

# IRS Expands Definition of Qualified Individual for Loans and Coronavirus-Related Distributions under the CARES Act

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Notice 2020-50 provides additional guidance to taxpayers and sponsors of qualified retirement plans regarding coronavirus-related distributions and loan extensions under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). Among the guidance included in Notice 2020-50 are the following three items of special importance to plan sponsors:

- Notice 2020-50 expands the definition of "Qualified Individual" for purposes of eligibility to receive a coronavirus-related distribution or special loan treatment to also include three new categories of individuals:
  - an individual having a reduction in pay (or self-employment income) due to COVID-19 or having a job offer rescinded or start date for a job delayed due to COVID-19;
  - an individual whose spouse or a member of the individual's household (as defined below) is quarantined, furloughed or laid off, or has work hours reduced due to COVID-19, is unable to work due to lack of childcare due to COVID-19, has a reduction in pay (or self-employment income) due to COVID-19, or has a job offer rescinded or the start date for a job delayed due to COVID-19; or
  - an individual who experiences the closing or reduced hours of a business owned or operated by the individual's spouse or a member of the individual's household due to COVID-19.
- Notice 2020-50 provides express guidance describing a permissible method to delay payments under, and subsequently reamortize, an outstanding plan loan to a Qualified Individual.
- Notice 2020-50 also provides that a coronavirus-related distribution is considered to be a hardship distribution for purposes of the Code Section 409A rule permitting cancellation of an employee's deferral elections under a nonqualified deferred compensation plan.

Notice 2020-50 is available [here](#).