



CARES ACT:

KEY COMPONENTS

INDIVIDUAL ASSISTANCE

Recovery Rebates

- Provides all U.S. residents with an adjusted gross income of \$75,000 or less \$1,200 for singles and heads of households (\$2,400 for married couples filing joint returns).
- The rebate is phased out by \$5 for every \$100 over \$75,000 that an individual receives, and phased-out completely for incomes exceeding \$99,000 (single), \$146,000 (head of household with one child) or \$198,000 (joint with no children).
- Those with children are eligible to receive an additional \$500 per child.
- Those with no income, or income that comes from non-taxable benefits such as SSI, are still eligible for the rebate.
- Checks will be sent to the address or bank account used on 2018 or 2019 tax returns. No action will be required for most eligible recipients.

Unemployment Compensation

- Expands eligibility to include self-employed individuals and independent contractors.
- Expands eligibility to 39 weeks (through the end of 2020).
- Increases the maximum amount available by \$600 per week.
- Allows for individuals who quit their jobs due to coronavirus related concerns to be eligible for unemployment assistance.

RETIREMENT ASSISTANCE

Required Minimum Distributions

- RMDs for 2020 are waived completely for IRAs and DC plans. They do not need to be made up next year.
- We are waiting for IRS guidance related to putting distributions already taken back. It was allowed in 2009.

Plan Withdrawals

- Waives the 10% penalty tax on early withdrawals up to \$100,000 for coronavirus related hardship distributions.
- Exempts coronavirus related distributions from the 402(f) notice requirements and mandatory 20% withholding applicable to eligible rollover distributions.
- Permits the individual to recontribute the coronavirus related distribution within three years.
- Coronavirus related distributions are distributions made during 2020 to an individual who is diagnosed with COVID-19, who has a spouse or dependent diagnosed with COVID-19 or who experiences financial consequences as a result of COVID-19.

SMALL BUSINESS ASSISTANCE

Paycheck Protection Program

- A new, \$349 billion lending program administered by the SBA for small businesses, nonprofits, independent contractors, sole proprietors and self-employed individuals
- Loans are fully guaranteed and 250% of an average monthly payroll from Feb. 15 – June 30, 2019. There is a \$10 million cap on loans.
- Eligible uses include employee compensation, compensation of an independent contractor or sole proprietor no greater than \$100,000 in one year, rent or utility payments or a mortgage interest payment.

Employee Retention Credit

- A refundable payroll tax credit equal to 50% of employee wages paid by certain employers during the coronavirus crisis, up to \$10,000 in wages.
- Employers are eligible for the tax credit if their operations were affected by government order limiting commerce, travel or group meetings due to coronavirus or whose
- quarterly receipts are less than 50% for the same quarter in the prior year.
- Wages paid to employees during which they are furloughed or have reduced hours are eligible.
- Businesses receiving a loan through PPP are not eligible

Delay of Payment of Employment Payroll Taxes

- Employers and self-employed individuals can defer the payment of their portion of social security tax
- The taxes must be paid over the following two years, with half due before December 31, 2021 and the other half by December 31, 2022.
- Businesses receiving a loan through PPP are not eligible for this deferral

Excess Business Losses

- Pass through corporations and sole proprietors are able to deduct more business losses on their taxes, freeing up cash for immediate expenses.
- The cap, first imposed in the Tax Cuts & Jobs Act, will be effective after December 31, 2020.

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