

# CARES Act Stimulus Package

As you may have heard, Congress has passed and the President has signed into law the ***Coronavirus Aid, Relief, and Economic Security Act***. The CARES Act will provide necessary relief to America's families and businesses as we all manage the COVID-19 health crisis and resulting economic conditions. There's a lot packed into this new legislation. We've highlighted some of the major impacts from this act below:

**2019 tax filing date has been extended to July, 15<sup>th</sup> 2020 (previously April, 15<sup>th</sup>)**

**The date for making 2019 IRA and Roth IRA contributions is also extended to the same date.**

**Required Minimum Distributions (RMD's) for 2020 have been waived.** This will be a huge help because 2020 RMD's would generally be based on the account values of December 31<sup>st</sup>, 2019.

**Stimulus checks** — up to \$1,200 for individuals, \$2,400 for joint taxpayers and an additional \$500 for each qualifying child — will be based on information from your most recent tax filings, either 2019 or 2018 if you have not yet filed this season. If you have an adjusted gross income (AGI) of up to \$75,000 (\$150,000 MFJ), you should be eligible for the full amount of the recovery rebate. As your AGI increases, the stimulus amount you get will go down. These payments will be made direct to the bank account which your last tax refund was deposited or sent via check to the last known address on file.

- The stimulus check rebate completely phases out at \$99,000 for single taxpayers and \$198,000 for joint filers with no kids.
- You can follow updates on the IRS Coronavirus Tax Relief page here: <https://www.irs.gov/coronavirus>

**Student Loan Payment Relief** - the law includes temporary suspension of payments for federal student loans until September 30<sup>th</sup>, 2020. During this time, interest will not accrue. This creates a great opportunity for those with student loans to temporarily redirect those payments into an investment or retirement account and participate in the eventual market recovery, or make additional payments on higher interest debt in lieu of the student loan payments.

- You can find more information on the Federal Student Aid website here: <https://studentaid.gov/announcements-events/coronavirus>

**Small business tax relief and payroll loans** - The stimulus plan grants small business owners tax credits and defers payroll taxes through 2020, so they can continue paying employees. Employers will be eligible for the payroll tax credit as long as they keep workers employed amid coronavirus-related shutdowns. The stimulus plan also provides loans to business owners with 500 or fewer employees, who continue to employ and pay workers. The loans are intended to prevent employee layoffs and cover payroll costs.

- For more information visit the Small Business Administration COVID resource page: <https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>

**Penalty waived for early retirement withdrawal** - if you need to take money out of your retirement plan ASAP, keep in mind that the 10% early withdrawal penalty will be waived on up to \$100k of retirement funds withdrawn. Additionally, income attributable to such distributions would be subject to tax over three years, and you may retribute the funds to an eligible retirement plan within three years without regard to that year's cap on contributions.

#### **Additional Resources:**

- Consumer Financial Protection Bureau has advice for managing the personal financial impact of coronavirus here: <https://www.consumerfinance.gov/about-us/blog/protect-yourself-financially-from-impact-of-coronavirus/>
- Please remain vigilant for scams related to Covid. Cyber actors are ramping up malicious emails and attacks during this chaotic time. Cybersecurity and Infrastructure Security Agency has tips to avoid scams here: <https://www.consumerfinance.gov/about-us/blog/protect-yourself-financially-from-impact-of-coronavirus/>