



August, 2020

There has been an expanded definition of a “qualified individual” under the CARES Act to include the below additional factors . This expanded definition applies to both loans and distributions.

The new expanded definition of a “qualified individual” under the CARES Act is an individual who:

- Is having a reduction in pay (or self-employment income) due to COVID-19;
- Who has a spouse or a member of the individual’s household is being quarantined, being furloughed or laid off, or having work hours reduced due to COVID-19;
- Is unable to work due to lack of childcare due to COVID-19;
- Has a job offer rescinded or start date for a job delayed due to COVID-19; or
- Has a business that has/is closing or reducing hours of a business owned or operated by the individual’s spouse or a member of the individual’s household due to COVID-19.

Coronavirus Related Loan:

The IRS has removed the supporting documentation requirement to determine the eligibility to receive a coronavirus related loan.

Coronavirus Related Distribution:

The IRS has provided that an individual who receives a coronavirus related distribution can include that distribution in his/her taxes in the following two ways:

1. Include the income ratably over a 3 year period that begins in the year of distribution; or
2. Include the total amount as income in the year of distribution.

RMD: Required Minimum Distribution

The CARES Act has waived the RMDs for 2020. The IRS issued additional guidance to make clear that any individual taking an RMD from January 1, 2020 to August 31, 2020 may roll that RMD back into his/her 403(b) account.

