

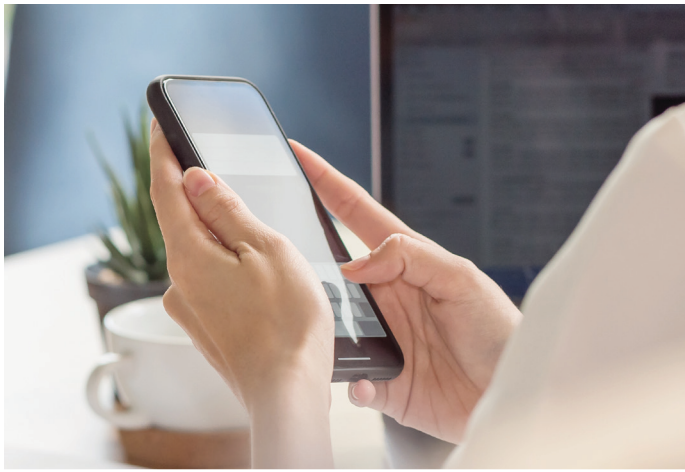
**CORONAVIRUS AID, RELIEF, AND
ECONOMIC SECURITY ACT (CARES ACT)**

ADDED RELIEF FOR RETIREMENT PLAN PARTICIPANTS

As you know, the current pandemic has changed the way we are socializing, working and living every day. But it's also causing unprecedented financial hardships and hurdles for millions of individuals, families, households and businesses across the country as they attempt to push forward.

In an effort to provide support and protection to the increasing number of people who have been financially impacted by the COVID-19 crisis, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Aimed at assisting all those in need, from laid-off employees to small-business owners to retirement savers, the massive stimulus package includes several retirement plan provisions. Please take a moment to learn more about how the CARES Act may affect you and your South Carolina Deferred Compensation Program (Deferred Comp) account.

Administered by:



THINGS TO KEEP IN MIND

It is important that you understand the impact of taking a distribution from your Deferred Comp account early. Taking a loan or withdrawing money from your retirement plan account early should be a last resort; however, we understand this may be your only option.

Taking an early withdrawal from your account may raise your taxable income and create a greater tax burden than if you wait until you are retired, when your income level and tax rate may be lower. In addition, taking a withdrawal or a loan could result in missing out on potential tax-deferred growth, because you will have less money invested in your retirement plan account. Finally, selling investments to take a withdrawal after the markets have experienced significant declines may mean taking an overall loss on your retirement plan contributions.

Loans are repaid with money that has already been taxed, so your loan payments generally will be taxed twice — once when you make the loan payments and again when you withdraw your money at retirement. In addition, interest on the loan is not tax deductible. Finally, with a loan, you may not have the resources to contribute to your retirement plan while making loan payments, or you may be tempted to lower your contribution amount. This can reduce your long-term retirement plan account balance and further stall the growth of your retirement savings.

Before making decisions about taking money out of your retirement plan account, please discuss your options with a tax professional or your local retirement plan advisor. Find additional resources in the Empower Retirement Learning Center at www.southcarolinadcp.com. Select *Learning Center*, then *My Financial Path*, to access calculators on how taking a loan or a withdrawal from your retirement account could impact your future.

ELIGIBILITY FOR CORONAVIRUS-RELATED PROVISIONS

As of today, you may be eligible for a distribution, loan or loan payment break from your Deferred Comp account if:

- You have been diagnosed with COVID-19 with a test that's been approved by the Centers for Disease Control and Prevention.
- Your spouse or dependent has tested positive for COVID-19.
- You have experienced financial hardships, such as being furloughed, quarantined or laid off, or you are facing reduced working hours or the inability to work due to lack of childcare due to COVID-19.
- You have had to shut down or scale back your own business due to COVID-19.

For additional factors that may not be listed here, please call Customer Service at 877.457.6263 or reach out to your local retirement plan advisor.

DEFERRED COMP HAS ADOPTED THE FOLLOWING CORONAVIRUS-RELATED PROVISIONS

Penalty-free withdrawal

Even though you're encouraged to stay the course and keep saving for your future, everyone's situation is unique. If you qualify based on the above factors, you can request a coronavirus-related distribution of up to \$100,000 through December 2020.

The 10 percent IRS tax on pre-age-59½ early withdrawals (if applicable) is waived for coronavirus-related distributions. The withdrawals are taxable as income, but the tax can be spread over three years, and you can elect to repay it within three years. Additionally, the 20 percent standard income tax withholding at the time of distribution is not required.

To apply for a coronavirus-related withdrawal, call 877.457.6263 to request a form.

Retirement plan loan

The maximum loan amount is increased from \$50,000 (or 50 percent of your vested account balance) to \$100,000 (or 100 percent of your vested balance) for a coronavirus-related need.¹ This increase applies to loans taken through September 22, 2020.

To apply for a coronavirus-related loan, call 877.457.6263 to request a form.

COMPARING THE WAYS TO ACCESS YOUR RETIREMENT SAVINGS

	CARES ACT WITHDRAWAL (until 12/31/20)	CARES ACT LOAN (until 09/22/20)	TRADITIONAL PLAN LOAN	TRADITIONAL HARDSHIP WITHDRAWAL
Maximum amount	\$100,000	The lesser of \$100,000 or 100 percent of your vested account balance ¹	The lesser of \$50,000 or 50 percent of your vested account balance	Determined by plan and not to exceed documented financial need
Penalty	No, 10 percent early withdrawal penalty is waived	No	No	Yes, 10 percent early withdrawal penalty
Taxes owed	Yes, although tax withholding is voluntary at the time of the withdrawal, and taxation may be spread over 3 years	No	No	Yes
Empower loan origination fee	No	Waived by Empower until further notice	Waived by Empower until further notice	No
Repayment	Optional over 3 years	Yes, but the payments between 3/27/20 and 12/31/20 may be delayed	Yes, but the payments between 3/27/20 and 12/31/20 may be delayed	No
Interest due	No	Yes	Yes	No
Qualifications	Coronavirus-related qualified persons ²	Coronavirus-related qualified persons ²	Coronavirus-related qualified persons ² eligible for loan repayment suspension	Must document need for hardship

DELAYED LOAN PAYMENTS

If you have a new or existing loan, you may be able to postpone making your scheduled payments. Repayments due between March 27, 2020, and December 31, 2020, may be suspended for one year; however, interest will continue to accrue during the suspension period. All subsequent payments will be adjusted to account for the delay and interest accrued during the delay.

To apply for a loan suspension, call 877.457.6263 to request a form.

RMD SUSPENSION FOR 2020

For the remainder of 2020, if you were previously required to do so, you no longer have to take a required minimum distribution (RMD) from your Deferred Comp account.

WAIVING NEW LOAN FEES

To serve you and support your needs during this difficult time, Empower Retirement, Deferred Comp's recordkeeper, is not charging an origination fee for any new plan loan.

1 A balance in the Self-Directed Brokerage Plan may impact the amount you are able to borrow.

2 To qualify for a CARES Act withdrawal or loan, you must be a person who has been diagnosed with COVID-19 by a test approved by the Centers for Disease Control and Prevention; a person with a spouse or dependent who has been diagnosed; or someone experiencing adverse financial consequences due to being furloughed, quarantined or laid off; having their paid work hours reduced; being unable to work due to lack of childcare; or having to close or scale back a business due to coronavirus.

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