SWACCA Guide to Critical Federal Assistance for Individuals

SWACCA takes pride in representing employers who do right by their workers. SWACCA knows that our members are not only struggling to address the impact that the COVID-19 health crisis has had on their businesses, but that they are also concerned about their workers and want to help them navigate this crisis. To this end, SWACCA's public policy team has developed this document outlining some of the resources available to your current and former workers a result of the recently enacted *Coronavirus Aid, Relief, and Economic Security (CARES) Act*.

CASHFLOW

Economic Impact Payments

The *CARES Act* provides economic impact payments of $1,200 for most adults with up to $75,000 in adjusted gross income (AGI), or AGI of $112,500 for heads of household and $150,000 for married couples filing jointly. There is an additional $500 for each qualifying child under the age of 17.

- The check amount is reduced by $5 for each $100 in income that taxpayers have above these thresholds.
- For people with AGI above $99,000 (or $136,500 for heads of household with one child, and $198,000 for joint filers with no children), the rebate is phased out entirely.
    - This phaseout also includes the additional $500/child.
- The amount of the economic impact payment is determined based on the taxpayer's 2019 income tax return but is advanced to taxpayers based on their 2018 tax return if the 2019 return has not yet been filed.
- If an eligible individual's 2020 income is higher than the 2018 or 2019 income used to determine the rebate payment, the eligible individual will *not* be required to pay back any excess rebate.
- However, if the eligible individual's 2020 income is lower than the 2018 or 2019 income used to determine the rebate payment such that the individual should have received a larger rebate, the eligible individual will be able to claim an additional credit generally equal to the difference of what was refunded and any additional eligible amount when they file their 2020 income tax return.
- People must have a work-eligible Social Security number and not be a dependent of another taxpayer to be eligible.
- Those with no income or whose only income is through non-taxable, means-tested benefit programs are eligible. Social Security recipients will receive recovery checks.
- For U.S. citizens or permanent residents not required to file a return for 2019—including those individuals with AGI of less than $12,200 ($24,400 for married couples)—the IRS has established a web portal (available here) to provide the necessary basic information in order to receive an Economic Impact Payment.
- To facilitate the receipt of these payments, the IRS has made available a web site where individuals can check their payment status, confirm payment type (direct deposit or paper check), and enter direct deposit data (if the IRS doesn't have it on file).

Additional information about the CARES Act economic impact payments is available here.

Enhanced Unemployment Compensation

For up to four months, the *CARES Act* provides an additional $600 per week benefit for people receiving unemployment compensation (UC) or the temporary pandemic unemployment assistance that is in addition to the weekly unemployment benefit a worker receives from their state.

- Through December 31, 2020 the law provides an additional 13 weeks of unemployment benefits for people who are still unemployed after exhausting their state benefits. This means workers may have a total of 39 weeks of unemployment benefits.
- The *CARES Act* also gives states federal funds to pay the cost of the first week of unemployment benefits through December 31, 2020 for states that choose to pay recipients as soon as they become unemployed instead of waiting one week before the individual is eligible to receive benefits.
- The law expands eligibility for UC benefits to individuals who currently may not receive traditional UC, including workers with limited work histories, the self-employed individuals, as well as independent contractors and "gig" workers.
- The UC benefits provided under the *CARES Act* would be available to workers who are unemployed due to a wide variety of effects of the coronavirus, including: their own illness, illness of a family member, the necessity to quarantine, job loss because of the virus, and staying home to take care of a child whose school or child care is closed because of the virus.
- The expanded UC benefit explicitly excludes those who can telework for pay, or who are already receiving paid sick leave or other paid leave benefits and remain employed.
- Note that states have discretion as to whether they will participate in the expanded UC regime created by the *CARES Act*.
- The unemployment insurance office in your state will also be the best source for questions about issues such as:
    - The maximum payout per week;
    - When the extra $600 UC payment take effect;
    - If the state waived the one-week waiting period for UC benefits; and
    - If your state allows short-time compensation arrangements (discussed below).

Additional information on the enhancements the CARES Act made to state UC benefits is available here.

Penalty Free Withdrawals from Defined Contribution Retirement Plans

The *CARES Act* allows individuals who have experienced adverse financial consequences as a result of the coronavirus pandemic to make withdrawals of up to $100,000 from their retirement funds without having to pay the 10% early withdrawal penalty.

- The withdrawal must be made because of adverse financial consequences experienced as a result of the individual (or his or her spouse or dependent) contracting coronavirus, or because of related factors — such as the coronavirus forcing the individual to be quarantined, the pandemic causing the individual to be furloughed or laid off, or because he or she can't work due to lack of child care or closed or reduced hours of a business the individual owns or operates.

- Income attributable to such a withdrawal would be subject to tax over three years, and individuals could recontribute funds to their retirement plans within three years of the withdrawal without regard to that year's cap on contributions.

The *CARES Act* also allows individuals to make loans against certain retirement plans if they have experienced adverse financial consequences from the pandemic.

- Note that when loans are made against retirement funds, the retirement funds themselves remain invested and can benefit from market growth.

The *CARES Act* waives required minimum distribution rules for certain defined contribution plans and IRAs for calendar year 2020.

- Under current law, once an individual reaches a certain age, he or she must make a minimum withdrawal (i.e., a distribution) from his or her retirement account each year.

For more information on the changes the CARES Act made to retirement plans, go here.

HELP TO STAY IN YOUR HOME

Tenant Eviction Protections

The *CARES Act* prohibits landlords from requiring a tenant to vacate a dwelling or from commencing eviction procedures for nonpayment of rent, for 120 days after March 27, 2020. The provision only applies to properties where the landlord's mortgage is insured, guaranteed, supplemented, or protected by federal agencies or programs.

- To allow landlords to survive such forbearance to tenants, the *CARES Act* authorizes an entity with a mortgage for a multifamily dwelling property that is experiencing financial hardship to request up to 90 days forbearance on payments for a federally backed multifamily (five or more dwelling units) mortgage.
- A borrower receiving forbearance on a multifamily mortgage is barred from evicting any tenants during the forbearance period.
- These authorities will expire on December 31, 2020.

For more information on the tenant relief in the CARES Act, go here.

Mortgage Relief

The *CARES Act* prohibits mortgage lenders from foreclosing on any federally-backed mortgage for a 60-day period following March 18, 2020.

- This covers mortgages insured or guaranteed by HUD, Fannie Mae, Freddie Mac, the Veterans Affairs Department, and the Agriculture Department.
- The law also authorizes borrowers experiencing hardship as a result of the coronavirus pandemic to request up to 180 days forbearance on their mortgage payments.
- If needed, an additional forbearance period of up to 6 months may be requested by the borrower and must be approved by the mortgagee.

For more information on the mortgage relief in the CARES Act, go here and here.

TEMPORARY PAYMENT AND DEBT RELIEF

Federal Tax Filing and Payment Extensions

The *CARES Act* extends both the Federal income tax *filing* date and *payment* date from April 15, 2020 to July 15, 2020. The IRS has recently expanded upon this relief by extending the filing deadlines for businesses and other entities. As a result:

- Tax payments due on April 15, 2020 can be deferred to July 15, 2020, without penalties and interest, regardless of the amount owed.
- This relief generally applies to any payments or returns that are normally due between April 1, 2020 and before July 15, 2020.
- This includes:
  - Individuals, trusts and estates;
  - Corporations, other non-corporate tax filers, and those who pay self-employment tax; and
  - Any businesses or entities that have filings due on May 15 or June 15, 2020.
- Taxpayers do not need to file any additional forms or call the IRS to qualify for this automatic federal tax filing and payment relief.
- Individual taxpayers who need additional time to file beyond the July 15 deadline, can request a filing extension by filing Form 4868.

Additional information on the delay of federal tax filing and payment deadlines is available here, and a list of FAQs can be found here.

Additional information on what states are delaying state tax filing and/or payment deadlines is available here.

Consumer Credit Relief

The *CARES Act* prohibits banks, lenders, and other entities that provide information to credit reporting agencies from treating a deferment, partial payment, or a credit forbearance requested by a consumer as a result of the coronavirus pandemic as negative credit information.

- This provision would only apply for consumers in good standing who fulfill all terms and requirements of a forbearance or modified payment agreement.
- The prohibition will remain in place until 120 days following the end of the declared COVID-19 national emergency.

Additional information for individuals on protecting their credit during the coronavirus pandemic is available here.

Student Debt Relief

The *CARES Act* defers student loan payments, principal, and interest through September 30 for all borrowers of federally owned loans.

- People who drop out of school because of the pandemic will not be required to return portions of any Pell Grants or federal loans they received.
- The *CARES Act* waives a requirement that schools return certain amounts of grants or loans to the Department of Education if a student drops out of school.
- If a student drops out due to the pandemic, the current academic term does not count toward their lifetime eligibility limit for receiving Pell Grants or subsidized federal loans.
- These provisions are expected to provide relief to 95% of student loan borrowers.

For more information on federal student debt relief provisions of the CARES Act, go here.

The above summary is not an exhaustive list of assistance the federal government is providing in response to the COVID-19 pandemic to help individuals. Also remind people that their state or locality may also be offering various types of assistance during these difficult times.