Accrued Benefit Administrators, Inc. is located in an area near the Thomas Fire perimeter and the subsequent mudslides. The displacement of families from their homes and employees from their jobs, businesses that endured financial hardship and the closure of the 101 freeway certainly impacted so many. We count our blessings that we were minimally affected - we lost power during a portion of this time and employees were unable to make it to the office due to the freeway closure. Our appreciation goes out to every entity that assisted in any way with predicting, responding and dealing with these unfortunate events and disasters. Our hearts go out to everyone impacted and the souls lost.

Qualified retirement plans may be a resource to help re-establish stability in a time of need. Recently, the Bipartisan Budget Act of 2018 was adopted. It expands access to 401(k) accounts and other retirement savings accounts for those impacted by the California wildfires that occurred late last year.

To be eligible, for "relief" through this Act, a participant must have endured a hardship within the federally-declared disaster areas (including Santa Barbara and Ventura counties). Expanded access to pension funds is available to those whose principal residence is or was located in the declared disaster areas at any time between October 8, 2017 to December 31, 2017 and who sustained an economic loss, whether personal or business, as a result of the wildfires. The retirement plan must be amended by their employer. To include the special rules, the amendment may be retroactive to 2018 if signed by the end of 2019.

ERISA attorney, Christine Roberts, Esq. (Mullen & Henzell, LLP) states, "As to whether the relief extends to those affected by flooding, mudflows, and debris flows directly related to the wildfires, there is some uncertainty in the wording of the Act. Eligible individuals are determined based on their residence on or before December 31, 2017, a date which preceded the January 9, 2018 flooding, mud and debris flow. However, the Act defines "California wildfire disaster area" as the area subject to Presidential disaster declarations made between January 1, 2017 and January 18, 2018. The original California wildfire disaster declaration was made January 2, 2018, and was amended on January 10th and 15th to incorporate damage from flooding, mudslides and debris flow directly related to the wildfires, which would suggest that those related types of damage would come within the scope of the relief. More guidance from the government would be helpful on this point." The pension community agrees that since the mudslides were caused by the fire and the FEMA declaration was amended January 2018, these reliefs apply to our local community impacted by the slides.

Please note the following areas could be available to the affected parties:

Special Withdrawal Rules: Eligible individuals may take plan funds (or possibly IRA withdrawals) with a cap of $100,000 without application of the 10% penalty tax that ordinarily applies before age 59½. The withdrawal must take place between October 8, 2017 and December 31, 2018. The federal tax related to the withdrawal may be spread over (up to) 3 years from the date of the withdrawal, or the tax may be avoided entirely by repaying the full amount to the plan within the same 3 year period.

Participant Loan Relief: New plan loans may be taken on or after February 9, 2018, through December 31, 2018 in an amount up to the lesser of $100,000, or 100% of the vested retirement plan account. The limit is reduced by an amount equal to the highest outstanding balance of all loans during the prior twelve months. An extension of up to one year applies to repayments due on a plan loan that was outstanding on or after October 8, 2017. The one year extension does not cause the loan to exceed the maximum five-year repayment period and interest continues to accrue during the extension.

Repayment of Plan Distributions Used to Buy or Build a Home in a Disaster Area: Participants who took hardship withdrawals from their plans after March 31, 2017 and before January 15, 2018 in order to buy or build a personal residence can re-deposit their withdrawals (or roll them to an IRA) by June 30, 2018, if the purchase or construction could not go forward as a result of the wildfires.

Tax Return Filing Deadline Extended: The IRS has extended the filing deadline for personal and business income taxes by two weeks for those affected by the California wildfires, and California's Franchise Tax Board granted equivalent relief for state returns. The new deadline for personal returns is April 30, 2018.

The Act also included a general modification related to hardship withdrawals. *Does not relate to disaster relief.*

Hardship Withdrawal Modifications: The six-month cessation of deferrals after a hardship is taken has been eliminated. Investment earnings are now allowed to be accessed. These changes are effective starting January 1, 2019 for any participant.