



MEBA Benefit Plans

Safeguarding MEBA Members and Families

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May 5, 2020

To All MEBA 401(k) Plan Participants:

The Board of Trustees met on April 22 and agreed to provide you with additional distribution and expanded loan amount options, effective immediately, under the MEBA 401(k) Plan (“Plan”). The Trustees are able to offer these options as a result of a new law passed by Congress to address the COVID-19 pandemic. The Trustees agreed to expanded distribution and loan options to the full extent allowed by the new law.

Coronavirus-related Distributions from Your Account

If you, your spouse, or your tax dependent have been diagnosed with COVID-19 using a CDC-approved test, or if you experience financial problems as a result of an inability to work due to quarantine, furlough, lay off, reduced hours, or loss of child care because of COVID-19, you can withdraw money from your 401(k) account, in an amount up to \$100,000, during 2020 only. While the primary purpose of your 401(k) account is for your retirement, this temporary rule allows you to withdraw this money if you and your family need this money now.

You will need to contact Fidelity at 866-848-6466 to request to withdraw money from your account. You will need to self-certify that you meet one of the eligibility requirements described above; you will not have to submit proof that you meet the requirements at this time, but you should retain it for your records as it may be needed later. These distributions are not subject to the 10% penalty on early distributions before age 59½. You will have to pay income tax on the amount of the withdrawal, but you can pay the federal income tax over a three-year period. You can repay all or part of the withdrawal to your 401(k) account up to three years after you receive it and unwind the prior federal income tax inclusion. You should contact your tax advisor for details on your income tax obligations.

Increase Plan Loan Maximums to \$100,000 and Suspension of Loan Repayments

If you, your spouse, or your tax dependent have been diagnosed with COVID-19 using a CDC-approved test, or if you experience financial problems as a result of an inability to work due to quarantine, furlough, lay off, reduced hours, or loss of child care because of COVID-19, the amount you can take as a loan from your account has been increased to the lesser of \$100,000 or 100% of your account. This expanded loan opportunity is in effect until September 23, 2020 and is subject to the other terms of the Plan, which limits you to having no more than two loans outstanding at a time.

If you satisfy the conditions for being eligible to withdraw money from your account as described above or an increased loan amount, you also are allowed to suspend Plan loan repayments to your 401(k) account for the rest of 2020. This special rule applies to loans in effect now and new loans you take out during 2020. Payments on Plan loans otherwise due in 2020 will be delayed for one year from the 2020 payment due date. If you suspend your loan repayments for 2020, you will still have to pay the loan back, with additional interest, when the repayment starts again. Future payments will be adjusted to reflect the missed payments in 2020 and additional interest. This will increase the amount of your loan repayment. If you do not request a deferral, the loan repayments will continue to be processed in the normal manner for 2020.

You will need to contact Fidelity to request a new loan as described above or to have your 2020 loan repayments suspended. As with the special withdrawals, you will not have to submit proof of the reason for the new loan or the reason you are suspending loan repayments at this time, but you should retain it for your records as it may be needed later.

Suspension of Required Minimum Distributions for All Participants

If you have already reached age 70½ and have begun receiving required minimum distributions (RMD), the Plan is usually required to pay a portion of your account balance to you each year. However, under a new law for 2020 only, the Plan is not required to make the payment that would usually be required to be paid in 2020. Instead, Fidelity will not pay distributions scheduled to be paid in a lump sum and you do not need to do anything. But if you get your RMD paid in installment payments (more than one payment for 2020), you can stop the payments but you must contact Fidelity to do that. This RMD change applies to all participants, whether affected by COVID-19 or not.

If you have questions or need any additional information, please feel free to call at Fidelity at 866-848-6466 or visit their website at www.netbenefits.com/atwork.

Sincerely,



Ann S. Gilchrist
Administrator