



The COVID-19 public health emergency has impacted our lives in innumerable ways, such as changing how we work, socialize, attend school and spend our leisure time. One of the most notable impacts the virus has had is on the U.S. economy, with a volatile market, a significant spike in job loss, diminished growth, among many others. Many employees are wondering what impact this has on the health of FirstEnergy's pension, and what implications does it have on their 401(k) retirement investment.

Our Pension Plan Remains Resilient

Our pension plan is an important part of FirstEnergy's Total Rewards package, and an increasingly unique benefit among employees of Fortune 500 companies. In light of the significant volatility in financial markets, many employees have asked about the health of our pension plan.

To date, the plan has shown excellent resilience to the market turmoil. At the end of 2019, our pension was funded at just under 80%, and there has been no material change to that funding level through the end of March. In addition, the pension has sufficient cash flows and liquidity to make the payments owed to retirees.

This stability is a result of prudent management by the plan overseers: the FirstEnergy Investment Committee, the Investment Management department, and our investment consultant, Aon. These plan managers regularly analyze current and future pension liabilities and plan assets and take measures to help optimize short- and long-term plan performance.

In 2019, during the 10th year of a bull market, we adjusted the allocation of our pension trust investments to limit risk from unforeseen market changes. These actions included selling about \$1 billion of the plan assets held in equities (stocks) and using the proceeds to increase investments in fixed income securities and cash, which are more favorable investments to hold during volatile times.

The current asset mix is well-diversified, with 25% in public equities, 40% in fixed income securities and 35% in hedge funds, real estate, cash and other assets.

The continued health of our pension plan is important for the well-being of current and future retirees. And that's evident in the nearly \$2.8 billion that FirstEnergy has contributed to our pension plan since 2015. We continue investing for the long term to meet the obligations that so many people rely on.

Your 401(k) Savings Plan: Staying the Course and New Withdrawal Option

While it's too soon to predict how long this market volatility could continue, having a long-term strategy in place for your 401(k) investments helps you avoid making potentially costly moves out of panic. [This article](#) can help explain why it's sometimes best to plot your strategy and then stay on course.

Fidelity is available to help and has resources at www.netbenefits.com to assist you with market volatility. If you have any questions regarding your 401(k) Savings Plan or would like to schedule a financial planning session, contact Fidelity at 1-800-982-3451 or www.netbenefits.com.

CARES Act Distributions and Hardship Withdrawals

If you are experiencing financial challenges due to COVID-19, under the recently passed Coronavirus Aid, Relief, and Economic Security Act (CARES Act) you can withdraw money from the 401(k) Savings Plan.

CARES Act Distributions

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law on March 27 and permits plan sponsors to make qualified coronavirus-related distributions available from 401(k) plans. These are called "CARES Act Distributions."

Participants in the 401(k) Savings Plan may request up to a maximum of \$100,000 in distributions by Dec. 31, 2020. In order to be eligible, one or more of the following requirements must be met:

- The participant is diagnosed with the virus SARS-Co-V-2 or with COVID-19 by a test approved by the Centers for Disease Control and Prevention,
- The participant's spouse or dependent (as defined in section 152 of the Internal Revenue Code) is diagnosed as noted above, or
- The participant experienced adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced, being unable to work due to lack of child care, closing or reducing hours of a business owned or operated by the individual, or other factors as determined by the Secretary of the Treasury.

CARES Act Distributions are not subject to an early withdrawal penalty and are not eligible rollover distributions. They are subject to income tax withholding at 10%, unless the participant elects a different percentage or 0% withholding. Income taxes on CARES Act Distributions may be paid over a three-year period.

Hardship Withdrawals

The 401(k) Savings Plan allows hardship withdrawals for the following reasons:

- Anticipated or incurred medical expenses for you, your spouse, or your dependents that are not reimbursed by insurance
- Purchase of your principal residence
- Preventing foreclosure on, or eviction from, your principal residence
- Payment of tuition and tuition-related expenses for post-secondary education for you, your spouse or dependents
- Extraordinary expenses related to the death of a family member
- Major home improvement on your principal residence
- Payment of expenses incurred by a Member on account of a disaster declared by the Federal Emergency Management Agency (FEMA)

The rules related to hardship distributions remain unchanged. Hardship distributions have a 10% early withdrawal penalty and are taxed as ordinary income.

For both CARES Act Distributions and hardship withdrawals, FirstEnergy has partnered with Fidelity to expedite processing for participants in need during this challenging time. The reason for taking a withdrawal is now able to be confirmed with your e-signature and you would not have to provide supporting documentation to Fidelity in order to have a hardship withdrawal or CARES Act Distribution approved. You will be required to provide proof of a hardship to the IRS, if audited. In addition, electronic funds transfer can be set up to significantly reduce the amount of time to receive funds.

Contact Fidelity at 1-800-982-3451 or www.netbenefits.com for more information.

Forward-Looking Statements: This presentation includes forward-looking statements based on information currently available to management. Such statements are subject to certain risks and uncertainties. These statements include declarations regarding management's intents, beliefs and current expectations. These statements typically contain, but are not limited to, the terms "anticipate," "potential," "expect," "forecast," "target," "will," "intend," "believe," "project," "estimate," "plan" and similar words. Forward-looking statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, which may include the following: the outbreak of the novel coronavirus (known as COVID-19) and the impact on our business, which will depend on future developments that are not known, and cannot be predicted at this time; the ability to successfully execute an exit from commodity-based generation, including, without limitation, mitigating exposure for remedial activities associated with formerly owned generation assets; the ability to accomplish or realize anticipated benefits from strategic and financial goals, including, but not limited to, our strategy to operate and grow as a fully regulated business, to execute our transmission and distribution investment plans, to continue to reduce costs, and to improve our credit metrics, strengthen our balance sheet and grow earnings; legislative and regulatory developments, including, but not limited to, matters related to rates, compliance and enforcement activity; economic and weather conditions affecting future operating results, such as significant weather events and other natural disasters, and associated regulatory events or actions; changes in assumptions regarding economic conditions within our territories, the reliability of our transmission and distribution system, or the availability of capital or other resources supporting identified transmission and distribution investment opportunities; changes in customers' demand for power, including, but not limited to, the impact of climate change or energy efficiency and peak demand reduction mandates; changes in national and regional economic conditions affecting us and/or our major industrial and commercial customers or others with which we do business; the risks associated with cyber-attacks and other disruptions to our information technology system, which may compromise our operations, and data security breaches of sensitive data, intellectual property and proprietary or personally identifiable information; the ability to comply with applicable reliability standards and energy efficiency and peak demand reduction mandates; changes to environmental laws and regulations, including, but not limited to, those related to climate change; changing market conditions affecting the measurement of certain liabilities and the value of assets held in our pension trusts and other trust funds, or causing us to make contributions sooner, or in amounts that are larger, than currently anticipated; the risks associated with the decommissioning of our retired and former nuclear facilities; the risks and uncertainties associated with litigation, arbitration, mediation and like proceedings; labor disruptions by our unionized workforce; changes to significant accounting policies; any changes in tax laws or regulations, or adverse tax audit results or rulings; the ability to access the public securities and other capital and credit markets in accordance with our financial plans, the cost of such capital and overall condition of the capital and credit markets affecting us, including the increasing number of financial institutions evaluating the impact of climate change on their investment decisions; actions that may be taken by credit rating agencies that could negatively affect either our access to or terms of financing or our financial condition and liquidity; the risks and other factors discussed from time to time in our Securities and Exchange Commission, or SEC, filings and other similar factors. Dividends declared from time to time on FirstEnergy Corp.'s common stock during any period may in the aggregate vary from prior periods due to circumstances considered by FirstEnergy Corp.'s Board of Directors at the time of the actual declarations. A security rating is not a recommendation to buy or hold securities and is subject to revision or withdrawal at any time by the assigning rating agency. Each rating should be evaluated independently of any other rating. The foregoing factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements and risks that are included in our filings with the SEC, including but not limited to the most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q. The foregoing review of factors also should not be construed as exhaustive. New factors emerge from time to time, and it is not possible for management to predict all such factors, nor assess the impact of any such factor on FirstEnergy Corp.'s business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements. FirstEnergy expressly disclaims any current intention to update or revise, except as required by law, any forward-looking statements contained herein as a result of new information, future events or otherwise.

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