

CARES ACT LOAN REAMORTIZATIONS

If any participant plan loans were suspended in 2020 pursuant to the CARES Act, the standard IRS ‘safe harbor’ guidance is for those loans to begin or resume payments starting with the first payroll of 2021. The loans have to be increased for accrued interest during the suspension period. They can be reamortized for an additional year longer than the original loan (even if that puts them past the five-year legal limit for loans).

If your plan is on a recordkeeping product platform (i.e., American Funds, Nationwide, Empower, etc.), the platform has likely already contacted you about this and prepared new amortization schedules. Please log onto the platform website to review them and update loan deductions taken via payroll. Depending on the platform, you may have to also notify your participants.

If your plan is in pooled or self-directed brokerage accounts, please contact your Client Manager immediately if you have any such suspended loans.