

Changes to 401(k) Plan Provisions Resulting from the CARES Act

- CARES Act includes optional, temporary provisions that provide participants affected by COVID-19 with expanded access to their retirement plan assets by allowing them to seek tax-advantaged financial relief through withdrawals and loans from their 401(k) plan accounts
- Eligibility: (i) employees, their spouses or dependents (IRC Section 152) who are diagnosed with COVID-19 by a CDC approved test; or (ii) employees experiencing, due to COVID-19, adverse financial consequences as a result of quarantine, furlough, layoff, reduced hours, inability to work due to child care, closing of a business they own and other factors determined by the Secretary of Treasury

COVID-19 Related Withdrawals

New type of withdrawal of up to \$100,000

- Applies to withdrawals from 1/01/2020 through 12/31/2020
- Taxation of the withdrawal can be spread over 3 years
- Waiver of 10% penalty on early distributions (before 59 ½)
- Not subject to 20% mandatory withholding
- Rely on employee certification - conditions have been satisfied
- Withdrawals can be repaid within 3 years of receipt

COVID-19 Related Loans

Allows loan limits to be increased to the lesser of \$100,000 (from \$50,000) or 100% (from 50%) of the vested account balance

- Applies to loans taken up to 180 days after the enactment of the law (September 23, 2020) with loan repayments delayed for up to a year
- Employees with existing loans who meet eligibility can delay repayments due from March 27, 2020 through December 31, 2020 for up to one year
- Rely on employee certification – conditions have been satisfied
- All other loan conditions remain consistent with current National Grid plan provisions

- The Board of Directors of National Grid USA Service Company, Inc. approved the adoption of these provisions on April 21, 2020 for Incentive Thrift Plans I (Management) and II (Union)
- Vanguard will implement these changes by April 27, 2020
- Communication Plan – key focus is to provide employees with information on the temporary withdrawal and loan provisions and education regarding the potential impact these may have on their retirement savings in the future
- Week of April 27, 2020:
 - Notify employees of approved 401(k) Plan changes in COVID-19 FAQ's through At a Glance
 - Distribute letter to employees explaining the changes, inclusive of FAQ's, through Vanguard multi-channel communications (electronic delivery or hard copy as elected by the employee)