

Benefits from the CARE Act for you and your business

Here is a list of opportunities you may receive funds or delay paying expenses to maximize your cash flows for this year available from the CARE Act.

Individuals:

1. Recovery Rebate- \$1,200 per adult, \$500 for each child <17.
 - a. **WATCH!** your last filed tax returns' for Adjusted Gross Income (AGI). Amounts above \$75,000 for single and \$150,000 for joint will cause a phase out of the rebate of \$5 for every \$100 earned above that amount. Timing for filing 2019 return may be important.
 - b. **WATCH!** that your last tax returns' mailing address and banking info is unchanged. Most people will receive rebate via direct deposit. Make sure bank account and routing #'s are accurate. If not direct deposit, make sure your address is accurate.
2. New Tax credit- the Qualified Charitable Contribution (QCC)
 - a. Cash must be given to any 500(c)(3) in 2020. Maximum \$300 deducted from AGI.
3. Enhanced Tax deduction.
 - a. If itemized deductions are used, the AGI limit for charitable deductions has increased from 60% of AGI to 100% of AGI. A great way to lower one's tax bracket.
4. Deferred Compensation Plans (IRA or Employer plans).
 - a. Up to \$100,000 aggregate can be withdrawn in 2020 with Covid-19 related reason.
 - b. Exempt from 10% early withdrawal penalty.
 - c. Not subject to mandatory withholding from Employer plans.
 - d. Taxable as ordinary income, but eligible to be repaid (rolled back) into the account over 3 years. **WATCH!** There may be significant tax implications with this.
 - e. Employer Sponsored Plans that allow for Loans:
 - i. Total available limit increased from \$50,000 to \$100,000. Also 100% of a person's vested balance in plan can be accessed.
 - ii. Repayment on new and existing loans may also be deferred for 1 year.
 - f. Required Minimum Distributions (RMD's) for all IRA's including beneficiary, 403b, 457b have been suspended for 2020. Rollback is possible for IRA or Spousal IRA for 60 days after receipt.
5. Unemployment Compensation- now expanded to include Pandemic Unemployment Assistance.
 - a. Now available to all who don't qualify for any other program (self-employed).
 - b. Federal Gov't will pay for- first week of unemployment, increase of \$600 each States' regular amount paid per week (for 4 months), extension of benefits an additional 13 weeks. Waive the requirements of in-person application. Attempting and reporting to become re-employed also waived.
6. Student Borrowers/Loans payments are deferred until 9/30/2020.
 - a. No interest will accrue during interim. Time will still count toward loan forgiveness programs. Required payments are suspended, but voluntary payments are not prohibited. **WATCH!** The borrower must physically stop the payments if desired, and then restart to make the 9/30/2020 deadline.
 - b. Involuntary debt collections on Federal student loans has been suspended- no garnishments.
7. Tax relief for Student Borrowers by Employers

- a. Employers can exclude student loan repayments from compensation for 2020 for up to \$5,250. Payments are excluded from employee income. This must be coordinated with regular \$5,250 limit for tax-free education.
8. Healthcare-Related expansion for HSA, FSA, & Archer MSA.
 - a. Eligible medical expenses now include Over-the-counter (OTC) medication and menstrual care products.
9. Medicare participants.
 - a. Will receive COVID-19 vaccine (when available) at no cost.
 - b. Part D recipients can request up to 90 day supply of medication
 - c. Telehealth services are temporarily covered by HSA- eligible HDHP.

Businesses

1. Paycheck Protection Program (PPP) thru the Small Business Administration (SBA).
 - a. Already well-publicized program. See Materials online at SBA.
2. Economic Injury Disaster Loans & Loan Advance thru the SBA.
 - a. Includes a \$10,000 maximum forgivable loan advance. See Materials online at SBA.
WATCH! Consider requesting the \$10,000 advance within 3 days of application/award.
3. SBA Debt Relief- new 7(a) loans will be paid by SBA if issued prior to 9/27/2020.
 - a. All existing 7(a) loans will be paid by SBA for a period of 6 months.
4. SBA Express Bridge Loans- for businesses to expedite EIDL (see #2) loans due to loss of revenue.
5. US Dept of Treasury's Employee Retention Credit. Complex rules here, but evaluate. Credit is received by decreasing the amount of payroll taxes required to deposit with the Treasury.
6. US Dept of Treasury's Deferral of payment of Payroll Taxes.
 - a. Applicable to Employer share of 2020 payroll taxes. 50% of amount is due 12/31/2021, balance due on 12/31/2021. This also applies to Self Employed individuals.
7. US Dept of Treasury's Net Operating Loss (NOL) rules loosened.
 - a. Carryback period changed from 2 years to 5 years.
 - b. Can now offset 100% of taxable income (up from 80%).

As with any Federal Grant or Tax Program, the guidelines can be extensive. I encourage you to do further study of these items and talk to a professional (Financial Advisor, Tax Professional or Human Resources director) about each items' applicability for either you or your business.

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