

RETIREMENT & BENEFIT PLAN SERVICES

April 3, 2020

CARES Act – Answers to frequently asked questions regarding Coronavirus Related Distributions (CRDs)

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law. This expansive legislation has wide-ranging implications, with changes to tax rules applicable to retirement plans and accounts, comprising a significant component of this large Act. Following are answers to frequently asked questions, specific to CRDs and how we are supporting you and your employees with the relief. Additional information regarding the loan provisions in the CARES Act will follow shortly.

1Q Which participants are eligible for CRDs?

1A In order to be eligible for CRDs, a participant must be an individual who is diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 by a test approved by the Centers for Disease Control and Prevention, or whose spouse or dependent is diagnosed with such virus or disease, or 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.

2Q When will participants be able to request a CRD?

2A For prototype plans:

If your plan uses our prototype plan document, participants will be able to request CRDs CRD beginning April 6, 2020 through the Contact Center; expected turnaround is 10 business days but can fluctuate due to volumes.

We anticipate offering online transactional functionality for CRDs on Benefits OnLine® (BOL) (full website and app) on or after April 20, 2020. If a plan participant needs to make a request sooner, they may call starting April 6, 2020 to request manual processing.

For individually designed plans:

You must decide whether to make CRDs available and make your election on the form provided. If you decide to offer CRDs, participants will be able to request a CRD the later of April 6 or when your election form is returned and processed. We anticipate offering online transactional functionality for CRDs on Benefits OnLine® (BOL) (full website and app) on or after April 20, 2020. If a plan participant needs to make a request sooner, they may call the contact center starting April 6, 2020 (or such later date after your election form is received and processed) to request manual processing. The expected turnaround is 10 business days but can fluctuate due to volumes.

We strongly encourage participants to use the online channels, when available. Attached is the BOL flyer that you can use to remind participants of the 24/7 online access. Please include the BOL flyer in any employee communications and publish on your intranet site.

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3Q What communications will be available for participants?

3A Messaging on BOL currently includes general information regarding CARES Act relief for retirement plans. Messaging will be updated along with a CARES Act FAQ as soon as it is available.

A participant microsite will be accessible from BOL beginning the week of April 6, 2020, providing links to all relevant information, including:

- CARES Act frequently asked questions
- Upcoming educational webcasts and registrations
- BOL account access guide
- Merrill's market insights

We will provide the microsite link to you to use on your intranet portals and/or distribute to employees.

4Q Is there a maximum available amount?

4A CRDs are limited to \$100,000 in the aggregate, from all IRAs and employer plans an individual may have.

5Q Are there any fees associated with the CRD?

5A No. Distribution fees associated with a CRD will be waived. If a participant requests overnight delivery of the check, the standard overnight charge will apply. ACH options will be available through BOL on or about April 20, 2020.

6Q Can a participant take a hardship withdrawal if they take a CRD?

6A If a plan provides for CRDs and hardship withdrawals, an eligible participant must take a CRD before taking a hardship withdrawal.

7Q What is the time period during which a participant can request CRDs?

7A Eligible participants can take CRDs before December 31, 2020. We are adopting the relief for all plans using our prototype plan document and, as described above, plan sponsors of individually designed plans must make an election to offer CRDs.

8Q Can a plan sponsor elect to impose a lower maximum withdrawal limit at a plan level?

8A Prototype plans: A lower maximum limit cannot be selected.

Individually designed plans: You may impose a lower maximum. Please note this will be supported via the online solution, expected on or after April 20, 2020.

9Q Can the plan sponsor impose source level restrictions on the money available for CRDs; for example employee deferrals only?

9A The source level hierarchy will follow the age 59½ distribution hierarchy. Individually designed plans could limit the sources from which CRDs are available. The plan sponsor would need to notify their client service manager in writing regarding the money source liquidation that they would like to make available.