

Providing a Better Understanding of Your Tax Deferred Retirement Benefit

## COVID-19 INFORMATION

### Significant legislation impacting 403(b) and 457(b) plans and sick leave

In light of the COVID-19 pandemic, significant legislation impacting 403(b)/457(b) plans, and sick leave has been passed to help relieve financial stress during these unprecedented times.

#### 403(b) and 457(b) plans

##### The Coronavirus Aid, Relief and Economic Security Act

The Coronavirus, Aid, Relief and Economic Security Act, also known as the CARES Act, relieves some restrictions around withdrawals, loans, and a waiver of Required Minimum Distributions for 2020.

Specifically, the CARES Act permits a Coronavirus related distribution for up to \$100,000 for an individual:

- who is diagnosed with COVID-19;
- whose spouse or dependent is diagnosed with COVID-19; or
- who experiences adverse financial consequences as a result of being quarantined, furloughed, laid off, having work hours reduced, being unable to work due to lack of child care due to COVID-19, closing or reducing hours of a business owned or operated by the individual due to COVID-19.

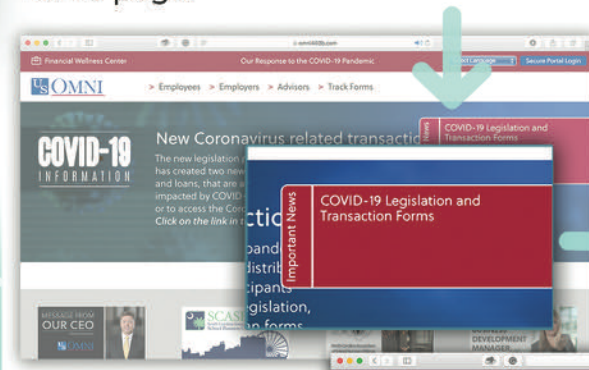
The legislation also waives the 10% early withdrawal penalty tax and permits those individuals to pay tax on the income from the distribution ratably over a three-year period, with an option to repay all or a portion of the distribution into the plan over the next three years. Those repayments will not be subject to the maximum allowable contribution limits, and will be treated as a rollover contribution.

The CARES Act also doubles the current retirement plan loan limits to the lesser of \$100,000 or 100% of the participant's vested account balance in the plan. The loan increase, however, only applies to individuals that would qualify for the Coronavirus related distribution (detailed above) and only until September 23, 2020. Individuals with an outstanding COVID loan from their plan with a repayment due from March 27, 2020 through Dec. 31, 2020 can delay their loan repayment(s) for up to one year.

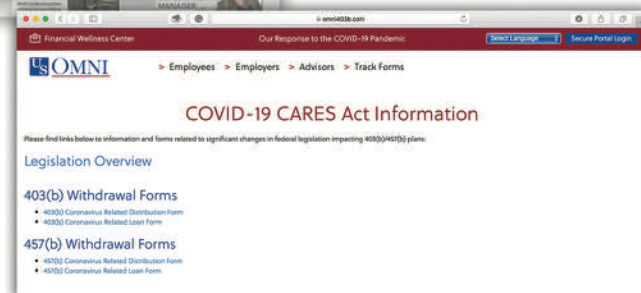
Finally, the CARES Act waives Required Minimum Distributions for 2020.

### New Coronavirus Related Transactions

The new legislation passed as a result of the COVID-19 pandemic has created two new transactions, Coronavirus related distributions and loans, that are available to 403(b)/457(b) plan participants impacted by COVID-19. To learn more about the new legislation, or to access the coronavirus related distribution and loan forms, go to [www.omnicomply.com](http://www.omnicomply.com). Next, click on the link in the red "Important News" box at the top left of the home page.



Find links below to information and forms related to significant changes in federal legislation impacting 403(b)/457(b) plans:



## A Message from our CEO

Due to the Coronavirus, effective Monday March 16, 2020 OMNI closed its New York and California offices.

We have implemented our emergency operations plan allowing all employees to work out of their homes.

You and your employees will see no change or disruption in services.

Our offices will remain closed until further notice.

We are hopeful these precautions will protect our employees, their families, and will ensure business continuity for our clients.

If you should have any questions or concerns, please be sure to let me know.



Sincerely,

Robert McLean  
President and CEO



## Providing a Better Understanding of Your Tax Deferred Retirement Benefit

### **Paid sick leave and expanded family and medical leave under The Families First Coronavirus Response Act**

The Families First Coronavirus Response Act (FFCRA or Act) requires certain employers to provide their employees with paid sick leave and expanded family and medical leave for specified reasons related to COVID-19. These provisions will apply from April 1, 2020 through December 31, 2020.

### **Paid Leave Entitlements**

Generally, employers covered under the Act must provide employees:

Up to two weeks (80 hours, or a part-time employee's two-week equivalent) of paid sick leave based on the higher of their regular rate of pay, or the applicable state or Federal minimum wage, paid at:

- 100% for qualifying reasons #1-3 below, up to \$511 daily and \$5,110 total;
- 2/3 for qualifying reasons #4 and 6 below, up to \$200 daily and \$2,000 total; and
- Up to 12 weeks of paid sick leave and expanded family and medical leave paid at 2/3 for qualifying reason #5 below for up to \$200 daily and \$12,000 total.

A part-time employee is eligible for leave for the number of hours that the employee is normally scheduled to work over that period.

### **Eligible Employees**

The Families First Coronavirus Response Act (FFCRA or Act) requires certain employers such as public schools to provide their employees with paid sick leave or expanded family and medical leave related to COVID-19. Employees are eligible for up to two weeks of fully or partially paid sick leave for COVID-19 related reasons (see below). Employees who have been employed for at least 30 days prior to their leave request may be eligible for up to an additional 10 weeks of partially paid expanded family and medical leave for reason #5 below.

### **Enforcement**

The U.S. Department of Labor's Wage and Hour Division (WHD) has the authority to investigate and enforce compliance with the FFCRA. Employers may not discharge, discipline, or otherwise discriminate against any employee who lawfully takes paid sick leave or expanded family and medical leave under the FFCRA, files a complaint, or institutes a proceeding under or related to this Act. Employers in violation of the provisions of the FFCRA will be subject to penalties and enforcement by WHD.



### **Qualifying Reasons for Leave Related to COVID-19**

An employee is entitled to take leave related to COVID-19 if the employee is unable to work, including unable to telework, because the employee:

1. is subject to a Federal, State, or local quarantine or isolation order related to COVID-19;
2. has been advised by a health care provider to self-quarantine related to COVID-19;
3. is experiencing COVID-19 symptoms and is seeking a medical diagnosis;
4. is caring for an individual subject to an order described in (1) or self-quarantine as described in (2);
5. is caring for a child whose school or day care is closed because of COVID-19; or
6. is experiencing any other substantially similar condition specified by the Secretary of Health and Human Services, in consultation with the Secretaries of Labor and Treasury.



## OMNI supports Save the Children.

No Kid Hungry, is a charity that provides children with meals at a time when school lunches may not be available due to the pandemic.

*"OMNI feels extremely fortunate to be able to give back and continue to support its various communities and those less fortunate."*

  
Robert McLean  
President & C.E.O.