

April 2, 2020

ACTION, INC. 401(k) PLAN
Summary of Material Modifications
with Respect to Recent COVID-19
Changes to the Plan

As a result of the continued advance of the COVID-19 outbreak within the United States, President Trump signed into law last Friday the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) on March 27, 2020. **There are several retirement plan provisions within the CARES Act as follows that you should be aware that have been implemented by the Plan.**

Creation of a New Coronavirus Distribution (“CRD”) That is Available to a Participant Under the Terms of the Plan. A “Coronavirus Related Distribution” (“CRD”) under the CARES Act is generally defined as any distribution from an eligible retirement plan (i.e. an IRA, qualified plan, 403(b) Plan or a 457(b) Plan) made between January 1, 2020 and December 31, 2020 to an individual who is: (i) diagnosed with COVID-19; (ii) whose spouse or dependent is diagnosed with COVID-19; or (iii) who experiences adverse financial consequences as a result of being quarantined, furloughed, laid off or had their hours reduced as a result of the pandemic. A CRD made to an individual in 2020 can be any amount up to \$100,000 (of which this is the total amount in the aggregate that can be received by a Participant from all “eligible retirement plans” combined in which the Participant has assets). A CRD, while subject to regular income taxes (which can be spread out over a 3 year period), is exempt from the 10 percent early distribution tax.

A Plan Administrator is allowed to rely on a written certification provided by the Participant as to a CRD distribution that the Participant is a covered individual. The CRD may be repaid by the Participant at any time back to the Plan over a three year period commencing with the date the distribution was received by the Participant (and there is no requirement that the repayment occur at one time). Amounts can be paid back to the Plan so long as the Account being paid back is one to which a rollover contribution could be made under the Internal Revenue Code. The income inclusion with respect to these Coronavirus Related Distributions will be included ratably over a three year period beginning with the year in which the distribution was received, unless the Participant elects to treat it all as income during the year of receipt. Any such distribution will be treated as exempt from the automatic 20 percent Federal Income Tax and any applicable State Income Tax withholding rules (but will be subject to 10 percent withholding unless waived by the Participant).

Increase in Qualified Retirement Plan Loan Limit for New Plan Loans Made Between March 27, 2020 and September 23, 2020 and Deferral of Loan Payments for Payments Between March 27, 2020 and December 31, 2020. The CARES Act increases the dollar threshold for loans from a qualified plan to the lesser of \$100,000 or 100% of a Participant’s vested Account Balance under the Plan for Plan loans made between March 27, 2020 and September 23, 2020. Additionally, if any loan repayments are due between the enactment of the CARES Act and December 31, 2020, any such repayments may be delayed for one year from the original due date. This delay applies to loans outstanding prior to the enactment of the CARES Act and to loans that

are initiated after the CARES Act. After December 31, 2020, the amount of any such loan repayments must be adjusted to reflect the delay in the repayments and for any interest accrued during any such delay.

Waiver of 2019/2020 Required Minimum Distribution Under the Plan. Any required minimum distribution (“RMD”) for 2019 and 2020 that must be made as to an individual that is 72 years of age or older (i.e. used to be 70½ years of age) is waived for 2020 (as to the initial RMD) and 2021 (as to the 2020 RMD). The waiver of the RMD requirement for 2019 and 2020 does not apply to defined benefit pension plans. The intent of this waiver is to allow Participants and IRA owners to avoid having to liquidate their investments at a time when the stock market reflects the economic impact of the coronavirus pandemic.

Utilization of: (i) the CRD for 2020; (ii) the new Plan Loan Limit; and/or (iii) the Waiver by a Participant of the 2019/2020 RMD by the Plan as a Result of the CARES Act has been Implemented by the Plan Sponsor Without the need for an Immediate Plan Amendment. Your Plan Sponsor is giving Participants an opportunity to: (i) procure a “Coronavirus Related Distribution;” (ii) obtain a new Plan Loan under the new Plan loan limit or delay loan repayments; and (iii) allow the waiver of a Participant’s 2019 and/or 2020 RMD. These actions by the Plan Sponsor may occur without having to immediately amend the Plan for these new CARE Act provisions. Therefore, even if the Plan does not currently allow for hardship distributions, in-service distributions and/or Plan loans, the above referenced features are immediately available as if the amendments were in place. As long as any such amendments are made to the Plan no later than the last day of the Plan Year beginning on or after January 1, 2022, said amendments will be proper.

As always, if any Participant has any questions whatsoever regarding their rights and benefits under the Plan, please feel free to contact the Employer. This SMM shall be retained by the Participant and attached to the Participant’s copy of the SPD.

Action, Inc.