The Coronavirus Aid, Relief, and Economic Security (CARES) Act:
Relief Measures for Individuals
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The CARES Act Benefits: Overview

• Tax filing due date extended to July 15, 2020
• Tax rebate
• Unemployment benefits
• Assistance for students
• Changes to rules for retirement accounts
• Mortgage forbearance
• Moratorium on foreclosure and evictions
• Credit protection
• Changes to rules for charitable contributions
Recovery Rebates
Who will receive a tax rebate?

Eligible individuals:
• Are U.S. residents
• Have adjusted gross income up to $75,000 (single) or $150,000 (joint/married)
• Have a work eligible social security number
• Are not a dependent on another taxpayer
• Are not estates or trusts
How much will I receive?

• Single filer: $1,200
• Married/joint filers: $2,400
• Plus an additional $500 per child
• Rebate is reduced by $5 for each $100 that a taxpayer’s income exceeds
  o $150,000 for joint filers
  o $112,500 for head of household
  o $75,000 for single filers
• Rebate unavailable to taxpayers with incomes over
  o $198,000 for joint filers with no children
  o $146,500 for head of household filers with one child
  o $99,000 for single filers
How do I claim my tax rebate?

- No action required
- IRS will use your adjusted gross income from FY2018 or FY2019 tax return
- Rebates will be distributed “as rapidly as possible”
- Payments will be made electronically to accounts authorized for delivery of a tax refund or Federal payment
- If an individual has not filed a tax return for 2018 or 2019, IRS will look to the individual’s Social Security Benefit Statement or Equivalent Benefit Statement to determine eligibility
- Notice will be sent to eligible taxpayer’s last known address no later than 15 days after the payment is distributed
Unemployment Benefits
Two types of unemployment benefits:

1. Pandemic Unemployment Assistance
   • For those not traditionally eligible for unemployment benefits
   • 39 weeks + additional $600 per week for four months

2. Pandemic Emergency Unemployment Compensation
   • For those who have exhausted regular unemployment benefits
   • Extra 13 weeks + additional $600 per week for four months
Who is eligible for pandemic unemployment assistance?

1. Those who are **not** eligible for regular unemployment benefits under State or Federal law, including those who:
   - Are self-employed, independent contractors, gig-economy workers
   - Are seeking part-time employment
   - Lack sufficient work history
Who is eligible for pandemic unemployment assistance?

2. **AND**, can certify they are unemployed, partially employed, or unable to work due to COVID-19:

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>Reason</th>
</tr>
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<tbody>
<tr>
<td>Diagnosed with COVID-19 or experiencing symptoms and seeking a medical diagnosis</td>
<td>Advised to self-quarantine by health care provider</td>
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<tr>
<td>Household member diagnosed with COVID-19</td>
<td>Scheduled to start a job but can’t due to COVID-19</td>
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<tr>
<td>Providing care for family or household member diagnosed with COVID-19</td>
<td>Head of the household has died from COVID-19 and now individual is “breadwinner or “major support”</td>
</tr>
<tr>
<td>Child unable to attend school or childcare</td>
<td>Had to quit job due to COVID-19</td>
</tr>
<tr>
<td>Quarantine imposed due to COVID-19</td>
<td>Place of employment closed due to COVID-19</td>
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</table>
Who is **not** eligible for pandemic unemployment assistance?

- Individuals who can telework with pay
- Individuals who are receiving paid sick leave or other paid leave benefits
- Regardless of whether the individual meets a qualification
How much pandemic unemployment assistance will I receive?

• Eligible individuals may receive unemployment assistance for up to 39 weeks (from January 27, 2020 to December 31, 2020)

• Entitled to the weekly benefit authorized under state law plus an additional $600 per week* for up to 4 months (until July 31, 2020).

• Note: Federal Pandemic Unemployment Compensation will not count as income for purposes of determining eligibility for Medicaid and the State Children’s Health Insurance Program (CHIP).
Who is eligible for pandemic emergency unemployment compensation?

1. Those who are eligible for regular unemployment benefits but remain unemployed and have exhausted their regular benefits:
   - The individual has received all regular compensation available based on employment or wages during their base period; or
   - The benefit year where the individual had rights to regular compensation has expired

2. Have no rights to regular compensation under any applicable state or federal law

3. Are not receiving unemployment under Canadian law
Who is eligible for pandemic emergency unemployment compensation?

4. Are able, available, and actively seeking work:
   • Registered for employment services
   • Engaged in an appropriately active search for employment
   • Maintained a record of such work search (employers contacted, method of contact, date contacted)
   • *States must be flexible with individuals unable to search for work because of COVID-19 (including illness, quarantine, or movement restriction)
Assistance for Students
What benefits does the CARES Act provide for students?

• Student loan obligations temporarily deferred
  o Payments, principal, and interest deferred for 6 months, through September 30, 2020
  o No penalty to the borrower
  o For all federally-owned loans

• Dropping out of school
  o Any semester that a student does not complete due to COVID-19 will be excluded from a student’s period of enrollment for purposes of lifetime student loan eligibility
  o Students are not required to return Pell grants or federal student loans
Retirement
What changes has the CARES Act made to retirement accounts?

• Temporarily removes the requirement to make a required minimum distribution

• Temporarily removes the 10% penalty for withdrawing retirement money early for “coronavirus-related distributions”
  o Income subject to tax over three years
  o Individuals can repay the funds to an eligible retirement plan within 3 years, without regard to that year’s cap on contributions

• For 180 days following enactment, loans under $100,000 from such retirement accounts will not be treated as distributions
What is a “coronavirus-related” distribution?

• A distribution made from January 1, 2020 to December 31, 2020 to an individual:

  1. Who is diagnosed with SARS-CoV-2 or COVID-19
  2. Whose spouse or dependent is diagnosed with SARS-CoV-2 or COVID-19
  3. Who experiences adverse financial consequences as a result of being quarantined, furloughed, laid off, having work hours reduced, being unable to work due to lack of child care due to COVID-19, closing or reducing hours of a business owned or operated by the individual due to COVID-19, or other factors determined by the Treasury Secretary
Charitable Contributions
What new deduction is available for charitable contributions?

• Taxpayers can deduct up to $300 of cash contributions, whether they itemize their deductions or not

• Contributions must be made in cash and to a public charity, not a donor-advised fund

• Donations made after January 1, 2020 count toward the $300 cap

• 100% of qualified charitable contributions can now be deducted against an individual’s 2020 adjusted gross income
Who can request a mortgage forbearance?

• Borrowers with **federally-backed**, residential mortgage loans
  - Insured by the Federal Housing Administration;
  - Insured under Section 255 of the National Housing Act;
  - Guaranteed under Section 184 or 184A of the Housing and Community Development Act of 1992;
  - Guaranteed or insured by the Department of Veterans Affairs or the Department of Agriculture;
  - Made by the Department of Agriculture; or
  - Purchased or securitized by the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association.

• Who have experienced a financial hardship due to COVID-19
How long will mortgage payments be postponed?

• Borrowers can request a forbearance of 180-days with one 180-day extension period

• The right to forbearance ends on the later of:
  o 120 days after enactment of the CARES Act
  o 120 days after the national emergency declaration related to COVID-19 is terminated

• Mortgage loan servicers must provide forbearances without any additional payment, interest, penalty, or requirement of information beyond the borrower’s affirmation of financial hardship
Moratorium on Foreclosures and Evictions
What is the moratorium on foreclosures and evictions?

• Foreclosures on federally-backed mortgage loans prohibited for 60 days
  o Starting on March 18, 2020

• Evictions of renters whose landlords have federally-backed mortgage loans prohibited for 120 days
  o Starting on March 27, 2020
  o Fees, penalties, and any other charges based on not paying rent also prohibited
Credit Protections
What credit protections are in the CARES Act?

• Lenders and other entities that report to credit reporting agencies who agree to account forbearance or modified payments must mark such obligations or accounts as “current”
• Until the later of either 120 days after enactment of the CARES Act or 120 days after the termination of the national emergency declaration
• If you were not marked as “current,” prior to the COVID-19 pandemic, your status will remain unless you fix the historical issues and become “current” during the emergency period