

Financial and Cash Flow Impacts During the COVID-19 Crisis

New Acts in 2020

- Coronavirus Preparedness and Response Supplemental Appropriations Act
- Families First Coronavirus Response Act
- Coronavirus Aid, Relief, and Economic Security (CARES) Act

General Financial Considerations

- Recovery Rebate
 - \$1,200 will be paid to individuals earning less than \$150,000 married filing joint, \$112,500 head of household or \$75,000 single of Adjusted Gross Income
 - Married couples receive \$2,400
 - Additional \$500 for each child under 17 as of 2020 birthday
 - If you filed a tax return in 2018 or 2019, the IRS will make the payment based on the most recent return
 - Will be paid via direct deposit to the most recent bank account supplied to the IRS
 - If you do not use direct deposit or want to check the status of your payment, go to www.IRS.gov/coronavirus
- Unemployment
 - If someone is unemployed, benefits are increased by \$600 per week over what they would normally qualify for four months
 - Regular benefits are typically \$235 per week
 - So the total income someone would receive is now \$835 per week (\$3,340 per month)
 - These benefits are taxable, so request to have taxes withheld
- Mortgage forbearance or deferment
 - Contact your bank to request a deferment of payments
 - Most banks are allowing for this with online requests
 - Forbearances are typically 90 days
 - Repayment may be at the end of 90 days, spread through the remaining year, or added to the end of the loan (varies by bank)
 - This deferment will not affect your credit score
- Rent deferment
 - Contact your landlord to request a deferment of payments
 - Landlords are not required to allow for this deferment, but they would typically rather have a happy tenant than an empty space they will have trouble renting
 - A landlord cannot evict you without taking you to court – courts are currently closed
 - Legal Aid Society is a good resource – www.las.org

- Student Loans
 - May defer payments on federal loans through September and no interest
 - Any payments made would be 100% applied to principal balance
 - Review your auto-withdrawals

- Retirement plan withdrawals
 - Retirement plan (IRA, 401k, 403b or any other employer sponsored plan) withdrawals up to \$100,000 can be taken without the 10% penalty or tax withholding
 - The taxes can be spread out over 3 years
 - The funds can also be returned to the IRA within 3 years

- Income Tax
 - The deadline to file for 2019 is moved from April 15th to July 15th
 - You may also delay IRA and Roth contributions based on this timeline
 - If you are expecting a refund, file your taxes ASAP

- General cash flow management
 - Make minimum credit card & loan payments
 - Pull against lines of credit if needed before turning to credit cards
 - Look at your last 30-60 days of spending – what can we drop?