



FAIRMAN GROUP FAMILY OFFICE

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IMPORTANT CARES ACT PROVISIONS

THOUGHT LEADERSHIP PERSPECTIVES

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On Friday, March 27 the Coronavirus Aid, Relief, and Economic Security "CARES" Act was signed into law. The key issues covered in the almost 900-page bill include provisions such as providing liquidity to individuals and businesses, expanding unemployment benefits, and incentives for businesses to retain employees. A few of the provisions are as follows:

KEEPING AMERICAN WORKERS EMPLOYED

The Act enables the Small Business Association to provide loans of up to \$10,000,000 to support payroll expenses for business with less than 500 employees. If certain milestones related to maintaining employment are met, portions of the loan may be forgiven. Employer-paid sick leave and paid family medical leave will now be eligible for advance payment of eligible tax credits.

RECOVERY REBATES FOR INDIVIDUALS

Individuals with adjusted gross income of less than \$75,000 (\$150,000 for married filing jointly) will be eligible to receive advance payments of a refundable 2020 tax credit. Eligible individuals will receive \$1,200 (\$2,400 for married filing jointly), plus an additional \$500 for each eligible child. The IRS will look to the 2018 tax year for eligibility if the 2019 tax return has not yet been filed.

CHANGES TO CHARITABLE CONTRIBUTIONS

There is a new "above the line" deduction allowed for charitable contributions paid in cash for up to \$300, with some restrictions. This will allow taxpayers who claim the standard deduction to receive a small tax benefit normally reserved for those who itemize deductions. For taxpayers that itemize, the adjusted gross income limitation of 60% that applies for

charitable contributions paid in cash has been temporarily increased to 100% for the 2020 tax year. Note that contributions to donor-advised funds and private foundations are excluded from this provision.

RMD REQUIREMENTS WAIVED FOR 2020

The CARES Act provides a waiver for most taxpayers from needing to take a retirement plan required minimum distribution for the 2020 tax year. The required beginning date for required minimum distributions was recently changed to age 72 with the passage of the SECURE Act earlier this year. Individuals with a required beginning date for required minimum distributions that began during 2020 may now defer required distributions until 2021. Note that distributions from inherited IRAs are not included in the waiver and must be taken in 2020.

HARDSHIP DISTRIBUTIONS FROM IRAs/RETIREMENT PLANS AND LOANS FROM QUALIFIED EMPLOYER RETIREMENT PLANS

The Act expands access to retirement plans by allowing people impacted by the coronavirus to take distributions of up to \$100,000 without being subject to the 10% early distribution

penalty. The income tax on the distributions can be paid over three years or the participant can repay the distribution to the plan over three years to avoid paying tax. In addition, the maximum loan that an individual impacted by the coronavirus can take from a workplace retirement plan is increased from \$50,000 to \$100,000 for loans taken during the 180 days after enactment.

FAIRMAN GROUP FAMILY OFFICE WILL CONTINUE TO MONITOR AND PROVIDE UPDATES AS MORE INFORMATION BECOMES AVAILABLE. IF YOU HAVE QUESTIONS ABOUT YOUR PAYMENT OR FILING OBLIGATIONS, WE WOULD BE HAPPY TO DISCUSS THEM WITH YOU. PLEASE REACH OUT TO YOUR FAIRMAN GROUP PROFESSIONAL OR CONTACT OUR OFFICE AT 610-889-7300 AT YOUR EARLIEST CONVENIENCE.

ABOUT FAIRMAN GROUP FAMILY OFFICE

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