

# Questions and answers about your retirement account during COVID-19 and the economic downturn

We know you have many questions and concerns right now about your retirement account given the current health and economic situation. As your retirement plan provider, Securian Financial is working hard to answer your questions and service your requests.

The following questions and answers provide information about the stock market, your account, investment options and access to money in your account.

## **The stock market and your retirement account**

### **Why is my retirement account losing money so quickly?**

In general, most retirement investments are made in the stock market and are considered long-term investments. Over the past few weeks, beginning in late February, the stock market experienced notable declines due to the coronavirus (COVID-19) pandemic and its effect on the U.S. and global economies.

The stock market has historically had ups and downs and that is what enables participants to make money – buying low and selling high. Up until late February and early March, the stock market had one of its longest upward trends in history, with more than 10 years of positive returns.

### **Aren't retirement accounts supposed to be safe investments?**

It's important to keep in mind that all investing in the stock market comes with some level of risk. You have the opportunity to make different investment choices within your plan and may be able to invest in pre-mixed portfolio options based on your risk tolerance or your age, or you can create your own portfolio, where you decide how much of your money you put into stocks versus fixed income investments.

Typically, the younger you are, the more risk you can take with your investment choices because you will not need your money for a long time; the older you are and the closer you are to retirement means your investment choices generally should be more conservative.

### **I am afraid that I will lose everything. What can I do?**

There is no doubt that these are stressful times and it's hard not to worry, but history tells that markets eventually recover.

If you take your money out now, you are locking in your losses. If you transfer out of investments now and move to more conservative options, you are also locking in your losses. If you stay the course and keep investing, you have the potential to make up your losses and get back on track for retirement as the market recovers.

## **How long will it take markets to recover?**

While no one knows that for certain, what history tells us is reassuring. While the world has not experienced a pandemic like this for more than 100 years, we have, in the United States, experienced stock market declines, as well as both bear markets -- a time period where stock prices are decreasing -- and bull markets -- a time period where stock prices are increasing -- over the past century.

Over the past 70 years, there have been seven bull markets that have lasted an average of 109 months, each growing an average of 466 percent.<sup>1</sup> During this same time period, there have been seven bear markets lasting an average of 14 months and declining an average of 35 percent before recovering.<sup>2</sup>

## **Options within your account and access to money**

### **What happens to the money in my account if I lose my job?**

Your vested account balance remains yours even if your job is eliminated. The money in your account will stay invested as you have designated, unless you make changes.

Vesting in a retirement plan means ownership. You vest, or own, a certain percentage of your account in the plan each year. If your employer has made contributions on your behalf, for example through a matching contribution, that money is subject to becoming 100 percent yours, based on how long you have been employed and part of your company's plan. An employee who is 100 percent vested in his or her account balance owns 100 percent of it and the employer cannot forfeit, or take it back, for any reason. Check your plan for specific information about the vesting schedule.

### **How do I change my contribution rate or stop contributions?**

It depends on how your employer's plan is set up. For some, you can change your contribution amount by logging on to [securian.com/retirement](http://securian.com/retirement) and making changes online or by downloading a form to complete and provide to your employer. Other employers require you to make changes through their own website/HR portal. The effective date of your change will depend on your plan's timing provisions.

### **How long does it take for my contribution changes to take effect?**

Most plans allow you to change your contribution amount or to stop contributions any time or as is feasible given administration time; however, other plans limit their changes to monthly, quarterly or other timeframe. You will need to check with your employer's plan to determine specific timing and the effective date of your change will depend on your plan's timing provisions.

### **Can I withdraw money from my retirement account?**

Depending on the plan offered by your employer, you may have loan or withdrawal options. To learn what your plan offers, you should visit the HR/Benefits portion of your employer's website or read the plan's Summary Plan Description (SPD). You should carefully consider your options before making any decision.

With a loan, you will need to pay back the amount of money you are borrowing from your account, plus interest, which means you will eventually put money back into your retirement account, which is a positive. The downside is that if you should leave your job and don't repay your loan during a specific timeframe, it will then be treated as a regular distribution and you would be subject to an IRS early withdrawal penalty of 10 percent and regular income taxes.

Withdrawals: With a withdrawal, you are taking money out of your account that will not need to be paid back and thus, you are losing part of your hard-earned retirement savings. In addition, your money withdrawal will be subject to any taxes owed.

## **What about access to money through the new federal legislation/CARES Act?**

Because so many people have been adversely affected by the COVID-10 pandemic and its economic impact, the U.S. government has passed legislation that impacts availability and tax implications.

The Coronavirus, Aid, Relief, and Economic Security Act (CARES Act) recently signed into law is designed to help provide economic relief for individuals, families and businesses. For retirement plans, the CARES Act does the following:

- Creates a new coronavirus-related distribution option of up to \$100,000 which isn't subject to the IRS early withdrawal penalty and has special tax payment options
- Increases plan loan limits from qualified retirement plans to the lesser of \$100,000 or 100 percent of the vested account balance
- Grants a temporary waiver of Required Minimum Distributions (RMDs) to help provide relief for retirees

**These changes; however, are not mandatory so your employer will need to decide if they will implement the changes for your retirement plan.**

Securian Financial is working closely with employers to determine their specific changes and the implementation process so that employees can take advantage of these new options. Our goal is to begin processing coronavirus related distribution and loan requests by mid to late April.

## **Requesting money from your account**

### **How long will it take for me to get my money?**

Most plans that offer loans allow the request to be submitted online at [securian.com/retirement](https://securian.com/retirement). Loan requests submitted online and in good order are processed the same day or the next business day if submitted after the stock market close (3 pm CT).

For loan or withdrawal forms submitted via paper form, once it is received by Securian Financial and *is filled out accurately and in its entirety*, we will do all we can to complete the processing of your withdrawal within five business days. At this unprecedented time, however, timing could be slightly longer than that.

**Please note:** If the form requires a Plan Administrator signature, it must be sent to your employer to sign and return to Securian. Once we receive the completed form, money is either transferred to the bank account you indicated (it must be an account in your name and able to be validated) or a check is mailed to your address of record. If you want your money quickly, electronic transfer is the faster route.

Forms that are received not fully or appropriately completed, will take longer to process. Rush requests are not accepted at this time, as we are handling distribution requests on a first come, first served basis.

### **How stable is Securian Financial?**

Securian Financial has been in business for 140 years and is prepared for events like these. Thousands of employers trust us with their retirement plans, and we take our role seriously. Relationships matter; we value our relationship with you and your employer.

1 and 2. Calculated by Securian Financial Group using data from Morningstar, Inc. 2019.

Neither asset allocation nor diversification guarantee against loss. They are methods used to manage risk.

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