

What you need to know about the CARES Act

The Coronavirus Aid Relief and Economic Security Act, also known as the CARES Act, that was passed on Friday, March 27, 2020, will offer much needed economic assistance to tens of millions of American households affected by the Coronavirus. Its components include stimulus payments to individuals, expanded unemployment coverage, student loan changes, different retirement account rules and more. Read on to get the details that might impact you and your retirement.

Stimulus Payments: How much will you get?

- Many adults will get up to \$1,200. For every qualifying child dependent under age 16, the payment will be an additional \$500.
- These single payments depend mostly on income. Single United States adult residents who have an adjusted gross income of \$75,000 or less will get the full amount. Married couples with no children earning \$150,000 or less will receive a total of \$2,400. Taxpayers filing as head of household will get the full payment if they earned \$112,500 or less.
- Payments decrease until it stops all together for single people earning \$99,000 or married people without children earning \$198,000. A family with two children will no longer be eligible for any payments if its income surpassed \$218,000.
- You don't have to apply to receive a payment if the IRS already has your bank account information. A money transfer will be made via direct deposit based on the recent income-tax figures it already has.
- Most payments will arrive in bank accounts within three weeks.
- Most individuals who are receiving Social Security retirement and disability payments each month will still get a stimulus payment.
- Eligible unemployed individuals and veterans will also receive these stimulus payments.

Retirement Accounts:

- For the 2020 calendar year, no one will have to take a required minimum distribution from any individual retirement account or workplace retirement savings plan (like a 401(k)). That way you're not forced to sell investments that may have fallen in values, which would lock in losses. If you don't need the money now, you can let the investments sit and hope that they recover. This change would not affect pensions.
- You can withdraw up to \$100,000 this year without the usual 10 percent penalty if you, a spouse or a dependent tested positive for COVID-19, or experienced a variety of other negative economic consequences related to the pandemic and you find that you need to take money out of an I.R.A. or workplace retirement plan early.
- For 180 days after the bill passes, you can borrow up to twice the usual amount from your 401(k) or other workplace retirement plan (up to \$100,000) – if you've been affected by the pandemic.

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Charitable Contributions:

In a better position to help those suffering from the pandemic? Check out some ways you can get a little back for giving.

- There's a new \$300 annual charitable contribution deduction for those who don't itemize deductions.
- Limits on charitable deductions have changed: Donors can deduct 100 percent of their cash gifts to a public charity against their 2020 adjusted gross income. Example: If you have \$1 million of income, you can give \$1 million to a public charity and deduct the full amount in 2020.

Sources:

The New York Times. "F.A.Q. on Stimulus Checks, Unemployment and the Coronavirus Bill." By Tara Siegel Bernard and Ron Lieber. March 26, 2020. Accessed March 27, 2020.

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