



April 10, 2020

Time-sensitive Important Information Concerning the CARES Act and your Retirement Plan

The Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law on March 27, 2020. It allows retirement plans {403(b), 457(b), 401(a) and 401(k)} to make qualified coronavirus-related distributions as well as qualified coronavirus-related loans and delays certain loan repayments one year for eligible participants. Loan provisions only apply to plans that allow loans.

WHAT IT MEANS FOR PARTICIPANTS: The CARES Act allows eligible participants to request penalty-free distributions of up to \$100,000 and qualified loans of up to \$100,000 or 100% of a participant's vested balance for qualifying coronavirus-related reasons. Loan repayments due between March 27, 2020 and December 31, 2020 may be delayed one year for eligible participants as well. These reasons include but may not be limited to:

- A personal COVID-19 or SARS-CoV-2 diagnosis or the diagnosis of a spouse or dependent.
- Experiences adverse financial consequences due to being quarantined, furloughed, laid off, having work hours reduced, the close or reduction of a business, or the inability to work due to a lack of childcare.

WHAT IT MEANS FOR PLAN SPONSORS:

- Horace Mann Life Insurance Company and Horace Mann Service Corporation (as applicable, Horace Mann) **will** make CARES Act distributions, qualified loans and loan repayment extensions available to your participants as soon as administratively possible with **NO ACTION REQUIRED on your part in the manner described in the administrative procedures** (See [Attachment A](#)), **unless you choose to opt out of including these provisions in your plan** (See Attachment B). Regardless of your selection, the standard procedure requires the Plan Administrator's approval prior to processing any plan distributions or loans.
- If you prefer to **OPT OUT** of including these provisions in your plan, **please complete the CARES ACT Plan Opt-Out Form** (available through the link below) and return it to 403bshare@horacemann.com **by Friday, April 24, 2020** (See Attachment B).
- **If we do not receive the CARES ACT Plan Opt-Out Form from you or your designated Third Party Administrator (TPA) by Friday, April 24, 2020, we will deem your direction to implement CARES Act qualified coronavirus distributions and loans effective for your plan.**



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- By accepting the CARES Act coronavirus distribution and loan services provisions for your plan and not opting out using the CARES ACT Plan Opt-Out Form by the deadline, the plan administrator intends and agrees that this document constitutes an amendment to any applicable agreement between Horace Mann and the plan sponsor for recordkeeping and related services to the plan.
- Plan Administrators are responsible for ensuring that their plan documents are timely amended to permit CARES Act coronavirus distributions and loans, and any necessary amendments for changes made to the required minimum distribution rules. Please consult your TPA or other Plan Document service provider to perform the necessary amendments to your Plan Document.

As always, if you have any questions or concerns regarding how the CARES Act provisions may impact your plan, please contact Tammy Dawson, AVP Horace Mann Retirement Services, at 217-788-5364. Additional important disclosures are noted below.

Sincerely,

Peter G. Moore

Vice President, Horace Mann Life & Retirement Division

This information reflects a summary of our current understanding of certain provisions in the CARES Act. There are other significant changes in the CARES Act that may impact your business. As with any new law, the CARES Act's meaning is subject to further clarification and change, as many questions are yet to be answered. You should consult with your tax and legal advisors regarding your specific situation.



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Attachment A

Plan Administrative Procedures for processing coronavirus-related plan distributions and coronavirus-related loans

Coronavirus-related distributions

Coronavirus-related distributions may be issued by the Plan to Qualified Individuals (as defined below) in an amount not to exceed \$100,000, less prior coronavirus-related distribution amounts from all plans maintained by the employer (and any member of any controlled group which includes the employer) prior to December 31, 2020. Horace Mann and affiliates will rely upon the Plan Administrator's approval that: (i) the participant has self-certified as a Qualified Individual eligible for the requested coronavirus-related distribution; and (ii) the amount requested by the participant satisfies the requirements for a coronavirus-related distribution including that the participant's receipt of such distribution does not exceed the \$100,000 limit when added to all other coronavirus-related distributions the participant has received across all IRAs and plans maintained by the Plan Sponsor and, as applicable, any plans maintained by any member of the Plan Sponsor's controlled group.

These distributions will be processed prorated across all available vested money sources and investment options held in the participant's account.

The distribution is not eligible for rollover and will not be processed subject to mandatory 20% federal income tax withholding. Mandatory 10% federal income tax withholding (plus any applicable state and/or local income tax) will apply unless the participant elects a different withholding amount or elects no withholding.

Horace Mann and affiliates will report the entire amount of the coronavirus-related distribution as taxable income (except any portion that is after-tax) on *IRS Form 1099-R* in the year withdrawn from the Plan. Participants are responsible for determining the appropriate reporting of the coronavirus-related distribution on their income tax return.

The Plan Sponsor directs Horace Mann and affiliates to process any repayment the participant self-certifies is a bona fide repayment of a previous coronavirus-related distribution received within three years, if the terms of the Plan allow rollover contributions into the Plan. The participant is responsible for determining the appropriate reporting of any recontributed amount on their income tax return.



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Coronavirus-related loans (New loans, Amount available)

The Plan may issue coronavirus-related loans to a Qualified Individual (as defined below) between March 27, 2020 and September 22, 2020 at an increased a maximum amount that does not exceed the lesser of: (1) \$100,000 minus the difference between the highest outstanding loan balance during the last 12-consecutive-month period and the outstanding loan balance on the date the loan is made; or (2) 100% of the participant's vested account balance.

One-year suspension period and repayment of coronavirus-related loans

If a participant that self-certifies as a Qualified Individual has an outstanding loan from the Plan on or after March 27, 2020 and the date of any repayment of such loan occurs during the period between March 27, 2020 and December 31, 2020, the participant or the Plan Sponsor may elect to suspend the repayment due date by 1 year. Following the end of the suspension period, the loan will be re-amortized to adjust the remaining payments (plus interest accrued during the suspension period) over the remaining period of the loan, plus the suspension period.

Qualified Individuals who may request coronavirus-related loans or distributions

To qualify for a coronavirus-related loan or withdrawal, the participant self-certifies that he/she meets at least one of the following requirements:

- (I) the participant has been diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention;
- (II) the participant's spouse or dependent is diagnosed with such virus or disease by such a test; or
- (III) who experiences adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced due to such virus or disease, being unable to work due to lack of child care due to such virus or disease, closing or reducing hours of a business owned or operated by the individual due to such virus or disease, or other factors as determined by the Secretary of the Treasury.

The Plan Sponsor directs Horace Mann and affiliates not to request or collect any additional information or documentation with respect to a coronavirus-related distribution or loan request.

FOR PLAN SPONSOR AND FINANCIAL PROFESSIONAL USE ONLY. This material is for informational purposes only and is not intended to provide investment, legal or tax recommendations or advice.



Horace Mann

Auto | Home | Life | Retirement

**Horace Mann Life Insurance Company
Horace Mann Service Corporation**

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Email: 403bshare@horacemann.com

**Plan Administrator Election to Opt-Out of CARES Act Coronavirus-related
Distributions and Loans**

By signing below and returning this form to Horace Mann, the Plan Administrator has elected not to adopt the coronavirus-related distributions and loan provisions of the CARES Act at this time. In the event the Plan Administrator later elects to adopt these provisions, a separate request will be needed to instruct Horace Mann to your plan provisions.

Employer Name: _____

Employer Address: _____

Employer Phone Number: _____

Employer Contact Name: _____

Signature of Authorized Signer: _____ Date: _____

Printed Name of Authorized Signer: _____

Title of Authorized Signer: _____

Reminder only complete this form if you do not want to provide the CARES Act provisions.