

RECENT CHANGES TO YOUR DEFERRED COMPENSATION PLAN:

CARES ACT:

On March 27, 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which allows for the temporary relaxation of certain plan loan and distribution rules due to the Coronavirus pandemic. Pursuant to the CARES Act, the City of Seattle Voluntary Deferred Compensation Plan Trust Committee (the "Committee") has adopted the following temporary changes to the Plan. NOTE: These provisions are in effect only through the end of 2020. Participants should consult with their tax advisors regarding the tax implications of these of these options.

- Qualified Participants* may now take a distribution due to Coronavirus-related reasons of up to \$100,000 through the end of the year. The taxes on this distribution may be spread over three years or the distribution can be repaid within three years.
- Qualified Participants* may now suspend their loan payments from March 27, 2020 through December 31, 2020. The missed loan payments plus interest must be made up after the suspension period ends, but over an extended loan term not to exceed the original maximum loan term plus the period of suspension.
- Required Minimum Distribution (RMD) Requirements for 2020 have now been waived. This applies to all participants, not just Qualified Participants.* If a participant would still like to receive their RMD they must affirmatively elect to do so in 2020. Nationwide will not process RMD payments automatically by the end of the year as they would under the normal administrative process.

** Qualified Participants are those that (a) are 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; (b) have a spouse or dependents diagnosed with such virus or disease by such a test; or (c) have personally experienced specified adverse financial consequences stemming from such virus or disease. Participants must certify their status as a Qualified Participant with Nationwide.*

SECURE ACT:

Congress passed the Setting Every Community Up for Retirement Enhancement (SECURE) Act at the end of 2019, which modified certain distribution rules applicable to the Plan. Pursuant to the SECURE Act, the Committee has adopted the following changes to Plan provisions:

- In-service distributions are now allowed for individuals who are age 59 ½ or older.
- In-service distributions of up to \$5,000 are allowed for the birth or adoption of a child during the 1-year period following their birth or adoption date.
- The RMD age has increased from 70 ½ to age 72 starting in 2020. This change does not apply to individuals who turned 70 ½ before 2020. However, as noted above, RMDs for 2020 have been waived.

Temporary Expansion of Unforeseen Emergency Withdrawals (UEWs)

The permissible reasons for Unforeseeable Emergency Withdrawals (UEWs) have been temporarily expanded to cover certain unforeseeable financial hardships arising due to the Coronavirus pandemic. This temporary expansion was implemented on March 25, 2020 and is in effect for 180 days from date of implementation (to end on September 21, 2020).

<u>Request Type</u>	Expanded Process through September 21, 2020
<u>FORECLOSURE/EVICTION</u>	Normal Plan rules allow for no more than one UEW for the prevention of Foreclosure/Eviction within a 12-month period. Under the temporary expansion, participants who previously received a UEW for this reason type in the past (rolling) 24 months will be eligible to receive a second UEW for the prevention of Foreclosure/Eviction if due to pandemic reasons.
<u>ILLNESS OR ACCIDENT: LOSS OF INCOME (LOI)</u>	Under normal Plan rules, UEWs based on a loss of income are only available if the income was lost due to an accident or illness. This has been temporarily expanded to include loss of income due to temporary workplace closures or layoffs related to the pandemic, or loss of income due to a reduction of hours because of the pandemic.
<u>CHILDCARE</u>	Under normal Plan rules, childcare expenses are not eligible for UEWs. Under the temporary expansion, the Plan will now consider any unplanned/unexpected childcare costs if needed due to the pandemic (for instance, childcare related to school closures) as eligible for UEWs.
<u>NORMAL LIVING EXPENSES</u> (food, utilities, car payment, etc.)	Normal living expenses are not eligible for UEWs under normal Plan rules. Under the temporary expansion, these will now be considered if participants/families end up in a situation where they are not getting a paycheck for an extended period resulting in the inability to pay for everyday living expenses.

Administrative Fee Changes:

Effective June 1, 2020, the Plan's annual administrative fee is decreasing from 0.14% to 0.12%. For example, a participant with an account balance of \$10,000 will now pay an administrative fee of \$12 per year instead of \$14.

Additionally, Nationwide is temporarily waiving loan initiation fees for eligible loans requested between March 27 and September 23, 2020 for Qualified Participants.* The fee waiver needs to be requested separately from the loan request. Please work with Nationwide to obtain the appropriate paperwork.

If you would like to submit a request, please contact Nationwide. The customer service number is (855) 550-1757. Representatives are available Monday to Friday 5:00 a.m. – 8:00 p.m. Pacific Time, and Saturday 6:00 a.m. – 3:00 p.m. Pacific Time. You can also contact one of our onsite education consultants specifically assigned to our plan. Their contact information is below.

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City of Seattle

Voluntary Deferred Compensation Plan and Trust

Date: May 29, 2020

To: Participants in the City of Seattle Voluntary Deferred Compensation Plan

From: The Deferred Compensation Trust Committee

Subject: Specified Assets Investment Category

The City of Seattle Voluntary Deferred Compensation Plan (Plan) is expanding the types of investment choices available to the participants in the Plan. In response to requests from Plan participants, investment options can now be offered as part of a ***Specified Assets Investment Category***. These Specified Assets funds may pursue environmental, social, governance and/or other “non-economic” objectives, and so each Plan participant must carefully evaluate whether any of these funds may be suitable for their Plan account. Funds within the Specified Assets Investment Category are marked with the letter z and an accompanying footnote on the Plan website.

Please note that any investment choices you make under the Plan are solely your own decision and must be based on your own evaluation of your personal financial situation, needs, and investment objectives. The Plan and the Trust Committee are not responsible or liable for your choice of investment options under the Plan. Inclusion of any investment option in the Specified Assets category (or any other investment category) is not an endorsement or guarantee of any Plan investment option, and does not constitute approval of the financial soundness or the suitability of any investment for you or any Plan participant.