

Financial Relief Amid COVID-19

April 2020

As we all try to adjust to the new living and working conditions amid the coronavirus (COVID-19) pandemic, many of us are faced with additional financial burdens and ongoing uncertainty. Luckily, several financial relief programs are now available to help aid consumers and businesses with financial burdens due to COVID-19.

Here’s a summary of the latest financial relief programs and options available to you, covering everything from your 401(k) to your credit card bills.

The CARES Act: Federal Financial Rescue Package

The **Coronavirus Aid, Relief, and Economic Security (CARES) Act** was signed into law on March 27th, 2020. The bill, designed to address the economic impact of the COVID-19 pandemic, provides direct relief payments to taxpayers and relaxes some of the current requirements for accessing your retirement accounts.

CARES Act Stimulus Payments: One-Time Direct Payment to Taxpayers

- Based on your income, you may qualify for a **one-time relief payment of up to \$1,200 from the federal government** (see chart on right for relief amount by income).
- The IRS will use the adjusted gross income from your most recent tax return. Direct payments will be received either via direct-deposit or via mailed check.
- Additional \$500 per child/dependent.
- Considerations for foreign nationals: you must have a Social Security Number and have filed a tax return within the past two years to be eligible.
- For live updates, visit [IRS.gov](https://www.irs.gov).

Stimulus Check Eligibility: Income Limits

Relief Amount	Single Filer:	Married Filing Jointly:
\$1,200	<\$75,000	<\$150,000
<\$1,200	\$75,000 - \$100,000	\$150,000 - \$200,000
\$0	\$100,000+	\$200,000+

Income is determined by AGI on most recently filed tax return.

CARES Act Relief: Expanded Unemployment Benefits

- In addition to state benefits the federal government provides \$600/week for up to four months.
- Assistance for “gig” workers, freelancers, and furloughed individuals.
- Go to [careeronestop.org](https://www.careeronestop.org) for information your state’s unemployment benefits.

Extended Tax Deadline

- The IRS has delayed the 2020 tax filing deadline from April 15 to **July 15, 2020** and *most states* have also extended their filing deadline to this date.
- This gives you more time to prepare your tax return and gather resources for any tax liability.

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CARES Act Relief: Retirement Plan Options

While withdrawing from your retirement plan is generally a last resort, we understand that it is sometimes necessary. Below is a summary of the CARES Act hardship provisions to help you navigate your options.

To qualify for CARES Act relief from a retirement plan, you must self-certify that you have experienced at least one of the following:

1. You, your spouse, or dependent have been diagnosed with COVID-19 by a test approved by the Centers for Disease Control and Prevention.
2. You have experienced **adverse financial consequences** due to:
 - being furloughed, quarantined, laid off, or experiencing a reduction in paid hours;
 - being unable to work due to lack of childcare;
 - having closed or scaled back a business due to coronavirus.

CARES Act Relief: Changes to Withdrawals and Loans from a Retirement Plan

Coronavirus-Related Distribution (CRD)

- Eligible individuals can take a CRD of **up to \$100,000** from a retirement plan through December 2020.
- The 10% IRS tax on pre-age 59½ early withdrawal (if applicable) is **waived** for CRDs.
- These withdrawals are taxable as income, but **you can spread the taxes over three years** and have the option to **repay the amount to an eligible retirement plan**.
- CRD repayments are non-taxable if paid back to a retirement plan and are not subject to the annual retirement plan limits.

Retirement Plan Loans

- Eligible individuals can borrow **100% of their vested account balance up to \$100,000** for coronavirus-related need (*up from the lesser of \$50,000 or 50% of vested account balance*).
- This increase is applied for loans taken through September 22, 2020.
- For any new or existing loan, **repayments** due between March 27th, 2020 and December 31st, 2020, **may be delayed for one year**.
- Interest accrued during the delay will be adjusted on all subsequent payments to account for the delay.

“I have an old retirement plan with a prior employer”

You have options:

- **Withdraw your vested account balance.** Unless you arrange for a CRD this year, this distribution may be subject to taxes and 10% early withdrawal penalty
- **Rollover your vested account balance to your current employer’s plan.** You’re only able to take a loan from your *current* plan, so rolling over an old plan can increase the total amount eligible for a loan
- **Rollover your vested account balance to an Individual Retirement Account (IRA).** This account is *not* sponsored by your employer and not eligible for loans, but may offer you more control and choice over features such as investment options and timing of contributions

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Beyond the CARES Act, there are additional ways that industries and businesses are providing financial relief and payment flexibility for consumers. See below for additional relief opportunities.



Other Employer-Sponsored Benefits

- **Health Savings Accounts (HSA) and Flexible Savings Accounts (FSA):** All major health plans have waived member cost sharing for COVID-19 testing and general telehealth services. You can now pay for over-the-counter medication using your Health Savings Account or Flexible Savings Account *without needing a prescription*. This is a permanent change!
- **Commuter Benefits:** Consider suspending automatic contributions until you return to your daily commute.



Housing

- **Homeowners:** Federal regulators are ordering federal lenders to offer homeowners flexibility, including foreclosure suspensions and up to twelve months of **forbearance** (suspending payments) if you have suffered a loss of income due to coronavirus. **Check with your lender for more details on your options. Do not just stop making payments** – you must arrange a plan with your lender, or you risk incurring adverse consequences.
- **Renters:** Most state and local governments have suspended eviction proceedings temporarily (in California, evictions are prohibited through May 31, 2020). Contact your landlord **as soon as possible** if you anticipate having trouble making payments. Landlords are more likely to work with you if you are proactive in communicating any financial hardships.



Student Loans

- The federal government has mandated the **automatic suspension of student loan payments until September 30, 2020** and has set **federal loan interest rates to 0%** during this time.
- This is an automatic suspension, meaning you don't need to opt-in to take advantage.
- Log in to your servicer and **turn off any automatic** payments, if needed.
- This applies to **federal loans only**. If you have private loans, check with your lender for details on any financial hardship options.



Private Sector and Retailers

- **Credit Cards:** Most credit card companies have added flexibility and financial hardship programs – check with your providers for details.
- **Utilities:** You may see lower gas prices due to decreased energy demand and oil market supply. Utility providers are waiving late fees and service disconnections due to financial hardship; ask your utility provider about flexible payment plans if experiencing a financial hardship.
- **Telecom:** The “Keep America Connected” campaign from the federal government has prompted major telecom providers (AT&T, Verizon, Comcast, etc.) to offer flexible payments, free access to WiFi hotspots, and freebies like unlimited data for 60 days (T-Mobile).

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