https://www.unionleader.com/news/business/money_sense/marc-a-heberts-money-ense-sizing-up-the-cares-act/article_253cd027-6df5-51cc-b518-463e8f9666f6.html

Marc A. Hebert's 'Money $ense': Sizing up the CARES Act

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President Trump recently signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This bill provides over $2 trillion in emergency fiscal assistance to American families and businesses as a response to the spread of COVID-19. Let's review some of the details of the act that may relate to you.

The provision that has received the most attention thus far is the direct relief payment to American taxpayers. The payment is equal to $2,400 for those filing a joint return and $1,200 for all other filers. In addition, the payment is increased by $500 for each child under age 17 that a taxpayer has. These relief payments, however, are subject to income phase-outs based on the adjusted gross income (AGI) of the taxpayer's 2018 or 2019 tax return (whichever is the latest the IRS has on file). The payments are phased out by $5 for each $100 of additional income that married taxpayers have over $150,000 and single taxpayers over $75,000.

The Treasury Department has indicated that payments will begin being distributed around the end of April. Those receiving Social Security benefits will receive their payments in the same account in which they receive their benefit payments. For those not receiving Social Security, relief payments will be sent either to the account into which the taxpayer's 2018/2019 refund was deposited, or, if this is not applicable, to the taxpayer's last known address on file.

To help facilitate payment via direct deposit, the Treasury Department is also developing a web-based portal for individuals to provide their bank information to the IRS online. This online portal has not been completed yet, but you can check **www.irs.gov/coronavirus** for updates and additional information. These payments are considered to be a refundable tax credit, so they will not increase your taxable income on your 2020 tax return.

For those who have been financially burdened by COVID-19, the Act allows for coronavirus-related distributions to be taken out of IRAs and employer-sponsored retirement plans. For those meeting certain criteria, individuals under age 59½ can take up to $100,000 out of their accounts without the normal 10% early withdrawal penalty being applied. Any distributions made are still subject to income tax; however, a taxpayer can elect to have this income taxed evenly over the next three years. Those making a coronavirus-related distribution have up to three years to repay the distribution back into the retirement account if they choose to do so.

The act also suspends required minimum distributions (RMDs) for 2020. If you have yet to take your 2020 RMD from your account, then you are all set and a distribution is not required for this year. The IRS is still determining what can be done for those who already took their 2020 RMD. If this applies to you, it may be a good idea to keep an eye out for further notices from the IRS or contact your account custodian.

To provide relief to student loan borrowers, all required payments on federal student loans have been suspended through Sept. 30, 2020. No interest will accrue on this debt. Involuntary debt collections for federal student loans are suspended for the same period, including wage garnishment and the reduction of tax refunds.

There are many provisions in the act offering support for small business owners and expanding unemployment benefits for individuals. The act provides for a refundable payroll tax credit, increased business interruption loans and tax relief for small businesses. For those who have lost their jobs, the act increases unemployment compensation by $600 per week, extends how long benefits can be provided for by 13 weeks, and provides benefits for self-employed individuals otherwise excluded from regular unemployment programs.

On the tax front, effective for the 2020 tax year is a new above-the-line deduction for qualified charitable contributions. Thus, taxpayers who do not itemize deductions now have a way to contribute to charitable causes while potentially decreasing their taxes.

Keep in mind that some of the specifics are still being clarified and that this is just a brief summary of what is a very extensive bill. Given this, it may be worth speaking with a certified financial planner to determine how the CARES Act applies to you.

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