

My City Benefits

Human Resources Management

The COVID-19 outbreak prompted Congress to enact special retirement plan relief on March 27, 2020.

Specifically, The City of Oakland may now allow participants affected by COVID-19 to receive a penalty-free distribution from the City of Oakland Deferred Compensation Plan account for up to \$100,000.

This is a new type of distribution available from the Plan if:

- You have been diagnosed with COVID-19
- Your spouse or dependent has been diagnosed with COVID-19, and/or
- You experience adverse financial consequences as a result of being quarantined, work reduction, being unable to work due to lack of child care, or closing or reducing hours of a business you own or operate.

If you take a special coronavirus related distribution, standard tax withholding will not apply, but you will be responsible for the taxes for the distribution on any amounts not refunded to your plan account. The taxes may be spread out over a three-year period and, as mentioned, you can also refund your Plan account within three years if you'd like. We suggest you consider the potential tax implications and consult your tax professional regarding the distributions. Please also be aware that the number of distributions you request are not limited, so you can take smaller distributions as you need them up to the \$100,000 maximum.

If you qualify, you may request such a distribution by completing the Coronavirus-related Withdrawal form. **You may also contact the ICMA-RC Service Center by phone at 1-800-669-7400 if you have any questions.**

As always, if you would like personalized assistance regarding your Plan account or overall financial wellness, Mike McGhee will be eager to assist you. Contact Mr. McGhee directly at 510-238-6485 or at mmcghee@icmarc.org.

IMPORTANT COVID-19 Related Withdrawal Form Instructions

All participants requesting a COVID-19 related withdrawal must complete sections 2 and 6 of the COVID Related Withdrawal form as follows:

- **Section 2** – Request Type: Select **"In-Service"** distribution
- **Section 6** – Participant Separation From Service Date: **Leave this section blank**

Please follow the steps shown below to ensure we are able to process your request in a timely manner. This form is used to request a one-time payment from your Governmental 401 Plan or 457 Deferred Compensation Plan account for a Coronavirus Related Distribution. For all other withdrawal requests, please log in to Account Access at www.icmarc.org/login or contact ICMA-RC for the appropriate forms.

Coronavirus Related Distributions are not available in all plans. Please check with your employer or ICMA-RC to confirm eligibility. Additional conditions may apply if you are requesting a withdrawal from a 401(a) Money Purchase Plan.

1. Complete the *Self-Certification Form* and *Coronavirus Related Distribution Withdrawal Form*.
2. **Fax or mail the completed form to ICMA-RC.**

Fax: ICMA-RC
ATTN: Workflow Management Team
202-682-6439

Mail: ICMA-RC
ATTN: Workflow Management Team
P.O. Box 96220
Washington, DC 20090-6220

Please keep a copy of the completed form for your records.

TIME FRAME FOR PAYMENTS

Following the receipt of your properly completed withdrawal form, payments will be distributed as soon as possible (typically within three business days). Please submit your request at least a few days in advance of your desired payment date.

At ICMA-RC, we take security of our participants retirement assets seriously. We have security measures in place and we continuously apply enhancements to safeguard your assets.

Additional care is taken regarding the security of your account when processing withdrawal requests. Adding or changing information regarding personally identifiable information on file with ICMA-RC may delay your withdrawal.

EMAIL CONFIRMATIONS

ICMA-RC is now sending many confirmation notices via email, including confirmations related to your withdrawal requests. Please be sure to provide your email address in section 1 of the form.



Employee Certification

Coronavirus Related Distribution Eligibility

I, _____ (participant name), have requested a Coronavirus Related Distribution from the _____
_____ (plan name), _____ (plan number).

To be eligible for the Coronavirus Related Distribution, I hereby certify that I meet one of the following criteria:

- I have been diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention.
- My spouse or dependent (as defined in Internal Revenue Code section 152) is diagnosed with such virus or disease.
- I have experienced adverse financial consequences as a result of being quarantined, furloughed, laid off, having work hours reduced due to such virus or disease, being unable to work due to lack of child care due to such virus or disease, or other factors as determined by the Secretary of the Treasury.

If the plan identified above is a 401(a) Money Purchase Plan, I certify that I also meet the requirements for an in-service withdrawal under the plan if I am currently employed by the plan sponsor of this plan.

I make this certification on this day, ____ / ____ / _____ (MM/DD/YYYY)

Signature: _____

Printed Name: _____

Return this form along with the distribution request to ICMA-RC for processing.

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WITHDRAWAL FORM (DIRECT) Coronavirus Related Distribution

1. Submit this form to request a Coronavirus Related Distribution from your Governmental 401 Plan or 457 Deferred Compensation Plan account. These withdrawals are not available in all plans. Please check with your employer or ICMA-RC to confirm eligibility.
2. Return the completed form to ICMA-RC. Missing or incomplete information will result in delays.

1 PARTICIPANT INFORMATION (COMPLETE ALL FIELDS IN THIS SECTION)

Employer Plan Number: _____ Employer Plan Name: _____

Social Security Number: _____ Date of Birth: (MM/DD/YYYY) _____/_____/_____

Preferred Phone Number: _____ Email Address: _____

(_____) _____ - _____

Full Name of Participant: _____

LAST _____ FIRST _____ M.I. _____

Mailing Address: _____

City _____ State: _____ Zip Code: _____

2 REQUEST TYPE (SELECT ONE OPTION ONLY)

Coronavirus Related Distribution

- In-service** (currently working)
(Please Note: For 401(a) Money Purchase Plans, you must meet applicable requirements; please check with your employer to verify the type of plan you have and applicable requirements.)
- Lump Sum** (separation from employment)

3 PAYMENT AMOUNT

A check for the amount specified, reduced by applicable tax withholding, will be sent to your current mailing address.

Payment Amount: \$ _____ (Which may be up to the maximum amount your plan sponsor allows, not to exceed \$100,000.)

Note: Maximum amount includes amounts withdrawn from all retirement plan accounts you may own.

Taxable amounts will be reported on a Form 1099-R, which will be sent to you in January 2021.

4 TAXATION AND WITHHOLDING REQUIREMENTS

If you do not provide withholding instructions, 10% will be withheld for federal income taxes as a default. The state tax will be withheld per state requirements.

- a. Withhold FEDERAL income tax at the rate of _____% OR No withholding
- b. Withhold STATE income tax at the rate of _____% OR Requirement per State

5 PARTICIPANT SIGNATURE

I acknowledge I have received and signed the Coronavirus Related Distribution self-certification form. I direct ICMA-RC to process the payment request indicated above. I certify that the Social Security Number (Taxpayer Identification Number) I provided is correct.

Signature: _____ Date: ____/____/_____

6 PARTICIPANT SEPARATION FROM SERVICE DATE (IF APPLICABLE)

Date: ____/____/_____

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ADDITIONAL INFORMATION

Beneficiary Designations

ICMA-RC recommends that you confirm that we have current beneficiary information. Please review and update your beneficiary information as appropriate by accessing your account online at www.icmarc.org/login.

Federal Tax Withholding

The CARES Act does not require a mandatory 20% federal income tax withholding be applied to any qualifying coronavirus-related distributions. If no withholding option is selected in Section 4 of the form, however, ICMA-RC will default to 10% federal withholding.

Note: With the exception of withdrawals from an after-tax contribution account.

Non U.S. Citizens: Generally, individuals who are not U.S. citizens and residing outside of the United States are subject to 30% federal tax withholding. A reduced rate, including exemption, may apply if there is a tax treaty between your country of residence and the United States.

State Tax Withholding

Several states have mandatory tax withholding requirements. ICMA-RC automatically withholds taxes for states which require withholding from retirement plan withdrawals and will honor requests for withholding in other states. Income taxation of payments from retirement plans varies from state-to-state. You should seek state tax advice from the appropriate state department of revenue if you have questions regarding state tax withholding requirements.

You may request federal and state tax withholding percentages that differ from those described above by completing the Tax Withholding Change Form. This form is available online at www.icmarc.org/forms or by contacting ICMA-RC.

Tax Reporting

Taxable amounts will be reported on a Form 1099-R, which will be sent to you in January 2021.

New Optional Coronavirus-Related Distribution (CRD):

- Code Section 72(t), which applies an additional 10% tax on early withdrawals, is waived for withdrawals up to \$100,000 across all retirement plans or IRAs for a qualified participant.
- Those individuals may prorate the payment of applicable taxes on the income from the withdrawal over a three-year period.
- The withdrawal amount may be paid tax-free back to the plan over the next three years.
- Repayments of these withdrawals would not be subject to the retirement plan contribution limits.

Note: For in-service withdrawal requests, 401(a) Money Purchase Plans have unique requirements. Please check with your employer to make sure you are meeting applicable requirements.

VT Retirement Income Advantage Fund

If your plan offers the VT Retirement Income Advantage Fund (the Fund), any assets you have invested in the Fund will be excluded from your withdrawal request. If you would like to initiate withdrawals from the Fund, please contact ICMA-RC for the appropriate withdrawal forms.

You can transfer assets from the Fund to other investment options available in your plan if you would like to have them distributed with your withdrawal request. However, you should be aware that withdrawals from the Fund prior to Lock-In proportionately reduce guaranteed values.

After Lock-In, Excess Withdrawals will proportionately reduce and potentially terminate available guarantees. For additional information, please review the *VT Retirement Income Advantage Fund Important Considerations* document.

VantageBroker

If your plan offers VantageBroker, any assets you have invested in VantageBroker will be excluded from your withdrawal request. In order to withdraw funds from your brokerage account, you must first transfer the assets back to your core account at ICMA-RC. You can liquidate assets in your brokerage account and transfer the assets back to your core account online. Settlement of the sale of investments held in your brokerage account may take up to three business days.

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SUMMARY DESCRIPTION

This publication provides a summary of the rules governing the payment of funds from your Governmental 401 Plan, 457 Deferred Compensation Plan, or 403(b) Plan regarding a Coronavirus Related Distribution. It is not a complete description of the law. If there are any conflicts between what is written in this publication and what is contained in the law, the applicable law will govern.

