



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. The legislation also permits increasing the maximum loan amounts.

To help you and your participants during this time, we're offering two new options: loan deferment service and CARES Act Loans. **Your action is required by April 21, 2020** (see instructions below). Please review detailed information about the [delay of repayment service](#) and [increasing loan limits service](#).

- 1. 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 to stop payroll deductions. [Review a sample report](#) and consult with your payroll provider.
 - Participants that make payments via ACH will be notified to restart their payments if applicable.
 - 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.

You must direct Fidelity to enable the loan deferment service for your plan(s) by April 21, 2020 (see instructions below). If you do not wish to enable this provision, we will proceed to default any delinquent loans beginning on May 1, 2020.

- 2. INCREASE PERMISSIBLE LOAN LIMITS (CARES ACT LOANS):** 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.

HOW TO ENABLE LOAN OPTIONS: To add loan deferment service and/or the CARES Act Loan to your plan(s), **complete the [Client Election Form](#) by April 21, 2020.** Direction must be provided to Fidelity to enable these solutions. Through this form, you may also direct Fidelity to increase the number of loans available to participants in light of this change.

Plan Name	Plan Number
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We appreciate your partnership as we quickly move to make the new CARES Act provisions available to you and your participants during this stressful time.

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