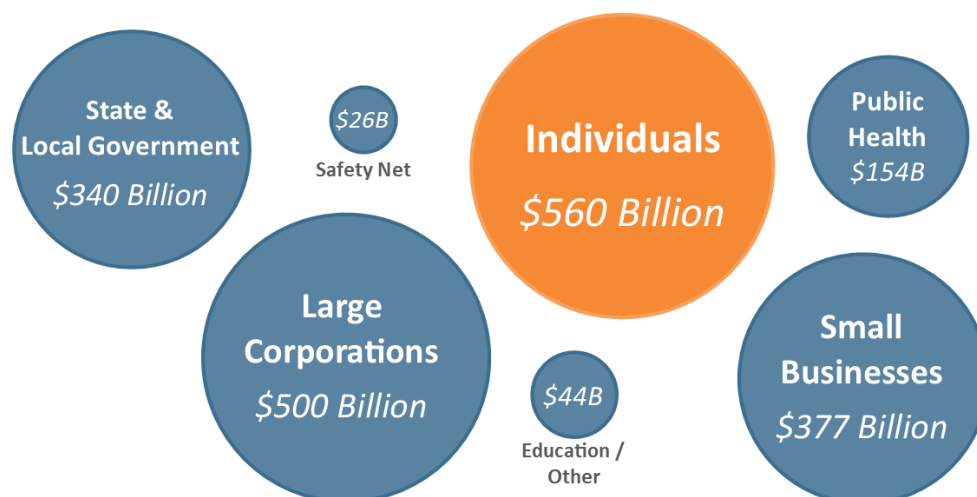




## CARES Act & Other COVID-19 Relief for Individuals



On March 27<sup>th</sup> 2020, the U.S. Congress passed the CARES Act, a historic \$2.2 Trillion economic recovery package targeted at providing assistance to individuals, companies, and institutions that have been impacted by COVID-19. Approximately \$560 Billion in relief is targeted at individuals, with \$300 Billion to be sent out as direct payments to individuals, and another \$260 Billion to be provided via enhanced unemployment benefits. Below are some details on these programs, as well as information on other benefits and extensions you may receive.

### ➤ **Cash Payments to Individuals (Advance Rebates of 2020 Tax Credit)**

- **Starting Amount<sup>1</sup>**
  - \$1,200 Per Individual Return OR \$2,400 Per Joint Return
  - PLUS \$500 per dependent child aged 17 or under
  - You are ineligible if you are claimed as a dependent on another return
- **Phaseout<sup>1</sup>**
  - Rebate amount (including the dependent credit) is reduced by \$5 per every \$100 over the AGI threshold
    - \$75,000 Single | \$150,000 Joint | \$112,500 Head of Household
  - For AGI reference, 2019 return will be used (or 2018 if not yet filed 2019)
  - If your credit is reduced eliminated by your 2018 or 2019 AGI, but you will qualify based on your 2020 AGI, then you will receive this credit on your 2020 return
- **Method & Timing<sup>2</sup>**
  - Automatic process, with first payments targeted week of April 6
  - If you received a refund via ACH on your 2018 or 2019 return, this account will be used for a direct deposit
  - If that account was closed or you didn't get a refund, your check will be mailed
  - Mailed payments may take up to 2-3 months to arrive
  - If you are a non-filer, try the [free TurboTax tool](#) to provide your bank info to the IRS

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### ➤ **IRA & 401(k) Distribution Changes<sup>3</sup>**

- **10% early withdrawal penalty is waived** for a coronavirus-related distribution up to \$100,000 for someone infected (directly or family) by the virus or by someone harmed economically by the virus
  - May be recontributed to a plan or IRA within three years to avoid taxation
  - If not repaid, the tax can be recognized over a three-year period
- Qualified plans may now allow **loans up to \$100,000** or 100% of the vested balance, with repayment extended by up to a year for those impacted by the virus
  - Plan must have a loan provision. Process and procedure will vary by administrator.
- Required Minimum Distributions or **RMDs are waived for the 2020 plan year**. If you have already taken yours, it may be recontributed to the same account if you qualify, or it can be deposited into a different qualified plan or IRA account as a 60-day rollover.

### ➤ **Unemployment Benefit Increases<sup>1</sup>**

- Provides an unemployment benefit of \$600 per week for 4 Months
  - Paid by the federal government, administered by the states
  - *Flat amount in addition to traditional state-provided benefits*
- Additional 13 weeks of unemployment insurance
- New temporary Pandemic Unemployment Assistance Program to provide benefits to those who don't typically qualify for unemployment, such as self-employed workers (including gig workers and independent contractors), part-time workers, and those with limited work history

### ➤ **Tax Filing Extension<sup>4</sup>**

- Deadline for filing and paying 2019 tax returns is extended to 7/15/2020
- IRA contribution deadlines are automatically extended as they are based on the tax filing deadline
- For taxpayers filing estimates, the Q1 2020 deadline has been extended to 7/15/2020. However, the Q2 estimate deadline has not yet been changed from 6/15/2020.

### ➤ **Medical Insurance Coverage<sup>4</sup>**

- Requires all private insurance plans to cover any COVID-19 treatment and vaccine
- Requires any testing for COVID-19 to be free
- Allows telehealth and other remote services to be covered *before* the deductible for those covered under a High Deductible Health Plan (HDHP)
- Increases the number of over-the-counter medications that qualify for tax-favored programs such as HSAs and FSAs

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## **CARES Act & Other COVID-19 Relief for Individuals**



### ➤ **Families First Coronavirus Response Act (FFCRA)**

This requires certain employers that they must provide employees who have been employed for 30 calendar days with paid sick leave and expanded family and medical leave for reasons related to Covid-19. These provisions will be valid from 04/02/2020 to 12/31/2020. Business that must comply are those in the private sector with 500 or fewer employees. Some exceptions do apply for businesses with fewer than 50 employees. <sup>7</sup>

- **Emergency Paid Sick Leave** – up to 10 days of paid sick leave, subject to an 80-hour cap for full time employees.
- **Expanded Family and Medical Leave** - After taking two weeks paid sick leave, employees who have been employed for at least 30 days may be eligible for up to an additional 10 weeks of partially paid expanded family and medical leave for caring for a son or daughter if the school or place of care of the son or daughter has been closed, or the childcare provider of such son or daughter is unavailable, due to COVID-19 precautions. Please refer to the [DOL website](#) for more details. During this time the employer will provide not less than 2/3 of an employee’s regular rates of pay for the numbers of hours they would have worked. Amount is capped at \$200 per day for a maximum of \$10,000.<sup>7</sup>

### ➤ **Student Loans**

- Payments suspended until 9/30/2020 for Federal Direct Loans and Federal Family Education Loans (FFEL) currently owned by the US Department of Education. Interest will not accrue during this time. <sup>5</sup>
- An employee may exclude from income up to \$5,250 of employer-sponsored educational assistance or student loan debt payments made by an employer <sup>4</sup>

### ➤ **Charitable Contributions<sup>1</sup>**

- Adds a \$300 above-the-line deduction for cash contributions to public charities
- Charitable contributions are typically only deductible for itemizing taxpayers

### ➤ **For Missouri Residents<sup>6</sup>**

- State tax filing and paying deadline matches federal’s extension to 7/15/2020
- Vehicle registrations or license plates expiring in March and April have been granted an automatic two-month extension without penalty. Safety & emissions requirements have been extended to match the two-month delay.
- Applications for title will not be assessed a late penalty, through April 30, 2020
- Missouri driver licenses with expirations between 3/1/2020 and 4/30/2020 have been granted an automatic 60-day extension

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## **CARES Act & Other COVID-19 Relief for Individuals**

### **Sources**

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- 5 <https://www.studentloanborrowerassistance.org/what-the-cares-act-means-for-repayment-of-federal-student-loans/>
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