

CARES Act Series: Help for Individuals and Families

- **On March 27, 2020, the government passed the largest stimulus bill in our country's history.**
- **Passed with bi-partisan support, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), will provide \$2 trillion of relief to individuals and businesses impacted by the COVID-19 pandemic.**
- **In addition to the CARES Act, other actions taken by the government related to tax filing deadlines hope to provide relief to those impacted by this economic shock.**
- **The broad elements of the CARES Act and other government actions as they pertain to individuals and families are highlighted below.**

Immediate payments of \$1,200/2,400¹

In April, many individuals and families will receive a direct cash payment as a rebate from the U.S. Treasury. Most families will receive \$1,200 for each adult and \$500 for each child under 17, while others will see these reduced or eliminated based upon their income. Taxpayers with an adjusted gross income of less than \$75,000 (single filers) or \$150,000 (married filing jointly) will receive the full rebate amount, and rebates are reduced for those earning up to \$99,000 (single filers) or \$198,000 (married filing jointly).

There are slightly different phaseouts for individuals and families with children. For these taxpayers, the refund amount is reduced by 5% of every \$1 earned over the above limits. For example, a married couple with 2 children and income of \$218,000 or more will not receive a payment.

Eligible recipients will automatically receive their rebates via direct deposit (using the bank instructions on file from previous returns) or regular mail. Rebates are being issued based upon the income reported on the most recently filed return (either 2018 or 2019). Additionally, some taxpayers may be eligible for rebates based upon their 2020 income (if they didn't receive a payment due to the income reported on their most recent return and their 2020 earnings are below the required thresholds).

Additional unemployment benefits and expansion of eligibility²

Unemployment amounts will continue to be based on individual state programs, but the CARES Act provides an additional \$600 per week for four months on top of that base amount. If employees remain unemployed after their state benefits are exhausted, the federal government will fund up to 12 weeks of unemployment benefits. Additionally, the Act extends unemployment eligibility to include self-employed, independent contractors, and gig economy (i.e. ride share drivers) workers.

Student loan relief³

For certain federal student loans, the CARES Act suspends all payments of principal and interest for six months. Employers may still contribute up to \$5,250 annually to employees' student loans but those contributions will not be considered compensation and therefore will not be taxed to the employee.

Insurance coverage⁴

Any testing or COVID-19 treatments and vaccines must be covered under all private insurance plans. The Act also explains the coverage of telehealth services under Medicare. High deductible health plans with health savings account (HSAs) must also cover telehealth services even if patients have not met their annual deductible.

Resources for further information

The CARES Act is a historic piece of legislation, as it aims to reduce the economic impacts that will likely result from this pandemic. There are many facets to the Act and more guidance is expected in the coming days and weeks. Until then, we recommend consulting with your accountant and Mesirow Wealth Advisor to see how any of this legislation may impact you. For additional resources, we recommend the following sites:

- <https://www.sba.gov/page/disaster-loan-applications>
- <https://www.sba.gov/funding-programs/loans/paycheck-protection-program>

¹ Calculate how much you'll get from the \$1,200 (or more) coronavirus checks

(<https://www.washingtonpost.com/graphics/business/coronavirus-stimulus-check-calculator/>)

² The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") Is Enacted Into Law

(<https://www.foley.com/en/insights/publications/2020/03/coronavirus-cares-act-enacted-into-law>)

³ What's Inside The Senate's \$2 Trillion Coronavirus Aid Package (<https://www.npr.org/2020/03/26/821457551/whats-inside-the-senate-s-2-trillion-coronavirus-aid-package>)

⁴ The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") Is Enacted Into Law

(<https://www.foley.com/en/insights/publications/2020/03/coronavirus-cares-act-enacted-into-law>)

CARES Act Series Sources:

Rollovers of Retirement Plan and IRA Distributions (<https://www.irs.gov/retirement-plans/plan-participant-employee/rollovers-of-retirement-plan-and-ira-distributions>)

COVID-19 Update – How the CARES Act Effects Tax Benefits Related to Charitable Giving (<https://www.bclplaw.com/en-US/thought-leadership/covid-19-update-how-the-cares-act-effects-tax-benefits-related-to-charitable-giving.html>)

CARES Act Expands SBA Loan Programs to Offer Relief for Small Businesses During the COVID-19 Pandemic

(<http://www.gouldratner.com/publication/CARES-Act-Expands-SBA-Loan-Programs-To-Offer-Relief-for-Small-Businesses-During-COVID-19-Pandemic>)

CARES Act Expands SBA Loan Programs to Offer Relief for Small Businesses During the COVID-19 Pandemic

(<http://www.gouldratner.com/publication/CARES-Act-Expands-SBA-Loan-Programs-To-Offer-Relief-for-Small-Businesses-During-COVID-19-Pandemic>)

CARES Act – Summary of Tax Provision (<https://www.foley.com/en/insights/publications/2020/03/cares-act-summary-of-tax-provision>)

CARES Act – Summary of Tax Provision (<https://www.foley.com/en/insights/publications/2020/03/cares-act-summary-of-tax-provision>)

PRESIDENT TRUMP SIGNS INTO LAW CARES ACT (<https://www.bdo.com/insights/tax/federal-tax/president-trump-signs-into-law-cares-act>)

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") Is Enacted Into Law

(<https://www.foley.com/en/insights/publications/2020/03/coronavirus-cares-act-enacted-into-law>)

What's Inside The Senate's \$2 Trillion Coronavirus Aid Package (<https://www.npr.org/2020/03/26/821457551/whats-inside-the-senate-s-2-trillion-coronavirus-aid-package>)

CARES Act Offers Relief, Support for US Healthcare Sector During COVID-19 Response (<https://www.natlawreview.com/article/cares-act-offers-relief-support-us-healthcare-sector-during-covid-19-response>)

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