

Deferred Compensation Plan for Employees of the State of Maine

The Deferred Compensation Plan for Employees of the State of Maine (“Deferred Compensation Plan”) has been updated effective April 1, 2020 to include the following provisions. *Members should contact their respective financial service organization, AIG, MassMutual, or VOYA, for additional information and to process requests:*

Allow Coronavirus Related Distributions (“CRDs”) from Eligible Retirement Plans

Note: A CRD is not considered a hardship distribution, as a result none of a plan’s hardship restrictions apply.

Optional Change: The Deferred Compensation Plan will permit CRDs for participants who self-certify they meet one of the following conditions:

- Diagnosed with SARS-CoV-2 or COVID-19 by a test approved by the Centers for Disease Control and Prevention
- Spouse or dependent is diagnosed with SARs-CoV-2 or COVID-19
- Experiences adverse financial consequences as a result of being quarantined because of SARs-CoV-2 or COVID-19
- Being laid off or furloughed or having work hours reduced because of SARs-CoV-2 or COVID-19
- Being unable to work due to lack of child care because of SARs-CoV-2 or COVID-19
- Closing or reducing hours of a business owned or operated by the individual because of SARs-CoV-2 or COVID-19
- Other factors as determined by the Secretary of the Treasury

CRDs are subject to the following conditions:

- CRDs are capped at \$100,000
- A participant may spread the taxable amount equally over 3 tax years
- 10% penalty excise tax doesn’t apply to a CRD
- A CRD is not an Eligible Rollover Distribution
- CRDs are not subject to mandatory 20% tax withholding
- CRD distributions will be subject to a 10% tax withholding unless, the participant voluntarily waves the 10% withholding tax
- A CRD may be repaid over 3 year period starting from the date of the distribution.

Effective Date: CRDs are optional and are available for distributions made on or after January 1, 2020 and before January 1, 2021.

Note: CRD distribution amounts will be made available from any and all money sources except those money sources that do not have IRS mandated withdrawal restriction relief via the CARES Act. An example of this would be plan assets transferred from a Money Purchase Plan.

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Required Minimum Distributions may be Suspended for Calendar Year 2020

Prior Law: Anyone with a balance in one of the above plans who was over the age of 70½ (or age 72, as per recent law changes) who met the other criteria for a Required Minimum Distribution was required to take their minimum distribution each year from their balance under the above plans.

Change: Participants of the Deferred Compensation Plan may elect to waive the Required Minimum Distribution requirement for distributions made in 2020.

Effective Date: This change is optional for Required Minimum Distributions that are required to be taken in 2020 [e.g. 2019 RMDs required to be made by April 1, 2020 and 2020 RMDs to be taken by December 31, 2020.]

Participants who already received their 2020 minimum distribution cannot repay it to the plan.