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## COVID-19 RELIEF SUMMARY

COVID-19 has drastically altered our world, how we interface with it as well as with one another and it seems likely to continue dominating our existence for the foreseeable future. In this note, I won't waste any of your time addressing virus-related topics that are better covered elsewhere. Instead, I hope to help by assembling some relief-oriented information and, in a separate note, offering some portfolio-related perspective.

### **BE WARY OF REQUESTS FOR PERSONAL INFORMATION ...**

In addition to processing the millions of income-tax refunds it normally handles this time of year, Congress has tasked the IRS with issuing relief payments to the public. Recognizing that people may let their guard down with the hope of obtaining their relief payments and income-tax refunds more quickly, IRS Commissioner Chuck Rettig recently warned, "We urge people to take extra care during this period. The IRS isn't going to call you asking to verify or provide your financial information so you can get an economic-impact payment or your refund faster. That also applies to surprise emails that appear to be coming from the IRS. Remember, don't open them or click on attachments or links. Go to [IRS.gov](https://www.irs.gov) for the most up-to-date information." The commissioner's advice might just as well extend to unsolicited text messages, emails and social media requests seeking you to provide or validate information in exchange for relief or some other thing of value.

### **... AND OF COMMERCIAL WEBSITES IN GENERAL**

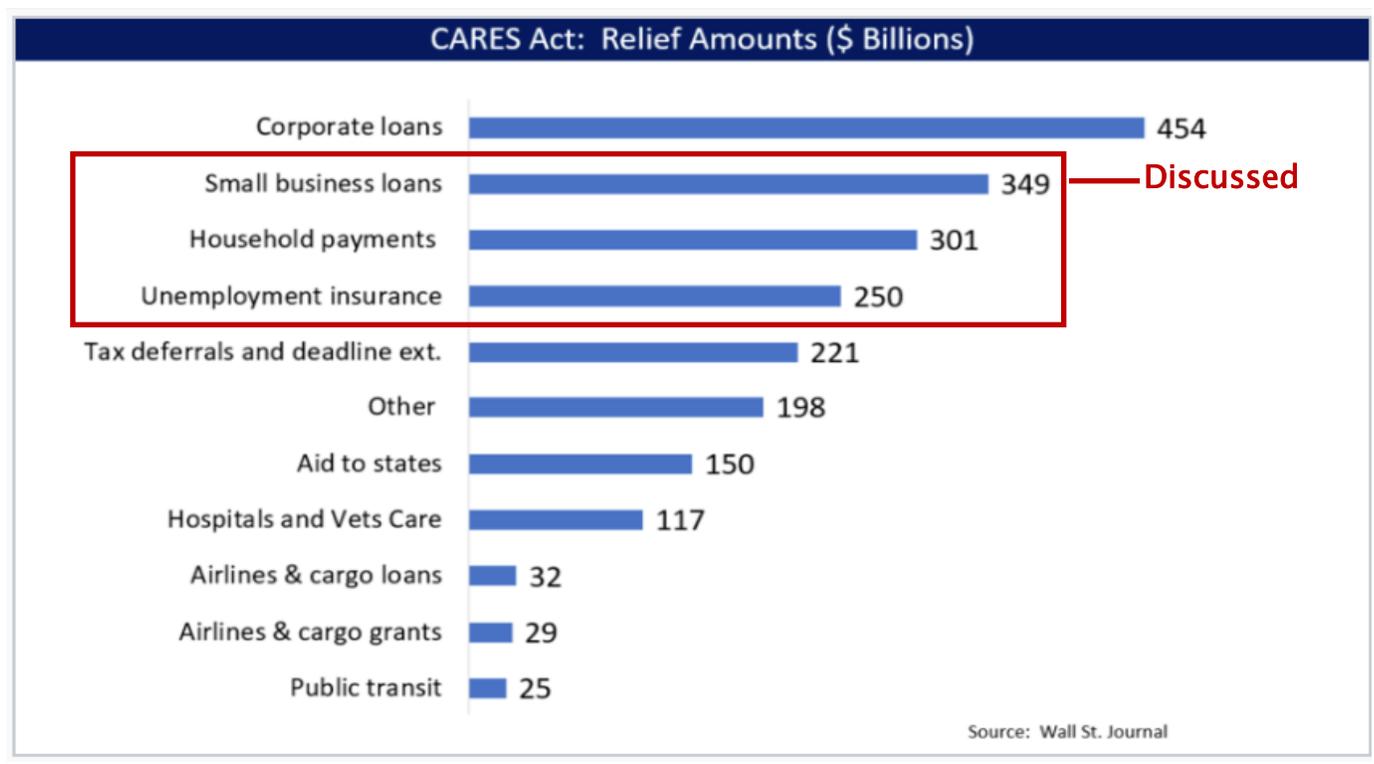
Websites that bear a ".com" extension operate in the commercial domain. Of course, physicians' websites also typically operate within this realm so in no way am I

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suggesting anyone abandon his or her physician’s website. But in cases where virus-related web searches yield for-profit websites, be aware that the information and guidance offered by such websites may stray from consumers’ best interests for reasons that may not be apparent. When in doubt about the veracity of pandemic-related information, there certainly is no guarantee that websites bearing a “.gov” extension will be accurate, but that the content is less likely to have been hijacked by some rogue profit motive. I have found [www.coronavirus.gov](http://www.coronavirus.gov) to be useful. I’d also like to remind you to be careful searching for websites and entering web addresses since an entire industry seems to exist to prey on people who click on [www.IRS.com](http://www.IRS.com) rather than on [www.IRS.gov](http://www.IRS.gov) and who make other such errors.

**CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT**

To help mitigate the economic impact of the pandemic, the CARES Act became law on March 26<sup>th</sup>. In short, it authorized about \$2.1 trillion worth of relief, as outlined here:



## SMALL BUSINESSES LOANS & DEBT RELIEF

This facet of the CARES Act is intended to help businesses employing 500 or fewer people meet payroll and certain other operating expenses. Relief is administered through the Small Business Administration (SBA) and it is available in these four forms:

			
<p><b>Paycheck Protection Program</b></p>	<p><b>EIDL Loan Advance</b></p>	<p><b>SBA Express Bridge Loans</b></p>	<p><b>SBA Debt Relief</b></p>
<p>This loan program provides loan forgiveness for retaining employees by temporarily expanding the traditional SBA 7(a) loan program.</p>	<p>This loan advance will provide up to \$10,000 of economic relief to businesses that are currently experiencing temporary difficulties.</p>	<p>Enables small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly.</p>	<p>The SBA is providing a financial reprieve to small businesses during the COVID-19 pandemic.</p>
<p><a href="#">Learn more</a></p>	<p><a href="#">Learn more</a></p>	<p><a href="#">Learn more</a></p>	<p><a href="#">Learn more</a></p>

### Paycheck Protection Program (PPP)

The Paycheck Protection Program is a loan program intended to incentivize small businesses to keep their workers on the payroll. **The SBA will forgive a loan if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities.**

You can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program. Consult with your local lender to determine if it is participating in the program.

Lenders may begin processing loan applications as soon as April 3, 2020. The Paycheck Protection Program will be available through June 30, 2020.

PPP loans will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities (due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll). Loan payments will also be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees.

Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. This loan has a maturity of 2 years and an interest rate of 1%.

## **Economic Injury Disaster Loan (EIDL) Emergency Advance**

Small business owners within the U.S. are eligible to apply for an Economic Injury Disaster Loan advance of up to \$10,000. This advance provides economic relief to businesses that are currently experiencing a temporary loss of revenue as a result of the COVID-19 pandemic. Funds will be made available following a successful application.

This program is for any small business employing fewer than 500 employees (including sole proprietorships, independent contractors and self-employed persons), private non-profit organization or 501(c)(19) veterans organizations affected by COVID-19.

Businesses in certain industries employing more than 500 employees may also qualify for an EIDL Advance if they meet the SBA's size standards for those industries. **EIDL Advances will be made within days of a successful application and will not have to be repaid.**

## **SBA Express Bridge Loans**

The Express Bridge Loan program allows small businesses that currently have a business relationship with an SBA Express Lender to quickly access up to \$25,000. These loans can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing and can be a term loan or used to bridge the gap while applying for a direct SBA Economic Injury Disaster loan.

If a small business has an urgent need for cash while waiting for a decision and/or disbursement on an Economic Injury Disaster Loan, it may qualify for an SBA Express Disaster Bridge Loan. **An Express Bridge Loan will be repaid in full or in part by the proceeds from an Economic Injury Disaster Loan.**

## **SBA Debt Relief**

The SBA will automatically pay the principal, interest, and fees of current 7(a), 504, and microloans for a period of six months. **The SBA will also automatically pay 100% of the principal, interest, and fees of new 7(a), 504, and microloans issued prior to September 27, 2020.**

For additional information about these four programs or to apply for relief through any of them:

- ⇒ Visit: [www.sba.gov](http://www.sba.gov), then
- ⇒ Click on the “**Learn More**” link pictured on the following page.
- ⇒ You will land on a page that offers “**Coronavirus Funding Options.**” Click on the link within that area to obtain additional information or to apply for any of the four programs administered by the SBA.



## Coronavirus Funding Options

[Click here to learn more about available SBA loan and debt relief options.](#)

Our nation's small businesses are facing an unprecedented economic disruption due to the Coronavirus (COVID-19) outbreak. On Friday, March 27, 2020, the President signed into law the CARES Act, which contains \$376 billion in relief for American workers and small businesses.

## HOUSEHOLD (“ECONOMIC IMPACT” OR “STIMULUS”) PAYMENTS

Although the chart on page 2 refers generically to household payments, the IRS, which has been tasked with administering such payments, categorizes those payments as Economic Impact Payments. Summarized IRS guidance is as follows:

- ⇒ Do not call the IRS to obtain relief payment.
- ⇒ Most people do not need to take any action at all to receive relief payment.

### **Who is eligible for stimulus payments?**

**U.S. residents will receive the Economic Impact Payment of \$1,200 for individual or head –of–household filers, and \$2,400 for married filing jointly if they are not a dependent of another taxpayer and have a work–eligible Social Security number with adjusted gross income (AGI) up to: !**

- ⇒ \$75,000 for individuals,
- ⇒ \$112,500 for head of household filers, and
- ⇒ \$150,000 for married couples filing joint returns.

Taxpayers will receive a reduced payment if their AGI is between:

- ⇒ \$75,000 and \$99,000 if their filing status was single or married filing separately,
- ⇒ 112,500 and \$136,500 for head of household, and
- ⇒ \$150,000 and \$198,000 if their filing status was married filing jointly.

The amount of the reduced payment will be based upon the taxpayer’s specific adjusted gross income.

Eligible retirees and recipients of Social Security, Railroad Retirement, disability or veterans' benefits as well as taxpayers who do not make enough money to normally have to file a tax return will receive a payment. This also includes those who have no income, as well as those whose income comes entirely from certain benefit programs, such as Supplemental Security Income benefits.

Retirees who receive either Social Security retirement or Railroad Retirement benefits will also receive payments automatically.

### **Who is NOT eligible?**

Although some filers, such as high-income filers, will not qualify for an Economic Impact Payment, most will. **You likely won't qualify for an Economic Impact Payment if any of the following apply:**

Your adjusted gross income is greater than:

- ⇒ \$99,000 if your filing status was single or married filing separately.
- ⇒ \$136,500 for head of household.
- ⇒ \$198,000 if your filing status was married filing jointly.
- ⇒ You can be claimed as a dependent on someone else's return. For example, this would include a child, student or older dependent who can be claimed on a parent's return.
- ⇒ You do not have a valid Social Security number.
- ⇒ You are a nonresident alien.

You filed Form 1040-NR or Form 1040NR-EZ, Form 1040-PR or Form 1040-SS for 2019.

### **How much are Economic Impact Payments worth?**

Eligible individuals with adjusted gross income up to \$75,000 for single filers, \$112,500 for head of household filers and \$150,000 for married filing jointly are eligible for the full \$1,200 for individuals and \$2,400 married filing jointly. In addition, they are eligible for an additional \$500 per qualifying child.

For filers with income above those amounts, the payment amount is reduced by \$5 for each \$100 above the \$75,000/\$112,500/\$150,000 thresholds. Single filers with income exceeding \$99,000, \$136,500 for head of household filers and \$198,000 for joint filers with no children are not eligible and will not receive payments.

### **Do I need to take action?**

No additional action is needed by taxpayers who:

- have already filed their tax returns this year for 2019. The IRS will use this information to calculate the payment amount.
- haven't filed yet for 2019 but filed a 2018 federal tax return. For these taxpayers the IRS will use their information from 2018 tax filings to make the Economic Impact Payment calculations.

**For people who are not typically required to file a tax return:**

Social Security and Railroad Retirement recipients who are not typically required to file a tax return need take no action. The IRS will use the information on the Form SSA-1099 and Form RRB-1099 to generate Economic Impact Payments of \$1,200 to these

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individuals even if they did not file tax returns in 2018 or 2019.

Recipients will receive these payments as a direct deposit or by paper check, just as they would normally receive their benefits. Social Security Disability Insurance (SSDI) recipients are also part of this group who don't need to take action.

**For Social Security, Railroad retirees and SSDI who have qualifying children, they can take an additional step to receive \$500 per qualifying child.** There are other individuals such as low-income workers and certain veterans and individuals with disabilities who aren't required to file a tax return, but they are still eligible for the Economic Impact Payments.

The IRS will soon provide guidance for these individuals on the steps to take to get their payment.

### **Payment recipients: Watch for an IRS letter**

For security reasons, **the IRS plans to mail a letter about the economic impact payment to the taxpayer's last known address within 15 days after the payment is paid.** The letter will provide information about how the payment was made and how to report any failure to receive the payment. If a taxpayer is unsure he or she has received a legitimate letter, the IRS urges taxpayers to visit [IRS.gov](https://www.irs.gov) first to protect against scam artists.

### **Avoid Scams related to economic payments, COVID-19**

The IRS urges taxpayers to be on the lookout for scam artists trying to use the economic impact payments as cover for schemes to steal personal information and money. Remember, **the IRS will not call, text, email you or contact you on social media** asking for personal or bank account information – even related to the economic impact payments. Also, be wary of emails with attachments or links claiming to have special information about economic impact payments or refunds.

To check on the status of any Economic Impact Payments you may be owed, visit:

⇒ [www.irs.gov/coronavirus/economic-impact-payments](https://www.irs.gov/coronavirus/economic-impact-payments)

⇒ Then, click on one of the applicable buttons (circled):

## **UNEMPLOYMENT INSURANCE**

On March 18, 2020, the Families First Coronavirus Response Act (FFCRA) became law which provided additional flexibility to state unemployment insurance agencies to respond to the COVID-19 pandemic. The Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law on March 27<sup>th</sup>, expands the ability of states to provide unemployment insurance to workers impacted by the COVID-19 pandemic, including workers who would not ordinarily be eligible for unemployment benefits. For

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more information, visit the Department of Labor's website:

- ⇒ [www.dol.gov/coronavirus/unemployment-insurance](http://www.dol.gov/coronavirus/unemployment-insurance)
- ⇒ Click on the appropriate link shown, below.
- ⇒ Click on the link underlined in red on the following page.
- ⇒ An interactive map of the U.S. will appear. Click on your state for details appropriate to you.



### Non-Filers: Enter Your Payment Info Here

If you don't file taxes, use the "Non-Filers: Enter Your Payment Info Here" application to provide simple information so you can get your payment.

You should use this application if:

- You **did not file** a 2018 or 2019 federal income tax return because your gross income was under \$12,200 (\$24,400 for married couples). This includes people who had no income. Or
- You **weren't required to file** a 2018 or 2019 federal income tax return for other reasons

If you receive these benefits, we already have your information and you will receive \$1,200. Do **not** use this application if you receive:

- Social Security retirement, disability (SSDI), or survivor benefits
- Railroad Retirement and Survivor Benefits

**Special note:** People in these groups who have qualifying children under age 17 can use this application to claim the \$500 payment per child.

[Non-Filers: Enter Payment Info Here](#)



### Filers: Get Your Payment

Use the "Get My Payment" application (coming mid-April) to:

- Check your payment status
- Confirm your payment type: direct deposit or check
- Enter your bank account information for direct deposit if we don't have your direct deposit information and we haven't sent your payment yet

[Get My Payment \(coming mid-April\)](#)

### Update your information

**Direct deposit:** Use the Get My Payment application (coming mid-April) to let us know your bank account information if we don't have your direct deposit information and we haven't sent your payment.

**Check payment:** If you moved since you last filed, [let us know your new mailing address](#).

## How Do I Apply?

To receive unemployment insurance benefits, you need to file a claim with the unemployment insurance program in the state where you worked. Depending on the state, claims may be filed in person, by telephone, or online.

- You should contact your [state's unemployment insurance program](#) as soon as possible after becoming unemployed.
- Generally, you should file your claim with the state where you worked. If you worked in a state other than the one where you now live or if you worked in multiple states, the state unemployment insurance agency where you now live can provide information about how to file your claim with other states.
- When you file a claim, you will be asked for certain information, such as addresses and dates of your former employment. To make sure your claim is not delayed, be sure to give complete and correct information.

## FEDERAL TAX RELIEF

### Filing & Payment Deadlines

The IRS has extended the deadline to file and to pay federal income taxes to July 15<sup>th</sup>, 2020. Tax filing deadlines imposed by individual states are not addressed in this note, so if your state imposes an income tax, please check with your state's department of revenue. For a list of each state's department of revenue, visit:

⇒ [www.irs.gov/tax-professionals/government-sites](http://www.irs.gov/tax-professionals/government-sites)

### Processing of federal income-tax refunds

The IRS is processing tax returns and issuing refunds, but some IRS services are limited. You may file your income tax returns, as usual.

### Minimum Distributions from Individual Retirement Accounts

Prior to December of 2019, IRA owners had been required to begin withdrawing money (known as Required Minimum Distributions (RMDs)) from their IRAs no later than April of the year after the year in which they turn 70½. Then, in December of 2019, the SECURE Act modified that required beginning date to age 72. The CARES Act further modifies this, as outlined on the next page:

- It suspends/waives RMDs for 2020.
- If the Act had simply postponed 2020 RMDs until 2021, IRA owners would then need to take the normal RMD for that year plus the RMD that had been postponed for 2020, but that is not the case. 2020 RMDs may be ignored altogether.
- RMDs for inherited IRAs have also been waived for 2020.

### **What to do if you've already taken some or all of your 2020 RMD?**

You may redeposit any 2020 distributions you've already taken, but:

- You must do so within 60 days of the disbursement as per the long-existing 60-day IRA Rollover rules.
- Importantly, you may engage in only one IRA rollover per year regardless of how many IRAs you may have.
- Minimum distributions for inherited accounts are also waived, though non-spousal beneficiaries are not allowed a 60-day rollover.
- **If you would like suspend IRA distributions for the remainder of the year, please contact us!**

### **PAID SICK LEAVE FOR WORKERS**

For COVID-19 related reasons, employees receive up to 80 hours of paid sick leave and expanded paid child care leave when employees' children's schools are closed or child care providers are unavailable. Employers receive 100% reimbursement for paid leave pursuant to the CARES Act. Health insurance costs are also included in the credit. Employers face no payroll tax liability and self-employed individuals receive an equivalent credit.

I recognize this is a lot of information to digest, but I thought it might be helpful to summarize some of the relief-related resources that now exist. I also recognize that certain folks who have received this note are unable to access the Internet. As such, I will directly help anyone who requests it, but I would appreciate it if any such help might be requested during non-market hours such as evenings or weekends.

I hope you find this guide to be helpful. — Glenn Wessel

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