

Retirement Point

NEWS FOR PLAN SPONSORS AND PARTICIPANTS

April 2020

NOW WHAT?

Facing Financial Challenges During the Coronavirus Crisis.

THE MONTH IN BRIEF

The Coronavirus Aid, Relief, and Economic Security (CARES) Act has been signed into law, bringing relief to millions of Americans, most of whom are expected to be quarantined for at least another month. The White House has asked Americans to continue “socially distancing” during the month of April. Volatility continued in International markets, even as the COVID-19 (novel coronavirus) reached the United States. The Standard and Poor’s 500 (S&P 500) Index was down 12.51% for March.¹

MARKET INDEX	Y-T-D CHANGE	1-MO CHANGE	2019
DJIA	-23.20	-13.72	+22.34
NASDAQ	-14.18	-10.12	+35.23
S&P 500	-20.00	-12.51	+28.88
YIELD	3/31 RATE	1 MO AGO	1 YR AGO
10 YR NOTE	0.70	1.13	2.41

Sources: Bloomberg.com, Barchart.com, treasury.gov

Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly. These returns do not include dividends. 10-year Treasury real yield = projected return on investment, expressed as a percentage, on the U.S. government’s 10-year bond.

Monthly Quote:

“Adversity is the first path to truth.”

LORD BYRON

Tip of the Month:

Anyone who starts a business needs an operational strategy. A good one includes metrics, a day-to-day plan detailing who will do what, and an assessment of external and internal risks.

The Monthly Riddle:

While most English words can be pluralized by adding the letter S on the end, there is one word that can be pluralized just by the addition of the letter C. What is it?

Last month’s riddle:

What gets broken without being held?

Last month’s answer:

A promise

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NOW WHAT?

FACING FINANCIAL CHALLENGES DURING THE CORONAVIRUS CRISIS

Because of the global coronavirus pandemic, you may be concerned about your finances. Now's the time to know what money you have available for dealing with the unexpected.

If you already face financial challenges, such as reduced income or even job loss, you may qualify

for assistance through the recent relief legislation passed in the U.S., called the Coronavirus Aid, Relief and Economic Security Act, or CARES Act (the Act). This article explains some of these provisions, and we'll provide more information in the days ahead as the provisions are evaluated.



Your Income



Your Expenses

Here are some things you can do now—

What are your sources of income? Make sure you have accounted for all possible income in addition to your wages. If you have an emergency fund, now's the time to consider using it.

- i Consider other, often-overlooked sources of income. If you expect a Federal tax refund for 2019, file as soon as possible even though the tax deadline is extended until July 15. If you lost your job, file for state unemployment benefits. Additionally, if you, your spouse or partner have lost a job, more relief may come from the Act.
- i Consider family and friends who may be able help you financially.
- i Depending on your income, you may be eligible for other one-time, or periodic, assistance under the Act (i.e., \$1,200 per adult taxpayer—which gradually phases out for higher earners, ending for single filers with incomes more than \$99,000—and an additional \$500 per child).
- i Also, low-interest sources of credit such as home equity lines are better alternatives than higher interest personal loans or credit cards.

Look at your budget to determine what's essential and what expenses you can cut back in the short term. You may already be spending less than you normally would due to changes you have made to your daily life to help slow the spread of the pandemic, such as working from home or not going on vacation.

April 2020



Your Retirement Plan



New and Enhanced Retirement Plan Options

Questions?

You may be able to use some of your retirement savings to help get by in a time of need. If you are still employed, even if furloughed, your retirement plan may have options available such as a loan, which you would repay over time; a hardship distribution, which has certain requirements to prove financial need, or a penalty-free coronavirus-related distribution (eligibility requirements discussed below).

If you've lost your job and will not be returning, generally you can redeem your vested balance, take out a portion of your savings, or roll over to an IRA or another employer-sponsored plan.

CARES Act provisions may make it easier to access your retirement plan with fewer penalties and more flexible payback options if your plan elects to implement them in the coming weeks or months:

- i Penalty-free withdrawals and borrowing from retirement plans:** This applies if your plan permits these special rules and you, your spouse, or a dependent family member has been diagnosed with COVID-19 or you have experienced "adverse financial consequences" as a result of being quarantined, being furloughed or laid off or having work hours reduced due to the virus, or being unable to work due to lack of child care due to such virus.
- i Coronavirus-related distribution:** If you take a coronavirus-related distribution from your qualified retirement plan, such as a 401(k) plan, in 2020 the Act allows you to pay the taxes on

the withdrawal over a three-year period. The distribution itself can be paid back to your account within three years.

- i Plan Loans:** If your plan allows you to take out a loan, and you meet the eligibility requirements outlined above, the Act permits your employer to allow you to borrow up to 100% of your vested balance or a maximum of \$100,000, whichever is less. Remember, if your plan allows you to contribute while you have taken a loan, try to take advantage of that option. Talk to your benefits administrator about possible options as a result of the new legislation.

WANT TO TALK? WE'RE HERE TO HELP.

This is a difficult time for making financial decisions. Contact PointOak Retirement Advisors at 202-618-3977 for more information on the CARES Act and the options that may be appropriate for your situation.

April 2020

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CITATIONS ECONOMIC SECTION:

1 - CNN.com, March 31, 2020.

CITATIONS FINANCIAL ARTICLE SECTION:

- 1 - <https://www.napa-net.org/news-info/daily-news/cares-act%E2%80%94optional-or-required-part-1%E2%80%94distributions>
- 2 - T. Rowe Price Investment Services, Inc. CCON0043575. 202004-1134829

ACR# 346709