

Engage PEO Client Alert:

COVID-19: Economic Relief

The CARES Act – Programs for Individuals and Families

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) includes \$250 billion earmarked for **individuals and families** in the form of:

- **Direct Payments from the IRS to Individuals and Families**
- **The Waiver of Penalties for Use of Retirement Funds**

Individuals should consult with their tax adviser regarding the implications of relief under the CARES Act.

Direct Payments from The IRS to Individuals and Families	Waiver of Penalties for Use of Retirement Funds
<p>The IRS will use 2019 tax returns (or if not yet filed, 2018 tax returns) to determine rebate amounts, so the vast majority of Americans do not need to take any action to receive a rebate.</p> <p>Eligibility:</p> <ul style="list-style-type: none"> • Individuals with adjusted gross income up to \$75,000 are eligible for the full IRS rebate of \$1,200. • Joint federal income tax filers with combined adjusted gross income up to \$150,000 are eligible for the full IRS rebate of \$2,400. • An additional \$500 rebate is available per dependent child. • Individuals and Joint Filers must not be dependent upon another taxpayer and must have work-eligible social security numbers to receive the above-described rebates. • Rebate amounts are reduced by 5% of the tax-payer's adjusted gross income that <i>exceeds</i> the following phase out thresholds: <ul style="list-style-type: none"> ○ \$75,000 for individuals; ○ \$150,000 for joint filers; ○ \$112,500 for head of household filers. • Low income individuals who filed federal tax returns to take advantage of the refundable Child Tax and Earned Income Tax Credits will also receive IRS rebates. 	<p>The CARES Act waives the 10% early withdrawal penalty for distributions up to \$100,000 from qualified retirement accounts for COVID-19 related purposes, between January 1, 2020 and December 31, 2020.</p> <p>COVID-19 related purposes include:</p> <ul style="list-style-type: none"> • Individuals diagnosed with COVID-19; • Spouses or dependents diagnosed with COVID-19; • Adverse financial consequences from being quarantined, furloughed, laid off, work hour reductions, or inability to work due to lack of childcare due to COVID-19. • Anyone receiving a COVID-19 related distribution may repay some or all of it either at one time, or through multiple repayments at any time during the 3-year period beginning on the day after the date the distribution was received. <p>Making distributions: Slavic401(k) is in the process of updating its member portal so participants can access the forms and information regarding the CARES Act provisions.</p> <ul style="list-style-type: none"> • Find instructions for how to log in to the Slavic401(k) member portal here • Slavic401(k) member portal link: www.engage401kportal.com

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The CARES Act – Unemployment Insurance Benefits

The **Coronavirus Aid, Relief, and Economic Security Act (CARES Act)** includes \$260 billion for unemployment insurance benefits for those impacted by COVID-19, including increased benefits that will be available for an extended period, and assistance for individuals not traditionally eligible for unemployment benefits.

Increased Unemployment Compensation Benefits

Unemployed individuals will receive an **extra \$600 per week** in addition to any normal state benefits, through July 31, 2020.

Extended Unemployment Benefits

The Federal government will provide **an additional 13 weeks of unemployment benefits through December 31, 2020** to assist those who remain unemployed after their state unemployment benefits are no longer available.

Temporary Full Federal Funding of 1-Week of Benefits for States Waiving Waiting Periods

The Federal government will provide full funding to pay the cost of the first week of unemployment benefits **for states that choose to pay individuals as soon as they become unemployed**, instead of requiring a 1-week waiting period before individuals are eligible to receive benefits.

Federal Funding for States with Partial Layoff Programs

The Federal government will fund 100% of the cost of state Partial Layoff programs (where employers reduce hours instead of laying off employees). These employees will receive a partial unemployment benefit through December 31, 2020, for such programs available under state law.

The Federal government also will fund 50% of state Partial Layoff programs through December 31, 2020, for states that implement these programs.

Pandemic Unemployment Assistance

Individuals not traditionally eligible for unemployment benefits (self-employed, independent contractors and individuals with limited work histories) will be eligible to receive unemployment benefits through December 31, 2020, if they are unable to work as a direct result of COVID-19. This program has yet to be fully implemented. More information is expected soon.