COUNTY OF SAN MATEO
HUMAN RESOURCES DEPARTMENT

Rocio Kiryczun
Director

County Government Center
455 County Center, 5th Floor
Redwood City, CA 94063
650-363-4321 T
650-363-4822 F
http://hr.smcgov.org
http://jobs.smcgov.org

SAN MATEO COUNTY
DEFERRED COMPENSATION ADVISORY COMMITTEE
SPECIAL MEETING AGENDA – APRIL 15, 2020
1:00-2:00 pm
CONFERENCE CALL- (650) 761-6482
Conference ID: 238 570 549#

Committee Members	Appointed As...
Lisa Okada, Chair	Human Resources Director Designee
Tiffany Htwe (alternate: Timothy San Juan)	Tax Collector-Treasurer Designee
Bridget Love	Non-Management Appointee
Laurel Finnegan	Non-Management Appointee
Robert Raw	Non-Management Appointee
Steve Perry	Non-Management Appointee
Lilibeth Dames	Management Appointee
Michael Wentworth	Management Appointee
Victoria Mejia	Management Appointee

Staff	MassMutual	NFP / SST Benefits
Kim Pearson	Bob Gleason	Paul Hackleman
Marife Viola	Patrick Washington	Bill Tugaw
Jay Castellano		Vince Learned

CALL TO ORDER / ANNOUNCEMENTS

1. Roll Call

2. Public Comments

ACTION/DECISION ITEMS

3. Discussion and Action on Optional Provisions of CARES Act (NFP and MassMutual)
   A. Background: definition of Qualified Individual
   B. Mandatory Provision: Required Minimum Distributions
   C. Optional Provisions
      i. Change to Withdrawals
      ii. Change to Loans
         - Loan Payments
         - Loan Maximums

D. Plan for Amendments to Plan Documents
E. Plan for Participant Communications

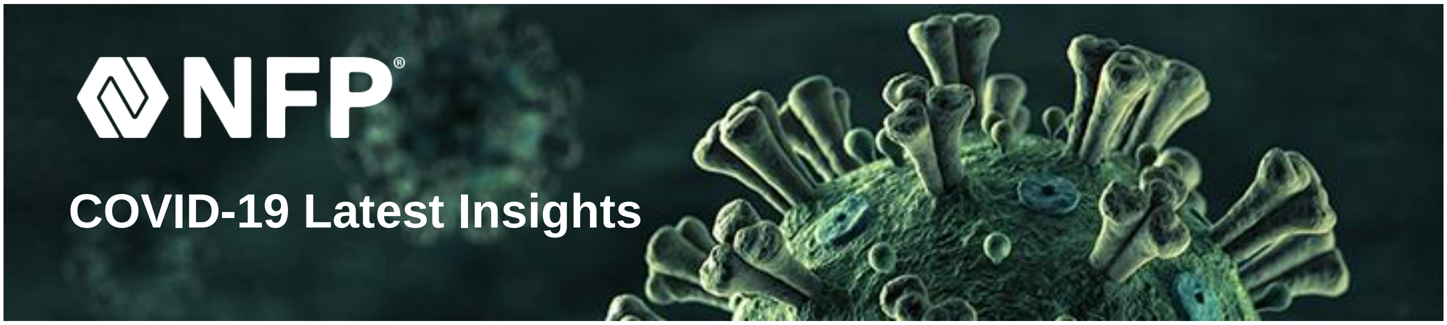
4. Investment Strategies (All)
   A. Communication

5. Process for Participants to Obtain Information (MassMutual)
   A. County Email
   B. Website
      – MassMutual: https://hr.smcgov.org/blog/2020-03-12/covid-19-employee-benefits-information
      – County: https://hr.smcgov.org/blog/2020-03-12/covid-19-employee-benefits-information
   C. Patrick Washington (pwashington@massmutual.com, 1-888-593-0259)

6. Development of Special Meeting Minutes (Paul)

7. Other Issues

8. Next Meeting: May 21, 2020, 9:00am via Teams

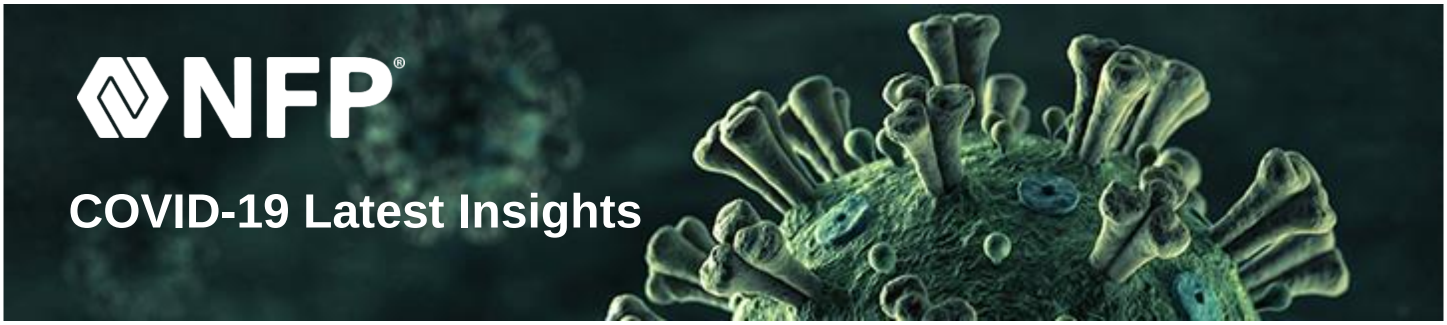


Updated March 30, 2020

CARES Act Legislation Summary

On March 27, 2020, the Coronavirus, Aid, Relief, and Economic Security (CARES) Act (the "Act") was signed into law. A portion of the Act is intended to loosen access to retirement plan funds for individuals impacted by the COVID-19 pandemic. The following is a summary of the retirement-related provisions of the Act:

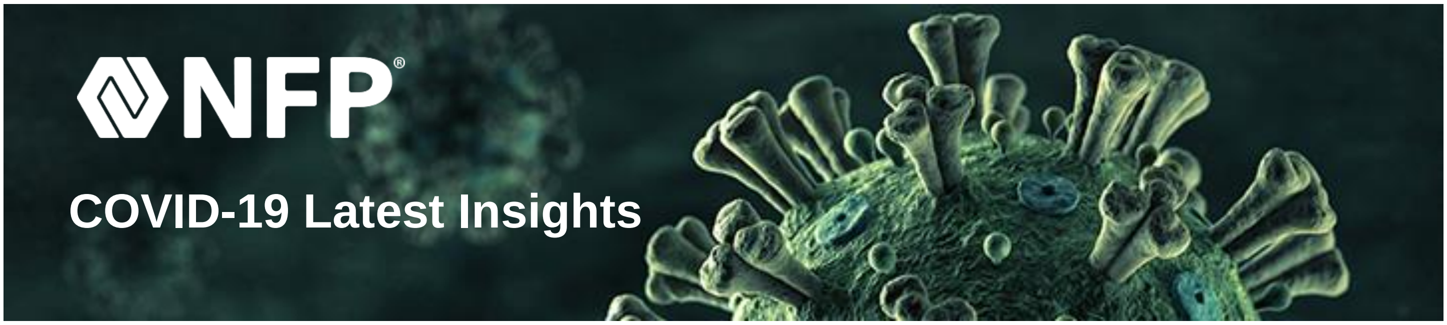
- **$100,000 Withdrawal**
  - Waiver of 10% penalty on early withdrawals for amounts up to $100,000 from a retirement plan or IRA taken between January 1, 2020 and December 31, 2020
  - This withdrawal is only available to a *qualified individual* (see "qualified individual" below)
  - Individuals are allowed pay the tax on withdrawal ratably over a three year period; and
  - Individuals are allowed to repay the withdrawal back to the plan, tax-free, over the three years from the date of the withdrawal (not limited by plan limits). May be repaid back into the plan making allowing the withdrawal, another qualified plan or an IRA that accepts rollovers.
  - Plan sponsor has discretion whether to offer this design in their qualified plan
- **Plan loans**
  - Plan loan limits are increased for *qualified individuals* (see "qualified individual" below) to the lesser of:
    - $100,000; or
    - 100% of their vested account balance.
  - *Qualified individuals* (see "qualified individual" below) with *existing outstanding loans* with a repayment due from the date of enactment of the Act through December 31, 2020 may delay loan repayments for up to one year. The plan can choose to extend the term of the loan for up to a year as well. Doing so would allow participants to avoid a financial hardship when they do resume repayment by keeping their repayment amount the same as prior to the suspension of the repayment. These loans will continue to accrue interest during the period of the suspension of repayments.
  - Plan sponsor has discretion whether to offer these design elements in their qualified plan



- **Qualified individual**
  - Eligibility for the penalty-free $100,000 withdrawal and the adjustment to the loan limits is conditioned upon an individual meeting one of the following criteria:
    - Is diagnosed with COVID-19;
    - Whose spouse is diagnosed with COVID-19;
    - Who experiences adverse financial consequences due to furlough, quarantine, layoff, reduction in hours, inability to work due to lack of child care due to COVID-19, or closing of business/reduction of hours by individual due to COVID-19; or
    - Factors determined by the Secretary of the Treasury
  - Importantly, the Act does not require the plan sponsor to verify whether an individual qualifies for the COVID-19 adjusted loan limits or the $100,000 withdrawal. The plan sponsor may rely upon a *participant's certification* for eligibility.

- **Required minimum distributions**
  - The Act waives RMD payments for 2020.
    - Includes RMD attributable to 2019 which was not paid by January 1, 2020;
    - Includes RMD if already made in 2020; but
    - Does *not* include RMD distributions that were made in 2019.
  - For RMDs that were already made in 2020 the participant may defer taxes and roll it back to the plan from which it was made or roll it to another qualified plan or IRA which accepts rollovers. Additional guidance regarding any potential impact to the 60 day rollover period is expected from the IRS.

- **Defined benefit and money purchase pension plans**
  - The Act allows these plans to delay any contributions due in calendar year 2020 (including all quarterly contributions) until January 1, 2021. The new January 1, 2021 due date applies for all quarterly contributions (they would no longer be separately due).
  - Leveraging the delayed due date would subject the employer to interest on the delayed contributions from the original due date(s) at the effective rate for the plan year that includes the date of payment.
  - Plan sponsors should expect leveraging delay should lead to higher contributions in 2021.



- **Reporting and notices**
    - The Act empowers the Department of Labor to extend certain deadlines for notices – more information expected in the coming weeks.

Plans can adopt the new rules immediately. The plan will eventually need to be amended on or before the last day of the first plan year beginning on or after January 1, 2022, or later if prescribed by the Secretary of the Treasury.

For any questions related to the CARES Act, your plan, or how it impacts your employees and participants, please do not hesitate to contact your Plan Advisor at 800.959.0071 or retirementinfo@nfp.com.

Source: https://www.napa-net.org/sites/napa-net.org/files/CAREs%20Act%20revised_032220.pdf

Securities may be offered through Kestra Investment Services, LLC (Kestra IS), member FINRA/SIPC. Investment Advisory Services may be offered through NFP Retirement, Inc. Kestra IS is not affiliated with NFP Retirement Inc., a subsidiary of NFP. NFPR-2020-86 ACR# 345605 4/20

MassMutual

Webinar: The CARES Act 2020 – What plan sponsors need to know

FOR FINANCIAL PROFESSIONAL AND EMPLOYER USE ONLY.

The CARES Act 2020 – What plan sponsors need to know

Host: Michele Baldasarre

Head of Workplace Mid / Institutional Relationship Management

Featured speakers:

Eric Leverson

Lead Regulatory Consultant

Jason Bowen

Head of Client Engagement, Emerging Markets

The CARES Act 2020 – What plan sponsors need to know

Today's Agenda

- The CARES Act – its impact and what plan sponsor need to know
- Supporting your plan and your participants
- Q&A

The CARES Act 2020 – What plan sponsors need to know

The CARES Act – its impact and what plan sponsor need to know

Eric Leverson
Lead Regulatory Consultant

Discussion Guide

1. Furlough vs. Laid Off vs. Terminated
2. Update on participant relief provided under the Coronavirus Aid, Relief and Economic Security Act ("CARES Act")
3. Timely remitting amounts withheld from employee pay
4. Making employer contributions – or not
5. Fiduciary duties

Furloughed vs. Laid Off vs. Terminated

- Furloughed and Laid Off mean different things to different people
- Furloughed and Laid Off are intended to be temporary
- Terminated is intended to be permanent
- Look at your past practices for guidance and talk with counsel as needed
- Termination is a distributable event. Furloughed and Laid Off are not
- CARES Act gives us other means to make payments from accounts to folks still employed

Coronavirus Aid, Relief and Economic Security Act ("CARES Act")

- Signed into law March 27, 2020 ("Enactment Date")
- Provides significant relief to individuals, businesses and other organizations in response to the Coronavirus - COVID-19
- Specific retirement provisions
    - Allows tax-favored withdrawals from retirement plans: 401(k), 403(b), governmental 457(b)
    - Provides option to suspend participant loan repayments
    - Increases maximum amount a participant can take as a loan
    - Eliminates minimum distribution requirements in 2020
    - Permits plans to operate with these provisions now and amend later

Qualified Individuals

- Governs who may receive the new distributions or take advantage of participant loan relief
- Defined as an individual
  - Diagnosed with SARS-CoV-2 or COVID-19 by a test approved by the Centers for Disease Control and Prevention; OR
  - Whose spouse or dependent is so diagnosed by such a test; OR
  - Who experiences adverse financial consequences as a result of
    - Being quarantined; OR
    - Being laid off or furloughed or having work hours reduced due to the virus; OR
    - Being unable to work due to lack of child care due to the virus; OR
    - Closing or reducing hours of a business owned or operated by the individual due to the virus; OR
    - Other factors as determined by the Secretary of the Treasury

Taking a Coronavirus-related Distribution ("CRD")

- Distribution only allowed to Qualified Individual
- Distribution made on or after January 1, 2020 and before December 31, 2020
- Capped at $100,000 per individual
- Plan administrator can rely on participant's self-certification that he or she qualifies

Optional provision - can be elected by plan sponsor

CRD caution

- CRD meets the distribution requirements for certain assets:
  - 401(k)
  - 403(b)
  - Governmental 457(b)
  - Profit sharing
- Not permitted from Money Purchase Pension assets or DB plans
- Spousal consent requirements not waived
  - Many DC plans don't require spousal consent,
  - But if yours does, you have to obtain it
  - The question is "how"
  - With no clear answer

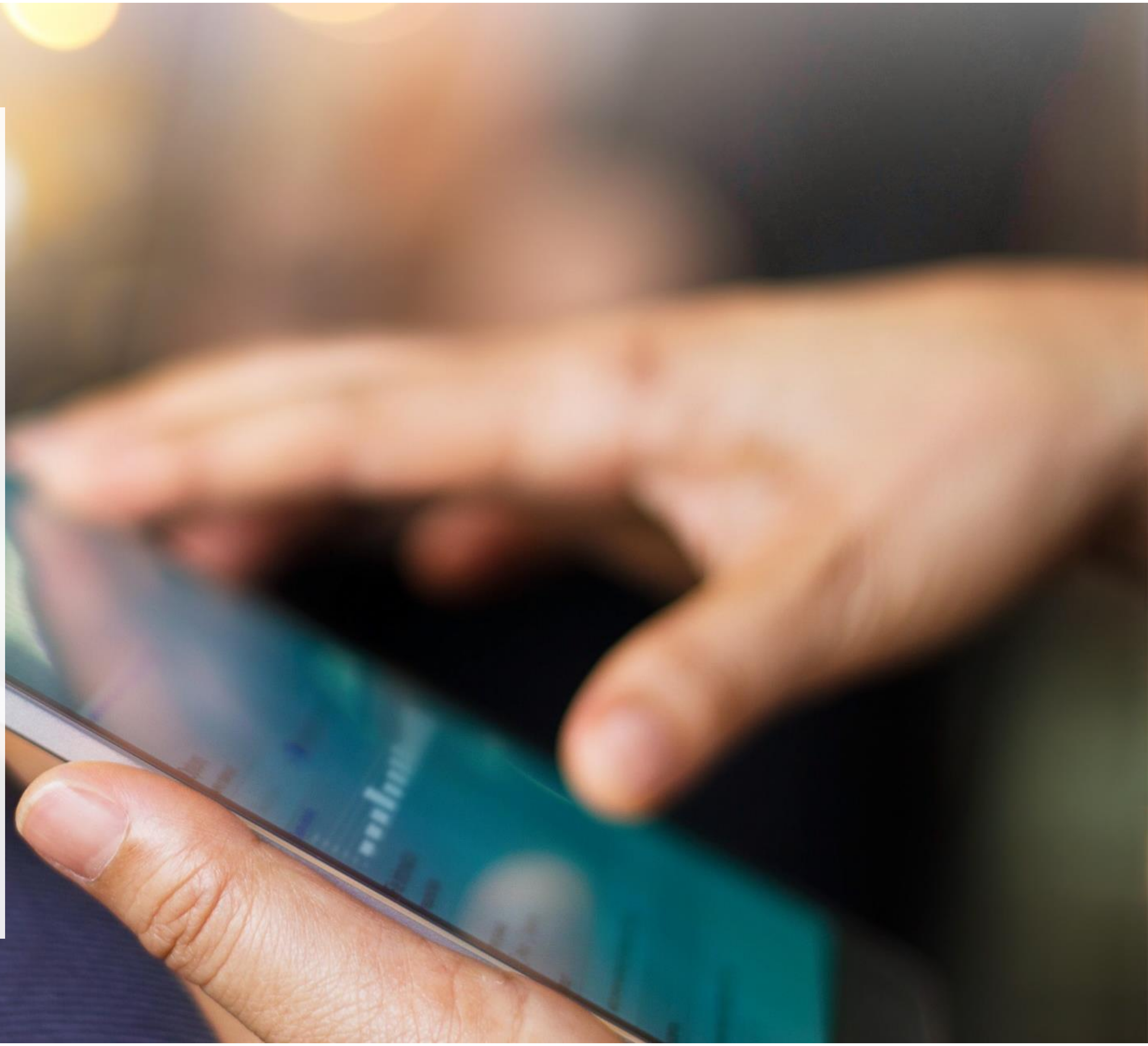
CRD taxation and details

- Exempt from 10% penalty tax
- "402(f) Tax Notice" is not required in advance
- Not subject to 20% mandatory federal withholding
- Still subject to federal income tax (if taken from taxable source)
    - Participant can choose to spread tax impact over 3 years in equal amounts
- Participant has option to repay distribution within 3 years

Suspending loan repayments

- Only allowed for Qualified Individual
- Applies to payments due:
  - From date of enactment (March 27, 2020)
  - Through December 31, 2020
- Repayments may be suspended for one year
- When payments resume loan must be reamortized
- Interest continues to accrue during suspension period
- Upon resuming payments, loan does **not** need to be paid off within five years of original loan date

Optional provision - can be elected by plan sponsor



Loan suspension caution

- Participant loans usually must be repaid in full at termination
- CARES provides no exception to that
- So, a Qualified Individual must be employed to be allowed a suspension
- If loan **when taken** didn't require payoff at termination, suspension may be allowed

Increases maximum loan amount

- Increases maximum loan amount
- The lesser of:
  - 100% of the participant's vested balance or
  - $100,000 reduced by the participant's highest outstanding balance in the last 12 months

Optional provision - can be elected by plan sponsor

No required distributions in 2020

- Required minimum distributions not required in 2020
- Applies to
  - First time payments
  - Subsequent payments
- Participants can still take a distribution if plan allows

Sponsor election not required

Extended deadline for certain amendments

- Extension applies only to the provisions just discussed
- Plan can operate with those provisions and amend after the fact
  - Sponsor's choice to include optional provisions
- Amendment deadline:
  - Most plans: Last day of first plan year beginning on or after January 1, 2022
  - Governmental plans: Last day of first plan year beginning on or after January 1, 2024
- Other sponsor-initiated amendments must be executed by the normal deadline
  - Generally, by the last day of the plan year in which the change is effective
  - Some amendments must be made in advance

Other possible participant relief

- Other possible loan suspensions
  - Authorized leave of absence
    - Suspend for period of LOA - only up to one year
    - Interest continues to accrue
    - When payments resume, loan must be paid off within five years of loan date
  - Military leave
    - Suspend for period of service - only up to five years
    - Interest continues to accrue
    - When payments resume, loan does not need to be paid off within five years of loan date
- Hardship withdrawals
  - More stringent criteria than Coronavirus-related distributions
- Review your plan document for options

Employee contributions

- Deferral elections remain in effect until cancelled by the participant
- Amounts withheld from paychecks must be remitted according to normal guidelines
  - Large plan filers - "as soon as practical" after being withheld but never later than the 15th business day of the following month
  - Small plan filers - deemed compliance if made within seven business days
- Failing to remit on time is a fiduciary breach and several prohibited transactions subject to financial penalties
- Intentional failure to remit is a potential criminal act in addition to fiduciary breach and prohibited transactions

Suspending matching contributions

- Options depend on your plan document
  - Discretionary contributions generally can be stopped
    - Notifying participants is wise
  - "Fixed" or "required" contributions may be not
    - Review reason for them (collective bargaining, contracts, etc.)
  - Safe Harbor contributions typically can only be stopped
    - If specific language was included in the participant notice
      - Participants must get 30 days advance notice
      - Contributions must be made through date 30 days after participant notice
    - If employer is operating at an "economic loss" as defined in the Internal Revenue Code
      - Contact your tax and/or legal advisor to see if you qualify

Suspending other employer contributions

- Options again depend on your plan document
  - Discretionary contributions generally can be stopped
  - "Fixed" or "required" contributions maybe not
    - Review the reason for them (collective bargaining agreements, contracts, etc.)
  - Safe Harbor contributions - as discussed previously
  - Prevailing Wage contributions - talk with your legal advisor
  - Money purchase pension contributions - must provide participants with 30 days "204(h) notice" and fund contributions through that period

Fiduciary obligations

- No relief from fiduciary duties
- Fiduciaries should continue to function as such
- Committees should continue to meet (conference calls, electronic connections)
- Follow your documentation
    - Committee charter
    - Investment policy statement
    - Other written documents
- Continue to document your actions, deliberations and conclusions

The CARES Act 2020 – You can rely on us.

We are ready to administer the new provisions:

Providing updates through multiple channels and making information readily available across all audiences (advisor, sponsor, participant)

Enacting the CARES Act provisions:

- Our "Opt-in" approach allows sponsors to chose which of the CARES Act provisions they would like incorporated in their plans --- enabling sponsors and TPAs to retain flexibility and control through these unprecedented challenges
- As of April 1st fees associated with the coronavirus-related distributions allows under the CARES Act will be WAIVED (until further notice):
    - In-service withdrawals under the CARES Act
    - Loan initiation fees
    - Hardship withdrawals

Key communications:

- Request for Change to Plan Operations (RCPO) was sent to Advisors on **APRIL 2nd**
- TPA communication and sponsor communication will be sent on **APRIL 6th**

The CARES Act 2020 – What plan sponsors need to know

Supporting your plan and your participants

Jason Bowen
Head of Client Engagement, Emerging Markets

Response to Market Volatility/COVID-19

Call Center trends

Hours of Operation 8-8 pm ET

Call center from 19 to 260 virtual within 1 week

1268% increase!

Average # of daily calls = 8,096

29% increase from 2019

Since March 16, 25% of call volume relates to investments

733% increase from 2019

In March, 30% increases in daily App users with spikes up to 60%

<1500 people a day making changes to investments or contributions. If continued through month end it would be less than 2% of our population

Delivering value during this new normal

Virtual Education

Virtual delivery benefits

- Can help drive **better outcomes** for your retirement plan participants.
- Ability to join from **any** web-enabled **device**
- Meet the needs of **any time zone**, with meeting hours available from 8 a.m. — 8 p.m. ET.
- **Choose the topics** that best meet the specific educational needs of your participants

2019 Results

ONSITE	VIRTUAL
Action Rate = 46%	Action Rate = 47%

Content

- Market volatility
- Budgeting
- Asset allocation and investing

Q&A

Host: Michele Baldasarre

Head of Workplace Mid / Institutional Relationship Management

Featured speakers:

Eric Leverson

Lead Regulatory Consultant

Jason Bowen

Head of Client Engagement, Emerging Markets

Thank you for your time today!

Visit us at MassMutual.com

MassMutual

RS-48947-00

MassMutual

MassMutual's CARES Act Administration FAQs

As a leader in the retirement industry, MassMutual has taken important steps to help financial professionals and Plan Sponsors take advantage of relief granted by the CARES Act. Our robust business continuity plans are in place and can help your organization through these difficult times. **Most importantly, we're ready today to administer the new provisions created by the Act based on your instruction.**

The following topics and frequently asked questions (FAQs) are designed to help you administer your plan and communicate to participants effectively. These answers are current as of the date of the CARES Act publication, March 27, 2020, and are subject to change due to legislative or procedural updates.

MassMutual's Approach to CARES Act

Enabling the CARES Act provisions for your Participants

MassMutual will solicit instruction from Plan Sponsors and Third-Party Administrators (TPA's) in a Request for Change in Plan Operations (RCPO) questionnaire as to which of the Act's provisions they want to incorporate in their plans. This "opt-in" approach allows Sponsors and TPAs to retain flexibility and control as they and their workforces face unprecedented challenges. Upon receipt, Sponsors and TPA's will complete a short electronic questionnaire to easily provide MassMutual with instructions for their plan(s). Third-party administrators will have the opportunity to make elections for their entire book of business or any individual plan. MassMutual will store responses to facilitate future plan amendments within the extended period offered by the Act. If MassMutual does not receive a response to the RCPO questionnaire, these optional provisions will not be available to the plan.

Plan Sponsors that have multiple plans with MassMutual may respond to one questionnaire for all plans, or, provide separate instruction for each individual plan. They may reference the RCPO to make these elections.

Table of Contents

This document is intended for Plan Sponsor and Third-Party Administrator use only. Not intended for Participant use.

Optional Provisions of CARES Act

1. Allow Coronavirus Related Distribution ("CRD") penalty free from Eligible Retirement Plans.

Qualifying participants must certify they meet at least one of the following conditions:

- Diagnosed with SARS-CoV-2 or COVID-19 by a test approved by the Centers for Disease Control and Prevention
- Spouse or dependent is diagnosed with SARs-CoV-2 or COVID-19
- Experiences adverse financial consequences as a result of being quarantined because of the virus or disease, being laid off or furloughed or having work hours reduced because of the virus or disease, being unable to work due to lack of child care because of the virus or disease, closing or reducing hours of a business owned or operated by the individual because of the virus or disease, and other factors as determined by the Secretary of the Treasury

Note: *A participant who meets any of the requirements above is considered a "Qualified Individual"*

Administrative information regarding the CRD:

- Plan administrator may rely on self-certification by the participant to approve the distribution
- The CRD is not considered a Hardship distribution; therefore, Hardship restrictions do not apply
- The distribution is capped at $100,000 for any taxable year
- Coronavirus-related Distribution is a distributable event under the following Plans – 401(a), 401(k), 403(b) and Governmental 457(b) Plans
- Taxable amount may be spread equally over 3 tax years (if participant so elects)
- 10% penalty excise tax doesn't apply to the distribution
- The distribution is not an Eligible Rollover Distribution
- The Special Tax Notice (402(f) Notice) is not required
- The mandatory tax withholding on any distribution is not required
- The voluntary 10% tax withholding will apply, unless not elected
- These specific distributions may be repaid over 3-year period starting from the date in which the distribution was made.
- Repayments are remitted to the plan as rollovers

2. Temporary Maximum Loan Amount Increases up to $100,000

Loans made to a Qualified Individual during the 180-day period beginning on March 27, 2020, may be made in amounts up to the lesser of $100,000 (reduced by the highest outstanding loan balance over the 12-month period preceding the distribution) or the participant's fully vested account balance.

This document is intended for Plan Sponsor and Third-Party Administrator use only. Not intended for Participant use.

3. One-year Extension of Loan Repayments

Qualified Individuals may suspend loan payments that were scheduled to occur between the effective date of the Act and December 31, 2020. These repayments may be suspended for one year. Additional details are in MassMutual's article, Your Retirement Plan and the Coronavirus.

Other Provisions of the CARES Act

4. Retroactive Plan Amendments allowed

The Plan Sponsor can start operating the plan to allow the optional provisions of the CARES Act immediately upon the enactment of CARES. They can amend the plan retroactively to include these provisions in their written document at a later date. For most plans, the plan must be amended by the last day of the first plan year beginning on or after January 1, 2022. Governmental plans have a later date; they must amend by the last day of the plan year beginning on or after January 1, 2024.

5. Required Minimum Distributions (RMD) suspended

As a result of the CARES Act, RMDs are no longer required for 2020.

Participant Distribution FAQ's

6. If the Optional Provisions are enacted, what information will Participants receive, and how quickly will the provisions be ready?

A participant guide to the new Coronavirus temporary loan and distribution provisions will be available for Plan Sponsors to distribute to participants if the new provisions are elected.

MassMutual's systems will reflect the new provisions within 2 business days of Sponsor election. Once reflected in MassMutual's system participants my begin requesting the distributions and/or loans.

7. How will Participants request a Coronavirus-related distribution (CRD)?

To initiate a "coronavirus-related distribution" in a plan that chooses to allow them, a participant has two options:

- Complete an in-service withdrawal form and note it as a CARES distribution. A specific form for CARES distributions may be created, but in lieu of this form, use an in-service withdrawal form and clearly write "CARES" on the form.
- If elected through the electronic questionnaire, sponsors can instruct us to accept verbal requests through our recorded participant lines. CRD Distributions via toll-free telephone services will use participant information currently held in our recordkeeping system, which includes but is not limited to participant status and vesting.

8. How are we capturing self-certification from a participant?

When the participant completes the form indicating it's a "CARES Act" distribution, we will also capture the participant's self-certification. Similarly, when a participant contacts our phone center to request a CRD we will capture their self-certification on a recorded line.

9. If available, will Participants be able to use online processing for these CARES related loans and distributions?

No. At this time CRDs and CARES Act related loan maximum amounts will be processed exclusively over the phone (if elected) or by paper form.

10. Does the CARES Act $100k distribution max limit apply in aggregate across Retirement product types, 401(k), IRA, etc? How will MassMutual support this?

The $100,000 limit is a combined limit applied to all plans maintained by the employer (and any member of the controlled group that include the employer), and any Individual Retirement Accounts ("IRAs"). It is the Participant's responsibility to manage this and ensure the total withdrawn from all retirement accounts does not exceed $100,000.

11. What can participants expect when calling MassMutual to process a CRD?

MassMutual representatives will educate participants on the different distribution options available to them and inform them of the eligibility requirements for CRDs. If permitted, the representative will initiate the distribution over the phone after the participant confirms they meet one of the qualifying criteria. If phone-distributions are not elected for the Plan, the representative will provide the participant the appropriate form to complete and return to MassMutual for processing.

12. How will tax withholding apply to CRD's?

For a CRD, the default federal tax withholding is 10%, although participants will have the option to waive withholding completely or elect a value greater than 10%. State taxes are applicable and vary by state. The otherwise applicable early withdrawal penalty of 10% is not applicable for a CRD.

13. How is a distribution under CARES Act coded on the 1099R form?

It will be coded as a normal in-service withdrawal on the 1099R. When the participant files their 1040 they have to indicate that it was an in-service withdrawal under the CARES ACT.

14. Can a qualified participant take both a CRD and loan at the new maximum amounts?

There are no restrictions on the ability to take both a loan and distribution so long as the plan has elected to add both of these optional provisions, and the plan setup allows for loans. A qualified participant may take up to the maximum $100,000 CRD and up to the maximum $100,000 loan if they qualify and the account balance supports both transaction amounts.

15. Will MassMutual be waiving any participant transaction fees as a result of the CARES Act?

Yes, MassMutual will temporarily waive the following fees:

- CARES related In-service Withdrawal (CRDs) distributions
- All Loan initiation fees (loan maintenance fees still apply)
- All Hardship distribution fees (both check fee and approval fee, if applicable)
- If the plan has TPA loan or distribution fees deducted from participant accounts, MassMutual will reimburse those fees to the participant account and pay the fee to the TPA unless the TPA has also waived their fees

16. When will the CRDs or CARES Act Loans have to be taken by?

CRD provisions apply to distributions to Qualified Individuals made on or after January 1, 2020, and no later than December 31, 2020. Loan repayments for Qualified Individuals, due between March 27, 2020, and December 31, 2020, may be delayed for one year. Qualified Individuals may, during the 180-day period beginning on March 27, 2020, take a loan from a qualified employer plan in an amount up to the lesser of $100,000 or the participant's full vested account balance.

Plan Administration FAQ's

17. How soon after a sponsor returns the RCPO will MassMutual's systems be updated?

Once we receive a client response, we will have the information updated on our systems within 2 business days.

18. If I enact the optional provisions of the CARES Act by responding to the RCPO questionnaire, is there anything I need to update or change with MassMutual?

Depending on current plan setup, there may be additional action, i.e. if the plan doesn't allow loans, but wishes to enact the new maximum loan provision. This would require a plan amendment to add a loan option and MassMutual will need loan setup criteria to establish in our systems. Otherwise no further action required with respect to updating information relative to the CARES Act. Please be aware, MassMutual will process participant distributions with the information in our record keeping systems, including but not limited to current status and vesting information unless otherwise changed by the Plan Sponsor or Third Party Administer (if applicable).

19. Under the CARES Act, will additional loans to a Qualified Individual be allowed if they have already met the maximum # of outstanding loans? If the loan limit expansion will not be automatic, what will the Sponsor be required to do to inform you of their intentions?

Loan provisions or additional outstanding loans will not be automatically added. If the plan wishes to add loans or increase the number of outstanding loans permitted, they will need to amend their plan, and should work with their MassMutual representative or TPA to do so. In lieu of increasing the number of outstanding loans, and, in the event the participant has already taken a maximum number of outstanding loans, the current outstanding loan may be repaid to enable the ability to take another loan. The amount available for the loan in such case will be determined by existing loan availability calculations, with the total amount available now increasing to the lesser of $100,000 or full vested account balance of the Qualified Individual.

20. If my plan only allows distributions from specific sources, what money sources will be used for processing the CRD's?

The CRD payments will use all existing and active plan sources (exception of Money Purchase sources) and will be applied pro-rata across those sources. Example, if current in-service withdrawals can only be distributed from elective deferral, CRDs may be distributed from elective deferrals and company match sources, if applicable.

21. Is MassMutual charging amendment fees to enact the CARES provisions? What about other amendments?

There will not be any fees associated with regulatory amendments specific to CARES Act. Other discretionary amendments will maintain the existing fee structure. Please discuss any related amendment fees with your TPA, if applicable.

22. Does a participant have to be on a leave of absence in order to suspend loan repayments under the Act?

No, any Qualified Individual is eligible for a one-year suspension for loan repayments due between March 27, 2020 and December 31, 2020.

23. What is the difference between Terminated, Furloughed, and Laid Off Employees?

Terminated, Furloughed, and Laid Off are different terms and can have different definitions. When deciding whether one of these terms results in a true termination of employment event, you should speak with legal counsel. Please see the Your Retirement Plan and the Coronavirus article for further information.

24. What is the process for suspending a participant loan under the CARES Act?

Once determined the participant is eligible for a loan suspension, the suspension can be made through our current process. Additionally, for bulk suspensions of 20 or more participants, MassMutual will accept a file to process the bulk suspensions. Please work with your MassMutual representative or TPA. Participants will not be able to systematically suspend or request a suspension of their loan directly to MassMutual.

25. Is a CRD a Hardship Distribution?

No, it is a new type of distribution as provided under the Act and available to both active and terminated participants who are Qualified Individuals.

26. Am I able to stop making employer contributions to the Plan?

Please see MassMutual's article, Your Retirement Plan and the Coronavirus for operational questions relative to Loans, Hardship withdrawal, and Employer contributions

Plan Administration FAQ's for Third Party Administrators (TPA)

27. Will MassMutual take direction to allow loan suspensions across the TPA's Book of Business?

Yes, we will accept instruction to apply the loan suspension provision for the TPA's BoB through the RCPO questionnaire. The qualifying participant loans must be suspended through current standard process, typically the Plan Sponsor website. For bulk processing of 20 or more participants may be sent to MassMutual in a file. Please contact your MassMutual representative for more details.

28. Is MassMutual waiving any TPA distribution or loan fees for CARES Act distributions, or does MassMutual need instruction from the TPA to waive, and will it be possible?

If TPA fees are deducted from the participant's account, MassMutual will reimburse the participant's account and pay the TPA directly unless the TPA has also waived those fees.

29. What is needed if a TPA wishes to take on 3(16) duties to help keep the plan in compliance (forms, authorization, etc.)?

The TPA would furnish MassMutual with an authorization form from the sponsor designating the TPA as an authorized signer for the plan. If applicable, please work with your MassMutual representative for more details on this process.

Your Comprehensive Guide to the CARES Act

Americans who are struggling to pay the bills amid the COVID-19 pandemic may take advantage of relief granted by the Coronavirus Aid, Relief and Economic Security (CARES) Act that was signed into law on March 27, 2020. This newly enacted emergency stimulus package seeks to assist workers impacted by COVID-19 by increasing access to retirement plan account savings.

Before taking advantage of the package's retirement plan provisions, it's important to consider the effects short-term moves will have on portfolios in the long-term. This guide is designed to help you learn about the provisions of this historic legislation, understand who is eligible and how to take advantage of them if you need to.

In many cases, it may be wise to consult a financial professional to help you make decisions that make the most sense for your circumstances.

Penalty-free retirement plan withdrawals

Normally, anyone who withdraws money from their qualified retirement account before age 59-1/2 is assessed a 10 percent penalty on that amount. The CARES Act will allow you, regardless of your age, a "coronavirus-related distribution" to take up to $100,000 from your retirement account in 2020 without incurring the early withdrawal penalty if you've been diagnosed with COVID-19 or had certain other COVID-19 related impacts. If you take advantage of this provision, you will still owe ordinary income tax on the amount withdrawn, which could be paid over three years, but that tax can be avoided if the withdrawn amount is replaced within three years.

If distributions are rolled back into your account using this option, you will have to file an amended tax return to claim a refund of any tax paid attributable to the rolled over amount.

You may want to tread with caution and treat an early withdrawal as a last resort. Why? It can seriously compromise your long-term financial security and could increase the risk that you will outlive your savings in retirement. By selling in a depressed market, you could be locking in your losses.

For example, if you were to take, say, a $30,000 distribution from a $100,000 account and did not repay it, you would lose the opportunity for compounded growth on that distribution, which adds up over time.

Consider that a pre-tax retirement account worth $100,000 would grow by $62,000 to $162,000 in 10 years assuming a 5 percent annual return. By comparison, an account worth $70,000 growing at the same 5 percent rate per year would grow by $44,000 to $114,000 in 10 years.

Retirement plan loans

The CARES Act also temporarily raises the limit on retirement account loans to the lesser of $100,000 (from $50,000), and 100 percent of the vested account balance. With a workplace retirement plan loan, you repay the loan with interest to yourself. The interest rate is typically far lower than you would pay to a bank or other lender.

Be aware, however, that if you fail to repay your loan on time, the amount borrowed will be treated and taxed as an early distribution. If you are younger than age 59-1/2, you would also be hit with a 10 percent penalty. And here again, you forfeit any investment gains you might otherwise have earned while the money is out of your account.

Suspended loan payments for 2020

Under certain circumstances, some participants who have already taken out loans against their workplace retirement plans will also be permitted to suspend their loan payments that were scheduled to occur between the effective date of the Act and December 31, 2020. Those repayments may be suspended for one year.

When payments resume, the loan must be re-amortized to reflect the interest that accrued during the suspension period. All subsequent loan repayments will also be "backed up" a year so that participants will not be simultaneously paying the regularly-scheduled payment and a payment that was postponed under the stimulus package.

Waived distributions

The CARES Act waives required minimum distributions (RMDs) from retirement savings accounts for 2020, so seniors age 70-1/2 and older who can afford to skip their 2020 distribution don't have to take money from their pre-tax retirement portfolios when the market is down. That gives their account balances time to recover. If you will turn 70-1/2 in 2020 or later (born after June 30, 1949), you will not need to begin taking RMDs until after you reach age 72, the new age for RMDs imposed by the SECURE Act. If you were born before July 1, 1949, you are still subject to the old rule of age 70-1/2.

Normally, retirees pay a hefty 50 percent tax penalty on any amount of their annual RMD not withdrawn. RMDs are based on account balances at the end of the prior year, so a 2020 distribution would have been based upon much higher portfolio values as of Dec. 31, 2019.

Who can access these benefits?

In order to qualify for any of these provisions, you must be an "eligible participant." You are an "eligible participant" if you are an individual:

- Diagnosed with SARS-CoV-2 or COVID-19 by a test approved by the Centers for Disease Control and Prevention; OR
- Whose spouse or dependent is so diagnosed by such a test; OR
- Who experiences adverse financial consequences as a result of
  - Being quarantined; OR
  - Being laid off or furloughed or having work hours reduced due to the virus; OR
  - Being unable to work due to lack of child care due to the virus; OR
  - Closing or reducing hours of a business owned or operated by the individual due to the virus; OR
  - Other factors as determined by the Secretary of the Treasury

How are these new provisions activated?

All participants who want to take advantage of these new options must either complete a paper form or must call in to MassMutual's Participant Information Center (PIC). MassMutual will be waiving or crediting fees for all COVID-19 loans and distributions as well as any hardship distributions until further notice.

If you have not been directly affected by the COVID-19 issues as described above, remember you have access to your account if your employment has terminated, for whatever reason. You may also be able to borrow from your account under the normal loan rules of the plan; or you may be able to receive a hardship distribution for financial hardship not related to COVID-19.

The information provided is not written or intended as specific tax or legal advice. MassMutual and its subsidiaries, employees, and representatives are not authorized to give tax or legal advice. You are encouraged to seek advice from your own tax or legal counsel. Opinions expressed by those interviewed are their own and do not necessarily represent the views of MassMutual.

Stock market changes and your investment strategy.

There are two fundamental truths about the stock market. It goes up. It goes down.

FEELING UNCOMFORTABLE WITH THE UPS AND DOWNS OF THE STOCK MARKET?

YOU'RE NOT ALONE. STOCK MARKET VOLATILITY CAN UNSETTLE MANY PEOPLE, ESPECIALLY WHEN IT INVOLVES THEIR HARD EARNED MONEY.

What causes market volatility?

While many things contribute to stock market movement — good news, bad news, earnings reports, consumer sentiment, and economic changes — the important thing to remember is that with the stock market, volatility is the norm. Fluctuations in price and potential gains or losses are what the stock market is all about.

The market has weathered many serious events during its history. Since 1929, there have been 16 bear markets — including the one in 2008.[1]

Yet since 1969, the stock market has had a positive return in 37 out of 45 calendar years.[2] So while understanding that volatility in the stock market is normal, it is also important not to react, or overreact, to every headline or market swing.

History says: stay invested

The chart (on the next page) demonstrates a hypothetical investment of $10,000 invested in the stock market, as measured by the S&P 500 Index, in 1980, and how the investment would have grown to $484,093 by the end of 2014.

However, if you had cashed out your investment each time the stock market dropped by 20%, and invested in 90-day T-Bills for one year before reentering the market, the hypothetical $10,000 invested would have grown to only $272,904.

[1] A bear market history lesson, Gerri Willis, CNN, 10/8/08

[2] Morningstar EnCorr. Stock market represented by S&P 500 R Index

Review your goals and risk tolerance

As you review your investment objectives, ask yourself, have your goals changed? How do you feel about risk? For example, if the idea of losing some of your money in a down market keeps you up at night, you may want to reduce the amount of money you have in stocks.

Be sure to consider both investment risk AND inflation risk. Inflation risk is the risk that your choice of investments won't earn enough to keep pace with inflation. If you invest solely in short-term investments (i.e. cash), you subject your account to inflation risk. Remember that even relatively low inflation can erode the value of your portfolio over time.

Diversify to spread your risk

Your best defense in volatile markets is diversification, which means to spread your money within a variety of investments to reduce your risk and enhance your return. Diversifying your investments is an essential part of a solid investment strategy.

Diversification does not assure a profit and does not protect against loss in a declining market.

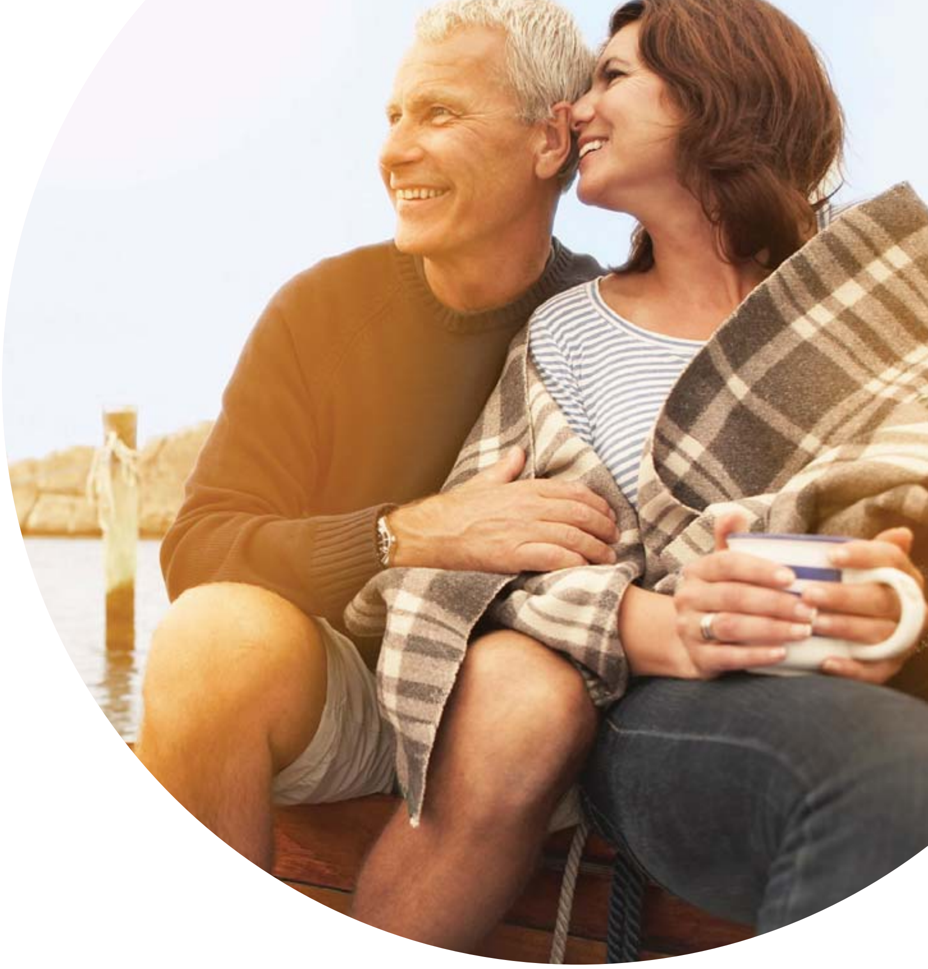
Consider lifestyle or target date investment options, if available

If you don't have the time or confidence to select individual investment options to diversify your portfolio, you may want to consider a lifestyle or target date investment option, if your plan offers them.

A lifestyle option tailors its investment approach to your individual tolerance for risk by offering conservative, moderate or aggressive risk styles. It is automatically diversified across investment types (stocks, bonds, and cash instruments) and different fund managers. You pick the option that most closely matches your risk profile, and professional investment managers do the rest. It's an easy-to-use, single solution investment.

A target date investment option is similar to a lifestyle option, except that it links its portfolio to your expected retirement date. Its portfolio will gradually become more conservative in its mix of investments as your year of retirement approaches.

Generally target retirement date (lifecycle) investment options are designed to be held beyond the presumed retirement date to offer a continuing investment option

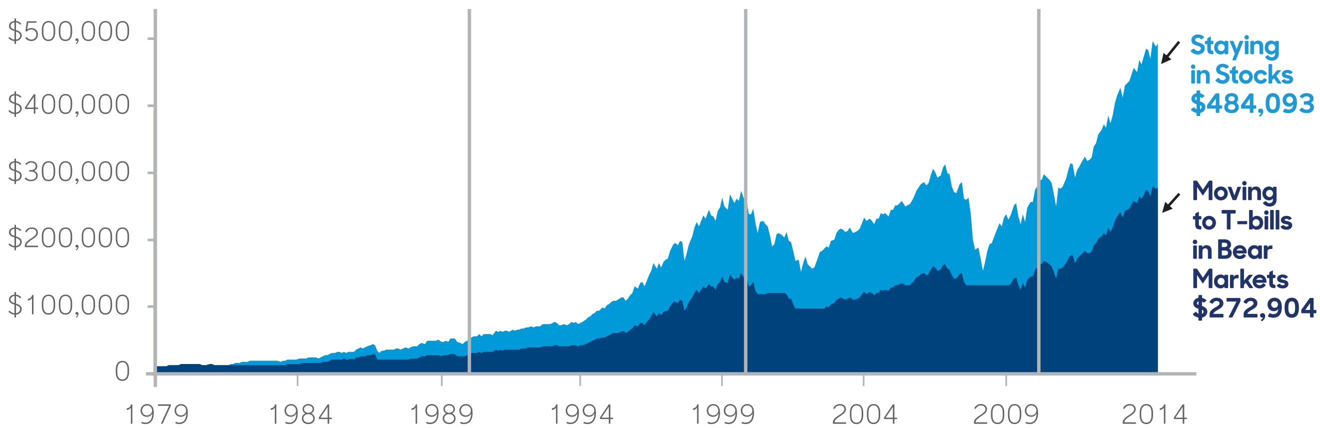


for the investor in retirement. The year in the investment option name refers to the approximate year an investor in the option would plan to retire and likely would stop making new contributions to the investment option. However, investors may choose a date other than their presumed retirement date to be more conservative or aggressive depending on their own risk tolerance.

Target retirement date (lifecycle) investment options are designed for participants who plan to withdraw the value of their accounts gradually after retirement. Each of these options follows its own asset allocation path ("glide path") to progressively reduce its equity exposure and become more conservative over time. Options may not reach their most conservative allocation until after their target date. Others may reach their most conservative allocation in their target date year. Investors should consider their own personal risk tolerance, circumstances and financial situation. These options should not be selected solely on a single factor such as age or retirement date. Please consult the prospectus (if applicable) pertaining to the options to determine if their glide path is consistent with your long-term financial plan. Target retirement date investment options' stated asset allocation may be subject to change. A target retirement date investment option may not achieve its objective and/or you could lose money on your investment in the fund. You may experience losses near, at, or after the target date. There is no guarantee of the fund's principal value, including at the target date, or that the fund will provide adequate income at and through your retirement.

VALUE OF STAYING THE COURSE

Staying in Stocks vs. Moving to T-bills in Bear Markets
Growth of $10,000 (1980 – 2014)[3]



1980s

- Reagan shot
- U.S. becomes debtor nation
- Challenger disaster
- Insider trading scandal
- S&L bailout
- Exxon Valdez disaster
- Black Monday

1990s

- Gulf War
- Oklahoma City bombing
- Government shutdown
- Asian economic crisis
- Impeachment Trial
- Russian bond default

2000s

- Crash of the dot-coms
- Corporate accounting scandals
- Wars in Iraq and Afghanistan
- Tsunami/Hurricanes
- Oil prices
- Credit market turmoil
- Recession

2010s

- Slow economic recovery
- Rise of Isis
- Russia in Ukraine
- European sovereign debt woes
- Worldwide central bank action

[3] Source of chart data: Ned Davis Research, 12/31/14. The chart depicts the growth of a $10,000 hypothetical investment in the stocks in the S&P 500 Index on 1/2/80 held to 12/31/14. The chart also depicts the growth if an investor had cashed out of the market following each 20% decline in the market, invested in a 90-day Treasury Bill for one year and then re-entered the market. The S&P 500 Index is a broad-based measure of domestic stock market performance that includes the reinvestment of dividends. The index is unmanaged and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. Past performance does not guarantee future results. Due to ongoing market volatility, current performance may be more or less than the results shown in this presentation. The performance information does not show the effects of income taxes on an individual's investment. Taxes may reduce your actual investment returns or any gains you may realize if you sell your investment. An investor's shares, when redeemed, may be worth more or less than the original cost.

Invest regularly and stay the course

When you invest regularly each pay period, as you do in your retirement plan, you take advantage of what is called dollar cost averaging. You buy fewer shares when the price is high, and more when the price is low. (Dollar cost averaging does not ensure a profit or protect against loss in declining markets.) Of course, past performance may not be indicative of future results.

Learn more

Understanding how the stock market works is a big step towards being able to stay true to your investment course. Visit **www.retiresmart.com** to use the resources and planning tools available to you or call the Participant Information Center at **1-800-743-5274**. We also suggest that you talk to a financial advisor for assistance in developing your investment strategy.

Past performance is no guarantee of future results.

The information provided is not written or intended as specific tax or legal advice. MassMutual, its subsidiaries, employees and representatives are not authorized to give tax or legal advice. Individuals are encouraged to seek advice from their own tax or legal counsel.

RS4009v 1017 C:RS-32385-03