

Summary of Relief Provisions

Congress, the White House, and the IRS have been busy providing relief to those affected by COVID-19. These include the CARES Act, executive orders, and IRS rulings. In addition, Congress had passed earlier this year the SECURE Act which, while not related to the virus, still included retirement plan provisions that are particularly helpful in these troublesome times.

Below is a summary of some of the more significant provisions included in the various executive and legislative actions:

- **Extension of deadlines for Tax Returns and Payments.** The deadline for filing your tax returns and making payments has been extended from April 15 to July 15. Don't let it slip your mind. Returns are due July 15. So are 2020 estimated payments for both first and second quarters. (IRS)
- **Direct check from the government.** If your AGI is below \$150,000 (joint) or \$75,000 (single), you should be receiving a check from the government of \$2,400 or \$1,200, respectively. Above those AGIs, the amount is reduced. (CARES Act)
- **Sick leave.** If your employer has fewer than 500 employees, you may be eligible for 10 days of sick leave (fully-paid or partially-paid, depending upon your circumstances), and up to 50 days of partially-paid family leave for workers caring for children due to school and day care closures. (Families First Coronavirus Response Act)
- **Unemployment benefits.** If you are unemployed, you may be eligible for expanded unemployment benefits, increased up to \$600 per week, and a benefit period extended by 13 weeks. (CARES Act)
- **Student loans.**
 - There is a 60-day waiver of interest and suspension of payment without penalty. (Executive order)

- You can suspend payment on your federal student loans until September 30, 2020. (CARES Act)
- Your employer can pay up to \$5,250 of your student loan obligation on a tax-free basis in 2020. (CARES Act)
- **Distributions and loans from retirement accounts.**
 - If you, your spouse, or a dependent were diagnosed with COVID-19 or financially impacted by COVID-19, you may take a new “Coronavirus-Related Distribution” from your retirement plan of up to \$100,000, which is exempt from the usual 10% penalty (for distributions taken before age 59 ½) and mandatory withholding. The income from the distribution can be reported over a 3-year period, beginning in 2020. These distributions can be rolled back over, in whole or in part, into a qualified plan eligible to accept rollovers or to an IRA within 3 years of the distribution. (CARES Act)
 - The maximum loan amount allowed from retirement plans is increased from \$50,000 to \$100,000 for individuals impacted by coronavirus (during the 180-day period following enactment, i.e., March 27, 2020). Such loans may equal, but not exceed, the vested balance. Payments on such loans that should be made during 2020 can be delayed for up to one year. (CARES Act)
- **Required Minimum Distributions (RMDs)**
 - Non-COVID 19 related legislation late last year modified the rules regarding RMDs. This legislation changed the Required Beginning Date for RMDs from 70 ½ to 72. (SECURE Act)
 - You do not have to take RMDs in 2020. If you reached your Required Beginning Date in 2019 and were waiting to take your first and second RMDs in 2020, you can suspend both RMDs this year. (CARES Act). If you have already taken your 2020 RMD, in whole or in part, you may be able to make a 60-day rollover to return any unwanted distributions (this does not apply to beneficiaries of inherited accounts). If you meet the criteria for a Coronavirus-Related Distribution, you can complete a rollover to return any unwanted 2020 distributions, within three years of such distributions. (CARES Act). *If we haven't yet spoken to you about your RMDs, and you would like to discuss your options, please call The Kelly Group to*

schedule a conversation with your advisor or one of our other Team members.

- If there is a trust or estate that is a Non-Designated Beneficiary of a retirement account and subject to the 5-Year Rule regarding distributions, you may disregard 2020 for purposes of calculating your distribution timeframe (essentially creating a special 6-Year Rule). (CARES Act)
- **Charitable contributions.**
 - If you plan on making charitable deductions in 2020, but usually cannot deduct them because you take the standard deduction, you may be able to deduct up to \$300 of your cash contributions “above-the-line” without itemizing. (CARES Act)
 - The AGI limit on cash gifts to charities may be deducted up to 100% of AGI in 2020 (an increase from the customary maximum of 60% of AGI). (CARES Act)

If you have questions about how these provisions affect you, call The Kelly Group at 410-893-0560.

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