



Ryan Hitchcock
Financial Planner
1200 N. Mayfair Rd, Ste 300
Milwaukee, WI 53226
414-253-4611 Direct
414-253-4600 Main Office
rhitchcock@highpointcapitalgroup.com

2020 CARES Act – 5 Key Items Everyone Should Know

In response to the COVID-19 global pandemic, the US Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, a \$2 trillion emergency fiscal stimulus package, in order to help ease the damaging effects it has had on the economy. The President signed it into law March 27th, 2020.

There is a lot of information inside the bill, over 900 pages, but I wanted to touch on the main items I see impacting the everyday person and most of my clients here in the very near future. You can follow up this video by listening to my podcast (Personal Finance Matters) where I will go more in depth on the bill. Here I want to touch on five sections of the bill that I see most important.

*Disclaimer, this is only partial information so talk to me or your advisor on your specific situation.

Recovery Rebates. This is what most people are talking about as people want to know if they should be expecting a check from the government or not? And the answer to that is...most likely, yes. but there are some qualifications. The max amount a married couple would receive is 2,400 filing a joint tax return and all other filers would receive 1,200. The payment is reduced by \$50 for every \$1000 you are over the limits. You then will get an extra 500 for each child you have that is under the age of 17. It is based off your 2018 or 2019 tax return of AGI but is a credit for your 2020 income. The income thresholds are \$150,000 for married filing joint, \$112,500 for Head of Household, and \$75,000 for all other filers. The Best guesses is that these payments would be coming sometime in May

Coronavirus Related Distributions. Under the CARES ACT can take a distribution of up to \$100,000 out of their IRA, or other retirement plans. This distribution will be exempt from the 10% penalty for people under the age of 59 1/2, it can be repaid over 3 years, and you can have options on taking the income on your taxes over 3 years. Retirement plans at work may also raise the amount available to loan out. To be considered a coronavirus related eligible:

- Have been diagnosed with COVID-19;
- Have a spouse or dependent who has been diagnosed with COVID-19;
- Experience adverse financial consequences as a result of being quarantined, furloughed, being laid off, or having work hours reduced because of the disease;
- Are unable to work because they lack childcare as a result of the disease;
- Own a business that has closed or operate under reduced hours because of the disease; or
- Meet some other reason that the IRS decides to say is OK.



Ryan Hitchcock
Financial Planner
1200 N. Mayfair Rd, Ste 300
Milwaukee, WI 53226
414-253-4611 Direct
414-253-4600 Main Office
rhitchcock@highpointcapitalgroup.com

Required Minimum Distributions are waived for 2020. If you have already taken your RMD for 2020 you have the option of having it returned to you.

Student Loans Deferred. Student loans are deferred until Sept. 20th, 2020. During this time NO interest will accrue on this debt. This is not a requirement so voluntary payments are accepted, and automatic payments will still continue unless you are proactive to stop them.

Unemployment Compensation

Due to the enormous amount of unemployment claims reported last week...well over 3MM...it was clear that social distancing and mandatory closing of businesses meant many Americans were laid off or furloughed. Therefore, the government significantly expanded benefits for unemployment. The most notable is that Regular Unemployment Compensation is bumped by \$600/week for up to four months. It is extended by 13 weeks which is a quarter longer than normal, and the one week waiting period is waived. Self-employed individuals can potentially qualify as well when under normal circumstances would not qualify for unemployment compensation.

Source: Coronavirus Aid, Relief, and Economic Security Act
<https://www.congress.gov/116/bills/s3548/BILLS-116s3548is.pdf>

Ryan Hitchcock
Financial Planner

Direct: 414-253-4611
rhitchcock@highpointcapitalgroup.com

Investing involves risk including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining values. Past performance is not guarantee of future results. Securities and investment advisory services offered through SagePoint Financial, Inc. (SPF), member FINRA/SIPC. SPF is separately owned and other entities and/or marketing names, products or services referenced here are independent of SPF.

1200 N. Mayfair Rd., Suite 300, Milwaukee, WI 53226. Phone: 414-253-4600.