tolerance for risk.

**Asset allocation, diversification, dollar-cost averaging and/or rebalancing do not ensure a profit or protect against loss.**

### Contact Information

The DAP's recordkeeper, Empower Retirement has a dedicated team of customer service representatives available to assist you at (844) 861-4327 Monday - Friday between 7:00 am and 9:00 pm, and Saturdays between 8:00 am and 4:30 pm (Central Time). After hearing the DAP greeting, speak "representative" clearly two times, and you will be connected directly to a DAP specialist. For required minimum distributions (RMDs), distribution changes, or rollovers, please contact Michelle at 314-739-7373. Consider all your options and their features and fees before moving money between accounts.

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**The intent of this communication is to provide useful information, not investment advice. Each participant in the Directed Account Plan is ultimately responsible to make his or her own investment decisions.**

Personal Account Web Site:  
[www.dap401k.com](http://www.dap401k.com)

Informational Web Site:  
[www.dapretirement.com](http://www.dapretirement.com)