



## **Economic Security (CARES) Act:** **(For Individuals)**

You may have questions on the CARES Act as an individual. The following are some informational points you may want to know regarding the Economic Security (CARES) Act depending on the case and situation you are in now.

### **Relief Provisions: Key Points for Individuals**

1. Recovery Rebates up to \$1,200 per person plus \$500 per eligible dependent
  - \* Eligible dependent: under age 17 and not able to be claimed by someone else
  - \* Phased out depending on AGI thresholds:
    - i. Married Filing Jointly: \$150,000-\$198,000
    - ii. Single: \$75,000-\$99,000
    - iii. Head of household: \$112,500-\$146,500
  - \* Based on 2019 return if filed; otherwise 2018 return or Social Security records
  - \* Payments are automatic and an advance on 2020 taxes; taxpayers don't need to do anything in theory to get them.
  
2. Tax filing and payment extended
  - \* Taxpayers now have until 7/15 instead of 4/15 to file federal income tax, gift and GST (Goods & Services Tax) returns and to make any payments due
  - \* Interest and penalty-free extension
  - \* Extends deadline to contribute to IRA or Roth IRA for 2019 calendar year until 7/15
  - \* States may or may not follow suit and extend deadline for filing and paying state income taxes (Ohio and Kentucky match)
  
3. RMDs (Required Minimum Distributions) waived for 2020 (delayed to 2021)
  - \* All RMDs waived (IRAs, qualified plans, 403(b) plans and 457(b) plans)
  - \* Applies to 2019 RMDs that would have been due by 4/1/20
    - i. Taxpayer who turned 70½ before 7/1/19 now has until 2021 to take first RMD
    - ii. Taxpayers who turned 70½ on or after 7/1/19 have until 2022 to take first RMD per SECURE Act
  - 2020 disregarded for any 5-year rule for non-designated beneficiaries



4. Charitable deductions “above-the-line” up to \$300
  - \* New above-the-line deduction for a cash contribution to a qualified charity for up to \$300 for any taxpayer that does not itemize.
  - \* Cash contributions to eligible charity (DAFs, supporting organizations excluded)
  - \* 60% of AGI (Adjusted Gross Income) limitation temporarily suspended
  
5. Exception to 10% penalty for early distributions expanded to include COVID-19
  - \* New exception to the 10% early distribution penalty for any coronavirus-related distribution \*. Distributions from IRAs, qualified plans or 403(b) plan anytime in 2020 (nonqualified annuities not included)
  - \*. Limited to \$100,000
  - \*. Income can be prorated over 2020, 2021 and 2022
  - \*. Distributions may be repaid to a rollover-eligible retirement plan within 3-year period
  
6. Loans from 401(k) plans increased to up to \$100,000 for eligible individuals
  - \*. The CARES Act increases the amount that qualified individuals may borrow from their retirement plans.
  
7. Federal student loan payments suspended
  - \* Required payments on federal student loans suspended through 9/30/20
  - \* No interest will accrue during this period
  - \* Payments not made will still count for purposes of forgiveness programs
  - \*All involuntary debt collections also suspended through 9/30/20

For more In-depth detail of the above information, please visit the official website of the U.S. Department of Treasury at <https://home.treasury.gov/policy-issues/cares>.

