

The Coronavirus Aid, Relief, and Economic Security Act (**CARES Act**) passed last Friday, March 27, to help Americans during the COVID-19 Pandemic and Bear Market. Below are some of the highlights and ways the CARES Act may benefit you.

- **Direct Payments to most Americans:** In order to qualify, you must have filed either your 2018 or 2019 Tax Return and have income below certain limits based on your adjusted gross income (AGI) or line 8b of your 1040. You will be eligible for \$1,200 for an individual or \$2,400 for a married couple, this includes individuals receiving Social Security Income or government assistance, as long as your income falls below \$75,000 for an individual or below \$150,000 for a married couple. You will receive a reduced amount if your income falls below \$99,000 for an individual or \$198,000 for a married couple. If you qualify and you have children, you will also receive \$500 per qualifying child.
- **Required Minimum Distributions (RMD) Waived for 2020:** If you are required to take an RMD in 2020, including from inherited IRAs, you are now able to suspend. I recommend doing this if you are not using your RMD to supplement your retirement income or you are able to supplement using your emergency savings instead. If you have already received your RMD for 2020, I would advise against doing anything different at this time.
- **Charitable Donations Receive Above-line Deduction:** If you do not need the Direct Payment referenced above, consider using a portion of the money to make a charitable donation to help a local non-profit through the shelter-at-home. You can receive a partial "above the line deduction", meaning the amount you give is an additional deduction counted above your standard deduction.
- **Increasing Access to Retirement Accounts:** The act removes the 10% withdrawal penalty for those younger than 59 ½ that are affected by COVID-19, as well as allowing the taxes on the distribution to be paid over a three year period. The loan limits for 401(k) Plans have been increased from \$50,000 to \$100,000. Other options we would consider are using your savings, paying the minimum on credit card payments, and possibly postponing loan payments if offered by your bank. You can reach out to your bank to see if they are offering loan payment postponements. A coronavirus-related distribution must meet the following qualifications: COVID-19 diagnosis (or immediate family member diagnosis), experience adverse financial consequences due to quarantine, unable to work, laid off, or reduction in work hours due to the virus. I strongly advise against accessing your retirement accounts early until we have reviewed all other options together and only as a last resort, since selling in a bear market locks in your losses and will adversely affect your Financial Plan.
- **Unemployment expands and extends:** If you have already been laid off, file for unemployment by going online or calling. You cannot file in person. The unemployment limit has increased to \$600 per week and will be available for four months. The State of Michigan extended it beyond 20 weeks. Self-employed individuals can also file for unemployment. This expansion and extension will remain available until the end of December 2020. Select the link below to determine when to file online based on your last name.  
[Michigan.gov](https://www.michigan.gov)
- **Postpone payroll taxes until 2021 or 2022:** Employers can hold off on paying their portion of the payroll taxes until 2021 or 2022, but will still be required to submit employee payments. The State of Michigan also extended its deadline for sales, use and withholding monthly tax payment from March 20 for 30 days without penalty or interest. Please note the Federal and State Income Tax Deadline is now July 15, 2020.
- **Financial Relief for Small Businesses:** There is a variety of assistance provided by the CARES Act as well as the State of Michigan in the form of grants, forgivable loans, and low-interest rate loans. The most beneficial financial relief is a Payroll Protection Program which is a forgivable loan that would cover expenses of payroll, mortgage interest, rent, and utilities for up to eight weeks. If the business maintains its employees and their pay, then the loan will be forgiven. A local lender that I spoke with cautioned that it might take some time before anyone can apply for a loan since the Small Business Administration (SBA) has 21 days to amend and determine the application process. I will send another email when updates become available.

We are here for you. We are working remotely and our business continuation plan is in effect. You can reach us by calling our business cell phone at 231-597-4271 or by emailing us.

Please stay safe and healthy.

Kind regards,  
Meghan



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