Colby’s Retirement Program & CARES Act Enhancements

As part of our efforts to fully support the Colby community through the COVID-19 pandemic, Colby is adopting a retirement program component of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Specifically, the CARES Act includes a provision intended to assist retirement plan participants and their families who have been negatively impacted financially by COVID-19. Qualified individuals experiencing financial hardship as a direct result of COVID-19 may now make special withdrawals or loans from their retirement plan accounts. Although Colby is not required to adopt this part of the CARES Act, we want to ensure any negatively impacted family has the opportunity to have these options available to them.

To participate in the program, one of the following criteria must be met:

- An employee is diagnosed with COVID-19 by a test approved from the Centers for Disease Control and Prevention;
- A spouse or dependent who is diagnosed with COVID-19;
- An employee suffering financial consequences as a result of quarantine, employment furlough, layoffs, reduced work hours, or inability to work (and not be paid) due to lack of childcare as a result of the coronavirus.

If eligible, then the law provides that:

- The 10-percent early-withdrawal penalty is waived under the CARES Act.
- The normal 20-percent withholding requirements are eliminated.
- While distributions are subject to incomes taxes, there is an option to pay taxes due over a three-year period.
- Maximum retirement plan loan limits have been increased.
- The loan approval process remains the same as it does for non-coronavirus-related loans.
- Repayments for loans are due by year-end, but may be delayed for one year. Interest continues to accrue during the suspension period.

Removing funds from a retirement plan is an important decision, and employees will want to carefully consider the near- and long-term consequences associated with a withdrawal. To support employees considering a withdrawal or loan, TIAA provides a loan calculator to help in evaluating the cost of a loan and the potential impact on long-term retirement investments. [https://www.tiaa.org/public/calcs/withdrawalcalculator](https://www.tiaa.org/public/calcs/withdrawalcalculator)

It is generally a good idea to reach out to a financial consultant or accountant to review your current situation, along with short- and long-term financial goals, before making decisions about your retirement plan. If you would like additional information, you may speak to a TIAA financial consultant by calling 855-400-4294, visiting [TIAA.org](https://www.tiaa.org/public/learn/prepare-unexpected/guiding-you-through-turbulent-times/cares-act), or logging in to your online account at [TIAA.org](https://www.tiaa.org).

Beyond a financial consultant, accountant, or TIAA, please feel free to contact Human Resources at extension 5500 with any questions you have.