



## The 2020 Economic Stimulus Act

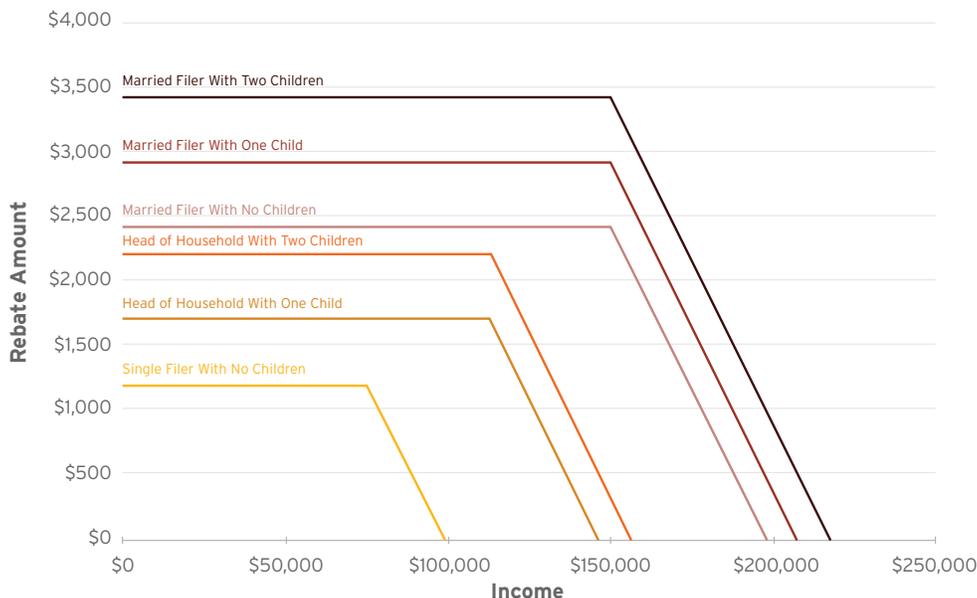
In response to the impact on the markets and the economy that the COVID-19 virus has had, Congress has passed a \$2.2 trillion economic stimulus package. Key provisions include direct payments to an estimated 80% of Americans, as well as adjustments to tax filing deadlines and retirement provisions. Below are some of the key facts.

### 2020 Recovery Rebates for Individuals

The individual recovery rebate amounts are based on 2019 IRS Tax Filing (or the 2018 Tax Return if you have not yet filed).

#### Proposed Relief Rebate in the CARES Act

*Proposed Individual Economic Relief Rebate By Filing Status*



Source: "Coronavirus Aid, Relief, and Economic Security Act"

- Individuals with AGI less than \$75,000 (joint filers <\$150,000) (head of household filers <\$112,500) will receive a \$1,200 rebate, per individual (as long as they're not claimed as a dependent) + \$500/dependent child.
- Individuals with income between AGIs \$75,000- \$99,000, (2). Joint Filers between \$150,000-\$198,000, and (3). HH between \$112,500 - \$146,500 will receive a phased-out amount of the full \$1,200 rebate + \$500/ dependent child.
  - 5% of the difference between the individual tax filer's AGI and \$75,000 is subtracted from the full rebate. Thus, an individual with an AGI of \$85,000 receives \$700:  $(\$85,000 - \$75,000) * 5\% = \$500$  reduction from \$1,200 rebate.
- Individuals with AGI greater than \$75,000 (joint filers >\$198,000) (head of household filers >\$146,500) will not receive an individual rebate, or allowance per child.
- Those on social security are also eligible to receive a stimulus check based on data from the annual Social Security benefits statement.
- Checks are expected to be sent (or direct deposits made) within three weeks.



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### 2020 Retirement Provisions – Section 2202 + Supplemental IRS Guidance

#### IRAs/Retirement Plan Contributions and Loans

- 2019 IRA and HSA Contribution deadlines extended to July 15, 2020.
- The 10% early withdrawal penalty has been waived for distributions related to COVID-19 hardships (max \$100,00):
  - Taxable income on the distribution can be spread out over a 3-year period. Mandatory 20% withholding rules are not applicable.
  - The withdrawal amount may be repaid back into a retirement account up to 36 months after initial distribution (rollover contribution).
- Loans from qualified plans increase to \$100,000 from \$50,000 for 180-day period after the CARES act is enacted.
- Repayment of Qualified Plan loans due in 2020 have been pushed back for one year.

#### Required Minimum Distributions (RMDs)

- CARES Act adds a provision permitting a one-year delay in RMDs for 401ks, 403Bs, IRAs and 457 plans.
  - This is applicable to 2019 RMDs due 4/1/2020 and 2020 RMDs (as of now, there is no language about DB Plans).
  - Special rollover rule reenacted from 2009: Allows amounts subject to the RMD rules in 2020 to be rolled over.

### Section 2204 and 2205 – Charitable Contributions

- Charitable contributions of \$300 are eligible for deduction, whether the tax filer itemizes or not; in addition, the act calls for suspending the 50% limitation on individuals, increasing to 25% the 10% limitation on corporations, and increasing to 25% the previous 15% limitation of food inventory.

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