



Coronavirus Pandemic: The Impact on Your Retirement Plans

With

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Agenda

- Market Review Year-to-Date
- History of Market Corrections
- The CARES Act
- 401(k) Retirement Plan Impact
- Action Items & Consideration
- Question & Answers



Our Panel of Experts:



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Vice President, Wealth Advisor
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Richard J. Cawthorne
Chief Executive Officer
Alpha Pension Group, Inc.



Jen Monkiewicz
ABC Self Insurance Group
Moderator

Q1 2020 Market Review



- **Dow Jones Industrial Average (DJIA) -23%**
 - Apple, United Healthcare, Home Depot, McDonalds, Visa
- **S&P 500 - 20%**
 - State Street, Boston Properties, Iron Mountain, Vertex, TJX, Eversource
 - Includes all 30 DJIA stocks
- **NASDAQ -14%**
 - Google, Facebook, Amazon, Microsoft, Netflix, Apple, Gilead, Starbucks

Q1 2020 Market Review Continued

- **Russell 2000 “Small Cap” -30%**
 - Teladoc Health, Novocure, Amedisys, Haemonetics
- **International Developed - 23%**
 - Nestle, Novartis, Toyota, SAP, HSBC
- **Emerging -25%**
 - Alibaba, Tencent, Taiwan Semiconductor
- **February 19th – March 23rd**
 - DJIA -36%
 - S&P 500 -34%



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A History of Market Corrections

- **-5% April 2019**
- **-10% December 2018**
- **-15% December 2018**
- **-20% March 2009**

S&P 500 INDEX 1928–2020

Type of Decline	Average Frequency*	Average Length**	Last Occurrence
-5% or more	About 5 times a year	23 days	March 2020
-10% or more	About every 7 months	62 days	March 2020
-15% or more	About every 1.5 years	107 days	March 2020
-20% or more	About every 2.5 years	180 days	March 2020

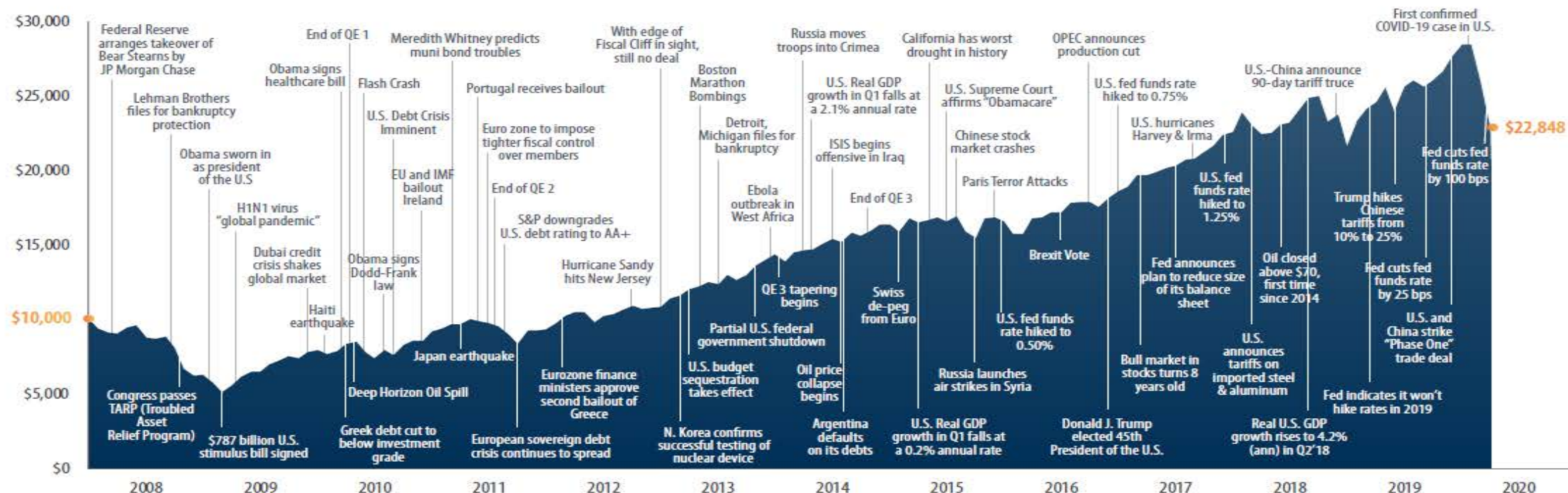
S&P 500 Index

2008 – March 31, 2020



This chart shows the growth of \$10,000 based on S&P 500 Index performance over the last several years. Although past performance is no guarantee of future results, we believe looking at the market's overall resiliency through several major crises and events helps to gain a fresh perspective on the benefits of investing for the long-term.

THE AVERAGE ANNUAL TOTAL RETURN OF THE S&P 500 INDEX FOR THE PERIOD SHOWN BELOW WAS 6.98%.



Source: Bloomberg, First Trust Advisors L.P., 1/1/08 - 3/31/20. **Past performance is no guarantee of future results.** This chart is for illustrative purposes only and not indicative of any actual investment. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. Investors cannot invest directly in an index. Index returns do not reflect any fees, expenses, or sales charges. Stocks are not guaranteed and have been more volatile than the other asset classes. These returns were the result of certain market factors and events which may not be repeated in the future.

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Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

- Provides for an emergency assistance response for individuals, families, and businesses affected by the 2020 Coronavirus pandemic.





The CARES Act

- 3 Implications for Retirement Plans
 1. 2020 RMDs
 2. Expanded limits on distributions
 3. Expanded limits on loans
- Recordkeeper Processes
- Other considerations





RMDs – mandatory

Original

- Required according to the Federal RMD calculations every year after age 70 ½ or 72

New Updates

- Not required in 2020
- Can be taken, if desired
- No plan amendment necessary

* Eligible for rollover



New distribution option - optional

Original

- Allowed for hardship distributions
 - Needs to be certified
- Distributions after termination from service

**10% penalty for those under age 59 ½*

New Updates

- For those impacted by Coronavirus
- Allowed for the 2020 calendar year
- The lesser of 100% of their vested account balance or \$100,000

**10% penalty waived for those under age 59 ½*

Fine print

- Definition of impacted by Coronavirus
 - Plan participant or spouse diagnosed with Coronavirus
 - Plan participant laid-off, furloughed, hours reduced, unable to work due to lack of childcare, loss of business, etc.
 - Participant certified that definitions are met
- Subject to Federal income taxation
 - Can be spread evenly over 3 years starting with 2020
 - This means it will be counted as gross income proportionally over the 3 years beginning in the year of the distribution
 - If repaid within the 3 years, it will not be reported as income
- Not eligible for rollover
- Make plan amendments before 2022



Increased loan limits - optional

Original

- Limited to the lesser of 50% of plan balance or \$50,000

New Updates

- Increased to the lesser of 100% of plan balance or \$100,000 for those impacted by Coronavirus
- Scheduled loan repayments can be delayed for up to one year
- **Existing Loans: Repayment term can be extended for up to one year**

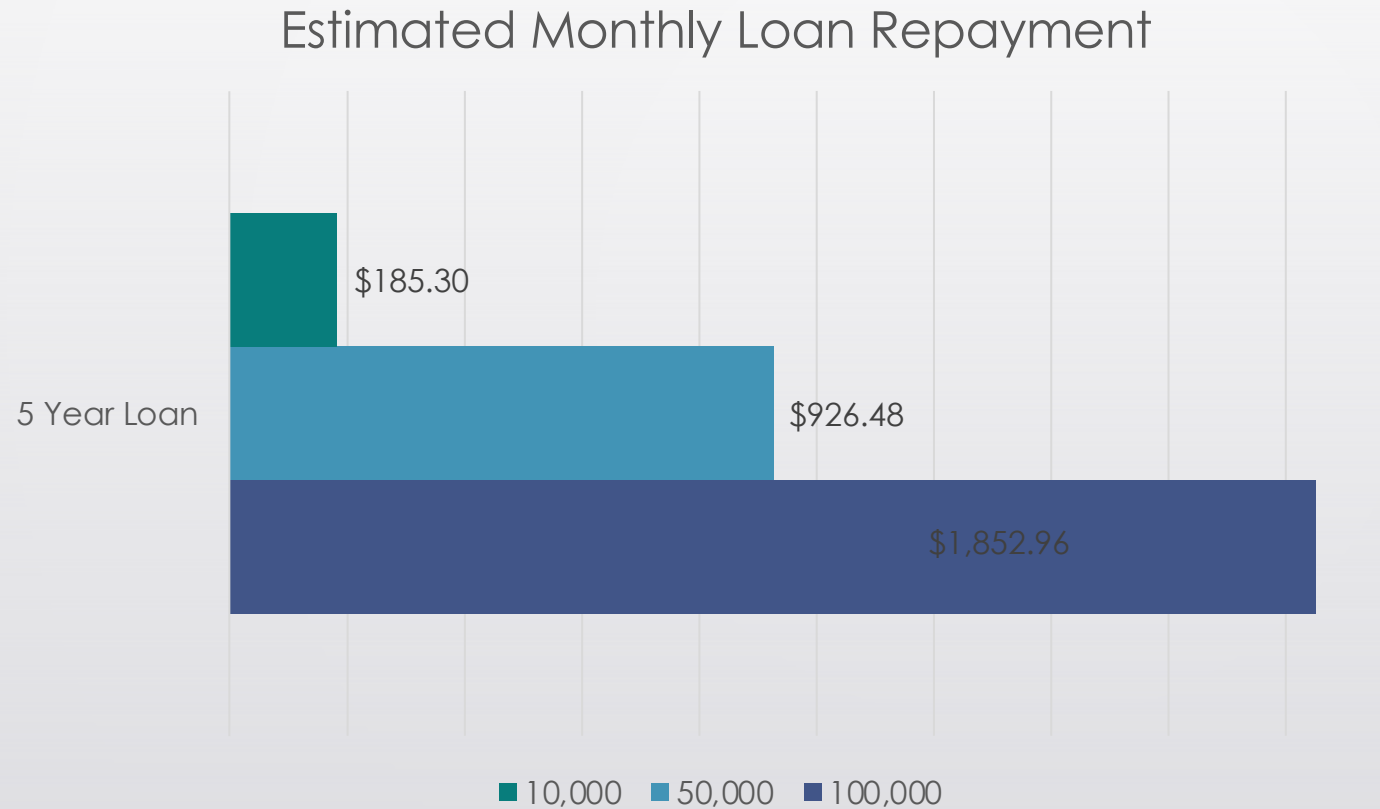
Fine print

- Applies only to loans made between March 27, 2020 and September 23, 2020
- Same eligibility requirements as withdrawals
- Interest will continue to accrue during the payment suspension period
- Best to amend the loan program before the end of 2020 to:
 - permit additional loans or
 - add Coronavirus-related reasons as an additional condition to receive the loans

1119.3



Something to consider



For illustrative purposes only. Each experience is unique. Calculations of a 5-year, 60-month, loan term with loans of \$10,000, \$50,000 or \$100,000 at a rate of 4.25% (prime rate on 4/1/20 plus 1%)

Automatic adoption:

- ADP
- CUNA
- Empower
- Fidelity
- OneAmerica
- Paychex
- The Standard
- TIAA



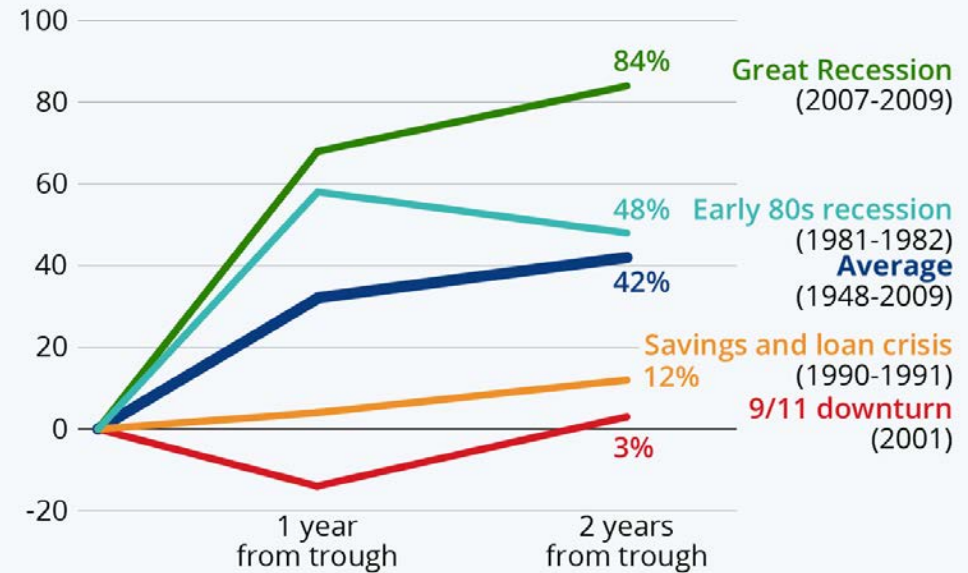
Action required:

- Ascensus/Vanguard
- John Hancock
- Lincoln Financial
- Mass Mutual
- Nationwide
- Principal
- Prudential
- Sentinel
- T. Rowe Price
- TransAmerica
- Voya

How Fast Has the Economy Recovered After Past Recessions?

Recession Recovery Was Swift After 2009

S&P 500 return gains after most recent U.S. recessions (in %)



Sources: Factset, SunTrust



statista

Ideas & Considerations

- Call your Financial Advisor!
- Review your Retirement and Investment accounts
- Review your Risk Tolerance
- Review your Investment Time Horizon
- Review your Liquidity Needs
- Review the CARES Act
- Contact your Mortgage Provider, Bank, Credit Card, Insurance Provider



Question & Answer

“We are in this together!” Most importantly, in this time of crisis, keep yourself, your family and your community safe. We are in this together. Please feel free to reach out with any questions that you have.



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