



The CARES Act offers qualifying participants loan relief in their retirement plan by delaying loan repayments and increasing the maximum loan payouts.

We will be reaching out shortly to your Fidelity workplace retirement plan sponsors whose plans currently offer loans. Based on the response from previous CARES Act communications, we are aiming to simplify the approach with plan sponsors by focusing primarily on the deferment feature. In talking to our clients, we anticipate the deferment feature to be the highest priority for plan sponsors and their participants seeking relief.

As such, our Core market, which comprises most of our plan sponsors, will receive details centered on the deferment only. Should you and your client decide that adding CARES loans to a plan is the right course of action, we will work with you and your client to set it up soon.

Our largest corporate and tax-exempt plans, those in our Large, Select and Strategic market segments, will receive additional details around adding CARES loans as part of their communication this week.

Below you will find a copy of the plan sponsor communication; please note, depending on the client's payroll arrangement, certain instructions will vary.

How you can help:

1. **Read** the information below.
2. **Attend our webinar on Thursday, April 16th at 1 pm EST** where we are answering your operational questions relative to COVID-19. [Register today](#).
3. **Support** your clients as needed to help them decide what's right for them and act accordingly. We are requesting direction from plan sponsors by no later than April 21st. *Plan sponsors who DO NOT permit the loan payment deferment will see their participants' delinquent loans default starting May 1, 2020.*

The Coronavirus Aid, Relief, and Economic Security (CARES) Act permits qualifying participants to delay loan repayments that are due between March 27, 2020 (the date of CARES Act enactment) and December 31, 2020.

Your action is required by April 21, 2020. Please review detailed information about the CARES Act and loans for your Fidelity plans.

PERMIT LOAN PAYMENT DEFERMENT: As previously shared, the CARES Act is unclear when loan repayments must begin following the delay. Regulatory guidance has not yet been provided. However, based on feedback from plan sponsors and participants on the need for a solution, we have developed the following [loan deferment service](#):

- Qualifying participants may contact Fidelity by phone to request deferment of their loan(s).

- Deferment of all payments will begin with the first payment due or as soon as administratively feasible after the participant self-certifies their qualification and will end on December 31, 2020.
- As participants certify their eligibility to defer their loan payments, Fidelity will provide a report to you or your payroll provider via Plan Sponsor Webstation® to stop payroll deductions.
- All loans deferred will be re-amortized in January 2021. Information will be sent to your payroll provider to restart payroll deduction payments.
- A plan amendment will be required and must be executed by the last day of the plan year that begins in 2022.

Corporate// Tax-Exempt Large, Select and Strategic Market segments only:

<INCREASE PERMISSIBLE LOAN LIMITS (CARES ACT LOAN): The CARES Act permits an increase of the maximum loan limit for qualified individuals by 100% of their vested account balance or up to \$100,000 for loans requested by September 23, 2020. Fidelity will support plans that wish to offer increased limits by offering a [CARES Act Loan](#):

- The CARES Act Loan includes a delay of repayment until January 2021.
- A CARES Loan will be treated as an additional loan. Plan sponsors should review their current plan document or plan loan procedures document to ensure it allows for a sufficient number of loans.
- A plan amendment will be required and must be executed by the last day of the plan year that begins in 2022.
- Plan sponsors should review adding a CARES Act Loan carefully—also considering if they have or will also enable CARES Act Distributions—to determine which or if both are best suited for your participants.>

INSTRUCTIONS TO ENABLE SOLUTIONS: To enable loan deferment service <and/or the CARES Act Loan for your plan(s)>, **complete the Client Election Form by April 21, 2020. Plan sponsor letters accompanied with link to a customized digital form.**

If you do not wish to enable this provision, we will proceed to default any delinquent loans beginning on May 1, 2020.

**ADVISOR COVID-19
RESOURCE CENTER**

**PLAN SPONSOR COVID-19
RESOURCE CENTER**

[Fidelity Privacy](#) | [Legal Information](#)

Fidelity does not provide legal or tax advice. The information herein is general in nature and should not be considered legal or tax advice. Consult an attorney or tax professional regarding your specific situation.

Please do not reply to this email. This mailbox is not managed. If you need assistance, please contact your Fidelity Representative. The information in this email and subsequent attachments may contain confidential information that is intended solely for the attention and use of the named addressee(s). This message or any part thereof must not be disclosed, copied, distributed, or retained by any person without authorization from Fidelity Investments.

Fidelity, Fidelity Investments, and the Fidelity Investments and pyramid design logo are registered service marks of FMR LLC.

For investment professional use only.
Approved for use in Advisor and 401(k) markets. Firm review may apply.

Fidelity Brokerage Services LLC, Member NYSE and [SIPC](#), 900 Salem Street, Smithfield, RI 02917

©2020 FMR LLC. All rights reserved.

925446.1.0