KOCH'S KORNER – April 2, 2020
From Koch Law Firm (KLF)[1,2]

COVID-19 Law – CARES Act changes to retirement plans and IRAs: "coronavirus related distributions" and loans to Qualified Individuals; required minimum distributions; HSA.

Waiver of required minimum distributions in 2020. Participants who would otherwise be required to take/receive a minimum annual distribution in 2020 are not required to take/receive such distributions.

Coronavirus-Related Distributions (CRD). Participants of qualified plans and IRA beneficiaries can take/make CRDs up to an aggregate of $100,000. CRDs are not subject to the 10 % early distribution penalty. CRDs may be repaid at anytime within 3 years of the date of the CRD. In lieu of repayment, a participant may make a contribution to an eligible retirement plan which would qualify for rollover contributions.

A CRD is defined as a distribution from an eligible retirement plan on or after January 1, 2020 and before December 31, 2022 to a "Qualified Individual". A Qualified Individual is an individual who: is or whose spouse or dependent is diagnosed with COVID-19, experiences adverse financial consequences as a result of being quarantined, furloughed or laid off or have any work hours reduced due to COVID-19, is unable to work due to lack of child care due to COVID-19, owns or operates a business that is closed or the hours of which are reduced due to COVID-19. Qualified Individuals may self-certify the basis for the distribution. No tax withholding is required with respect to CRDs.

3 years to include CRDs in income. The amount of a CRD, if any, which is required to be included in gross income may be spread over three taxable years beginning with the taxable year in which amount is required to be included in gross income.

Maximum loans from qualified plans to Qualified Individuals increased to $100,000 up from $50,000. Qualified retirement plans may make loans to Qualified Individuals of up to $100,000. Such loans are not limited to 50% of a participants nonforfeitable accrued balance.

Extension of time to repay loans from qualified plans. A Qualified Individual with an outstanding loan from retirement plan may delay any payments which is required between March 20th, 2020 and December 31, 2020 for a period of one year. All subsequent payments are likewise delayed.

Expanded use of HSA. The CARES Act allows high-deductible health plans paired with health savings accounts (HSAs) to cover telehealth services before a patient has met the plan deductible. Normal costsharing can still be imposed for telehealth visits, such as through co-pays that the plan may require after the deductible is paid. This provision is temporary and will sunset Dec. 31, 2020, unless Congress extends it or makes it permanent.

KLF can help. Please contact us for assistance regarding your legal questions and concerns whether they involve COVID-him 19 or other issues, we can help. We are fully automated. We can advise you over the phone or through video conferencing. Documents can be emailed or mailed to you.

Be safe.

Sincerely,

Larry A. Koch, JD, LLM
Attorney-at-Law
Mediator & Qualified Neutral under Rule 114 of the Mn General Rules of Practice
Koch Law Firm[1]
612-210-5001
lkoch@kochlawfirm.us
PO Box 1119
Chanhassen, MN 55317
www.kochlawfirm.us

[1]Koch Law Firm is an assumed name for Larry A. Koch PA.

[2]**DISCLAIMER - INFORMATIONAL - NOT LEGAL ADVICE - NO ATTORNEY-CLIENT RELATIONSHIP**: The information contained in this email is for informational purposes only and does not constitute legal advice nor does this communication result in an attorney-client relationship. An attorney-client relationship will be created only upon the signing of an engagement letter by the client and Koch Law Firm.
To stop receiving these informational emails, please respond to this email with "Please remove me from your email list."