



CARES Act Provides Relief to Individuals / Businesses

On Friday, March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. This \$2 trillion emergency relief package is intended to assist individuals and businesses during the ongoing coronavirus pandemic and accompanying economic crisis. The following is a summary of the major relief provisions.

Unemployment Provisions

The legislation provides for:

- ✿ An additional \$600 weekly benefit to those collecting unemployment benefits, through July 31, 2020
- ✿ An additional 13 weeks of federally funded unemployment benefits, through the end of 2020, for individuals who exhaust their state unemployment benefits
- ✿ Targeted federal reimbursement of state unemployment compensation designed to eliminate state one-week delays in providing benefits
- ✿ Unemployment benefits through 2020 for many who would not otherwise qualify, including independent contractors and part-time workers

Recovery Rebates

Most individuals will receive a direct payment from the federal government. Technically a 2020 refundable income tax credit, the rebate amount will be calculated based on 2019 tax returns (or 2018 returns if a 2019 return hasn't been filed.)

- ✿ Rebates will be sent automatically via check or direct deposit to qualifying individuals.

- ✿ To qualify for the rebate, one must have a Social Security number and not qualify as dependent of another individual.

If you are helping a parent with their rebate, be sure that the IRS ([irs.gov](https://www.irs.gov)) and Social Security Administration ([ssa.gov](https://www.ssa.gov)) have their current contact information.

Rebate Amounts and Phaseout Ranges

Filing Status	Payment Amount	Phaseout Threshold	Phaseout Completed
Married Filing Jointly	\$2,400	\$150,000	\$198,000
+ 1 Child	\$2,900	\$150,000	\$208,000
+ 2 Children	\$3,400	\$150,000	\$218,000
Head of Household	\$1,200	\$112,500	\$136,500
+ 1 Child	\$1,700	\$112,500	\$146,500
+ 2 Children	\$2,200	\$112,500	\$156,500
All Others	\$1,200	\$75,000	\$99,000

- ✿ The amount of the recovery rebate is \$1,200 (\$2,400 if married and filing jointly) plus \$500 for each qualifying child under age 17.
- ✿ Rebates are phased out for those with adjusted gross income (AGI) exceeding \$75,000 (\$150,000 if married filing a joint return, \$112,500 for those filing as head of household).
- ✿ For those with AGI exceeding the threshold amount, the allowable rebate is reduced by \$5 for every \$100 in income over the threshold.

For details, see the CARES Act Most Frequently Asked Questions at www.wiserwomen.org.



Retirement Plan Provisions

- ✿ Required minimum distributions (RMDs) from employer-sponsored retirement plans and IRAs will not apply for the 2020 calendar year; this includes any 2019 RMDs that would otherwise have to be taken in 2020
- ✿ The 10% early-distribution penalty tax that would normally apply to distributions made prior to age 59½ (unless an exception applies) is waived for retirement plan distributions of up to \$100,000 relating to the coronavirus; special re-contribution rules and income inclusion rules for tax purposes apply as well
- ✿ Limits on loans from employer-sponsored retirement plans are expanded, with repayment delays provided

Student Loans

- ✿ The legislation provides a six-month automatic payment suspension for any student loan held by the federal government; this six-month period ends on September 30, 2020
- ✿ Under already existing rules, up to \$5,250 in payments made by an employer under an education assistance program could be excluded from an employee's taxable income; this exclusion is expanded to include eligible student loan repayments an employer makes on an employee's behalf before January 1, 2021
- ✿ For more information, go to StudentAid.gov

Business Relief

- ✿ An employee retention tax credit is now available to employers significantly impacted by the crisis and is applied to offset Social Security payroll taxes; the credit is equal to 50% of qualified wages up to a certain maximum
- ✿ Employers and self-employed individuals may defer paying the employer portion of Social Security payroll taxes through the end of 2020 and may pay the deferred taxes over a two-year period of time.
- ✿ Net operating loss rules expanded
- ✿ Deductibility of business interest expanded
- ✿ Provisions relating to specified Small Business Administration (SBA) loans increase the federal government guarantee to 100% and allow small businesses to borrow up to \$10 million and defer payments for six months to one year; self-employed individuals, independent contractors, and sole proprietors may qualify for loans. See the SBA website at sba.gov

As more details become available, we will continue to keep you updated via our website, wiserwomen.org

Prior legislative relief provisions

Signed into law roughly two weeks prior to the CARES Act, the Families First Coronavirus Response Act (FFCRA) also included notable relief provisions:

- ✿ Requirement that health plans cover COVID-19 testing at no cost to the patient
- ✿ Requirement that employers with fewer than 500 employees generally must provide paid sick leave to employees affected by COVID-19 who meet certain criteria, and paid emergency family and medical leave in other circumstances
- ✿ Payroll tax credits allowed for required sick leave as well as family and medical leave paid