



The CARES Act: What's in it for You?

As I'm sure you know by now, Congress recently passed the largest stimulus package in American history, the Coronavirus Aid, Relief and Economic Security (CARES) Act. This was done in an effort to combat some of the pandemic's harmful economic effects. And while many American investors are feeling financially overwhelmed, retirees may be in an even trickier situation. Not only are you caught in this economic crunch, but you're doubly burdened by the greater health threat this virus may have on older people. Because of that, Congress passed portions of the CARES Act to positively impact the health and wellbeing of retirees, as

well as provisions that benefit those still significantly invested in the markets. Here are the portions of the stimulus bill that may affect financial decisions you'll be facing in the near future:

Stimulus Check

Most Americans will receive a stimulus payment of \$1,200 plus an additional \$500 for every child age 16 or under.

Individuals with an adjusted gross income below \$75,000 and married couples below \$150,000 will receive a payment of \$1,200 or \$2,400, respectively. Some may get a little more or a little less, depending on income. For every qualifying child age 16 or under, parents get an additional \$500. Also, people who don't normally owe taxes (seniors, low-income individuals, and people with disabilities) are eligible for a stimulus payment as well.

The IRS says it will use your 2019 tax return (or 2018 if you haven't filed your 2019 yet) to determine eligibility and automatically send the money to those that qualify. If the IRS already has your bank account information from direct deposits on previous tax returns, you don't need to do anything. If your direct deposit information has changed or you've never given it to the IRS, you'll need to provide your banking information through a web-based portal that is currently being created. Those who don't typically file or pay taxes will need to file a "simple tax return" providing banking information, filing status, and number of dependents. More information on the stimulus payments can be found on the [IRS Economic Impact Payments](#) page.

Expanded & Extended Unemployment Benefits

The stimulus bill increases the duration of unemployment benefits, guarantees a \$600 boost to weekly checks for the next four months, and extends jobless benefits to previously ineligible workers.

Who can apply? Anyone laid off or furloughed, or anyone who quit their job as a direct result of COVID-19 is eligible. Unlike before, this legislation also extends to contractors, gig workers (like Uber and Lyft drivers), freelancers, and those who are self-employed.

File an unemployment claim as soon as possible in the state where you worked. More information on how to file for unemployment in your state can be found on the [Career One Stop](#) website.

IRS Tax Deadline Extension & IRA Contribution Extension

The IRS is extending the federal income tax filing due date from April 15 to July 15, 2020, without penalty or interest. This is an automatic extension that applies to all taxpayers, regardless of the amount owed, including individuals, trusts and estates, and those who pay self-employment tax. Since this is automatic, taxpayers are not required to file any additional forms or notify the IRS to qualify.

While many states are following suit in delaying their state tax deadlines, not all state deadlines have been extended to July 15, 2020. Check [here](#) for a comprehensive list of state deadlines. Here in Oregon, the tax filing deadline has been extended to match the federal extension.

Along with the tax filing extension of July 15, 2020, comes an extended deadline for contributing to last year's IRA. If you receive a stimulus check and haven't yet reached the \$6,000 max (or \$7,000 if you're older than 50) for 2019, consider depositing funds there. I will be happy to speak with you about this, ensuring funds are earmarked for the correct year.

Required Minimum Distribution (RMD) Suspended for 2020!

Retirees will not be required to withdraw their required minimum distributions from their retirement accounts, and no penalties will be assessed. This waiver applies to IRA owners who turned 70 1/2 in 2019 as well.

Enhancements to Health Care

The Act requires all private insurance plans to cover COVID-19 treatments and vaccines and makes all coronavirus tests free.

In addition, there are numerous ways in which this law will assist in getting health services to retirees more quickly, including "telehealth" coverage, 90-day prescription refills, and the extension of existing community-based, long-term care programs. Many of these changes provide extra funding for unavoidable hardships, given the state of the economy and the state of global health.

Mortgage Relief

All owners of federally backed mortgages, including those purchased by Fannie Mae and Freddie Mac, insured by the departments of House and Urban Development or Veterans Affairs, have the option to request up to 180 days of forbearance. The Act prevents providers of federally backed mortgage loans from initiating any foreclosure process for at least 60 days beginning on March 18, 2020. The CARES Act provides 120 days of eviction relief for tenants of federally-backed housing. During the 120-day eviction moratorium, the landlord may not charge late fees, penalties or other charges.

Student Loan Relief

All loan and interest payments will be deferred through Sept. 30, 2020 without penalty to the borrower for all federally owned student loans. Employers can provide up to \$5,250 in tax-free

student loan repayment benefits. That means an employer could contribute to loan payments, and employees won't have to include that money as income.

While no one truly knows just how extensive the impact of this economic downturn will be or how long it may last, the CARES Act is essential in leading us toward a healthy path to recovery. As always, please reach out with any questions you may have. Together, we are stronger!

Member, First Affirmative Financial Network. Securities and advisory services through KMS Financial Services, Inc. Member FINRA/SIPC and an SEC Registered Investment Advisor. Hathaway Financial Services and KMS are separate and unaffiliated. Hathaway Financial Services is not a registered investment advisor or broker-dealer KMS is an independently operated, wholly owned subsidiary of Ladenburg Thalmann Financial Services Inc., a member of the New York Stock Exchange since 1879. Member FINRA and SIPC.

©2020 Hathaway Financial Services | 399 E. 10th, #111 | Eugene, OR | 97401 | 541.345.4400
www.hathawayfinancialservices.com

[Web Version](#)

[Preferences](#)

[Forward](#)

[Unsubscribe](#)

Powered by [Mad Mimi®](#)
A GoDaddy® company