

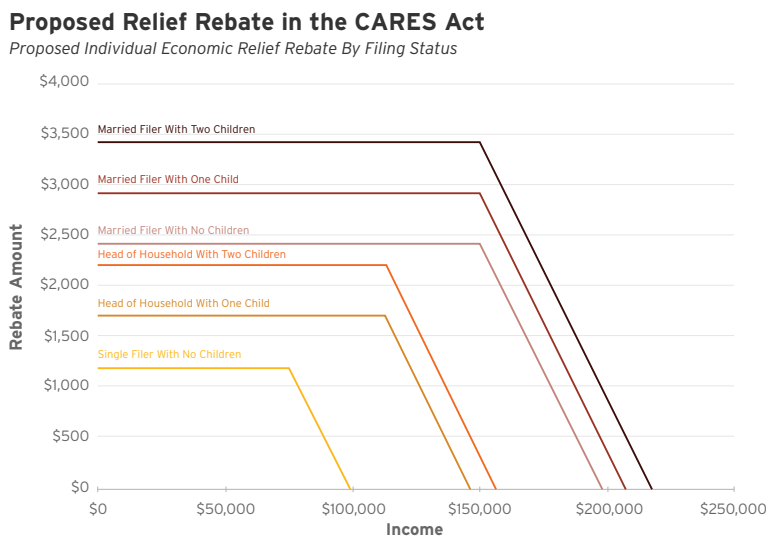


The 2020 Economic Stimulus Act

In response to the impact on the markets and the economy that the COVID-19 virus has had, Congress has passed a \$2.2 trillion economic stimulus package. Key provisions include direct payments to an estimated 80% of Americans, as well as adjustments to tax filing deadlines and retirement provisions. Below are some of the key facts.

2020 Recovery Rebates for Individuals

The individual recovery rebate amounts are based on 2019 IRS Tax Filing (or the 2018 Tax Return if you have not yet filed).



Source: "Coronavirus Aid, Relief, and Economic Security Act"

- Individuals with AGI less than \$75,000 (joint filers <\$150,000) (head of household filers <\$112,500) will receive a \$1,200 rebate, per individual (as long as they're not claimed as a dependent) + \$500/dependent child.
- Individuals with income between AGIs \$75,000-\$99,000, (2). Joint Filers between \$150,000-\$198,000, and (3). HH between \$112,500 - \$146,500 will receive a phased-out amount of the full \$1,200 rebate + \$500/dependent child.
 - 5% of the difference between the individual tax filer's AGI and \$75,000 is subtracted from the full rebate. Thus, an individual with an AGI of \$85,000 receives \$700: $(\$85,000 - \$75,000) * 5\% = \$500$ reduction from \$1,200 rebate.
- Individuals with AGI greater than \$99,000 (joint filers >\$198,000) (head of household filers >\$146,500) will not receive an individual rebate, or allowance per child.
- Those on social security are also eligible to receive a stimulus check based on data from the annual Social Security benefits statement.
- Checks are expected to be sent (or direct deposits made) within three weeks.



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2020 Retirement Provisions – Section 2202 + Supplemental IRS Guidance

IRAs/Retirement Plan Contributions and Loans

- 2019 IRA and HSA Contribution deadlines extended to July 15, 2020.
- The 10% early withdrawal penalty has been waived for distributions related to COVID-19 hardships (max \$100,000):
 - Taxable income on the distribution can be spread out over a 3-year period. Mandatory 20% withholding rules are not applicable.
 - The withdrawal amount may be repaid back into a retirement account up to 36 months after initial distribution (rollover contribution).
- Loans from qualified plans increase to \$100,000 from \$50,000 for 180-day period after the CARES act is enacted.
- Repayment of Qualified Plan loans due in 2020 have been pushed back for one year.

Required Minimum Distributions (RMDs)

- CARES Act adds a provision permitting a one-year delay in RMDs for 401ks, 403Bs, IRAs and 457 plans.
 - This is applicable to 2019 RMDs due 4/1/2020 and 2020 RMDs (as of now, there is no language about DB Plans).
 - Special rollover rule reenacted from 2009: Allows amounts subject to the RMD rules in 2020 to be rolled over.

Section 2204 and 2205 – Charitable Contributions

- Charitable contributions of \$300 are eligible for deduction, whether the tax filer itemizes or not; in addition, the act calls for suspending the 50% limitation on individuals, increasing to 25% the 10% limitation on corporations, and increasing to 25% the previous 15% limitation of food inventory.

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