

NOTE: This Q&A is for general information purposes only. Each plan should consider its own legal and tax advisors before taking any action on the basis of this information.

May an employer or a third party administrator lend money to the plan so that the plan can make distributions to participants?

Yes. There is a class exemption, [Prohibited Transaction Exemption 80-26 \(PTE 80-26\)](#), which permits the lending of money or other extension of credit from a party-in-interest or disqualified person (such as the employer or third-party administrator) to an employee benefit plan so that the plan can pay benefits in accordance with the terms of the plan. The loan must be unsecured and interest-free. The loan may be reimbursed when the money in the Stable Value Fund becomes available following the bankruptcy proceedings.

May an employer or a third party administrator lend money to the plan so that the participants can make transfers to other investment options within the plan?

The Department of Labor has interpreted PTE 80-26 so that it does not apply to transfers to other investment options within a plan. However, in the past, DOL has granted individual exemptions to permit interest-free loans for that purpose. We have had discussions with DOL about granting a similar exemption to investors in the Fund.

Does PTE 80-26 include payments of required minimum distributions?

Yes. Note that if required minimum distributions can be satisfied from other assets, the plan should do so.

Will the IRS seek penalties if participants age 70½ or older are not able to receive required minimum distributions?

The IRS was receptive to the idea of providing relief from penalties caused by the bankruptcy. We are discussing with the IRS the specific procedures to follow and the likely timing of relief.

Will the IRS or DOL take action against a plan that is not able to operate in accordance with its terms because of the Stable Value Fund bankruptcy?

We are working with the IRS and DOL to see if they will be able to provide relief in situations where the bankruptcy of the Stable Value Fund prevents the plan from operating in accordance with the terms of the plan.