

# COVID-19 Relief Aid for Individuals: What You Need to Know

## A recap of our Wednesday, April 8, 2020, webinar

Congress' \$2.2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act includes an array of financial assistance for individuals affected by the COVID-19 crisis. This Guide is a recap of the second episode of our three-webinar series on the CARES Act, which explored how this massive relief package will bring direct tax rebates of up to \$1,200 per person and protections for those who are temporarily unable to pay their rent or mortgage.

Also discussed was the CARES Act's student-loan repayment deferral option, added incentives for charitable giving, and increased unemployment compensation. We've summarized below the highlights from the webinar. You can also [replay the presentation](#) along with our other CARES Act webinars in the [Mercer Advisors Resource Center](#).

Please note that the programs are evolving quickly and adjusting to the current situation. The information in this Guide is accurate as of April 8. The information that is provided in this Guide is for information purposes and is not intended to replace tax or legal advice specific to your situation.

**OVERVIEW** - Components of the CARES Act package aimed at helping individual Americans:

- **Recovery rebate.** Eligible individuals and households are expected to receive a federal income tax credit payment by mail or direct deposit around April 17, 2020.

- **Student loan repayment deferral.** Payments can be paused through September 30, 2020 without penalties or accrued interest.
- **Increased deductions for charitable gifts.** Taxpayers who make cash donations equaling up to 100% of their adjusted gross income (AGI) to public charities in 2020 can claim the full amount as a tax deduction. Also, any taxpayer can deduct \$300 of charitable giving without having to itemize deductions on their 2020 tax return.
- **Mortgage and rent relief.** Homeowners with federally backed mortgages are protected against foreclosure through May 17, 2020 and renters living in properties with federally owned mortgages cannot be evicted for non-payment of rent through June 24, 2020.
- **Unemployment compensation increase.** Those who qualify for unemployment will receive an extra \$600 per week, beyond the regular weekly benefit under their state's law, from April 5, 2020 through July 31, 2020. They also can receive unemployment for up to 39 weeks, rather than the 26-week limit imposed by many states.

Also, note that the Federal tax deadline has been extended. 2019 income tax returns and payments are now due July 15 instead of the usual April 15 deadline. For individuals and businesses that need to pay 2020 estimated taxes, the first quarterly installment deadline is extended until at least June 15.

Recovery Rebate Details	
What is this payment?	It's a one-time tax rebate, classified as a credit against your 2020 federal income tax liability. The rebate will not be counted as taxable income.
Do I qualify?	If you filed an income tax return for 2018 or 2019, you should receive this rebate.
How much will I receive?	<p>It depends on your Adjusted Gross Income (AGI) for either 2019, if you've already filed a return this year, or for 2018. Here is a breakdown:</p> <ul style="list-style-type: none"> <li>▪ <b>\$1,200</b> – single filers and heads of household with an AGI under \$75,000 (single) or \$112,500 (head of household)</li> <li>▪ <b>\$2,400</b> – joint filers with an AGI under \$150,000</li> <li>▪ <b>\$500</b> – additional rebate for each qualifying dependent child, subject to the AGI thresholds above</li> </ul> <p>If your AGI is higher than these thresholds, the rebate amounts decrease by \$50 for every additional \$1,000 of income reported on your tax return. It phases out entirely at \$99,000 for single taxpayers with no children and \$198,000 for joint taxpayers with no children.</p> <p>The Tax Foundation, an independent tax policy nonprofit, has posted an interactive <a href="#">CARES Act Rebate Calculator</a>.</p>
What if my actual AGI for 2020 puts me at a different threshold than what the IRS has used to calculate this rebate?	<p>According to the Tax Foundation website, "taxpayers eligible for a larger rebate based on 2020 income will receive it in the 2020 tax season. Taxpayers with higher incomes in 2020 will see the overpayment associated with their rebate forgiven."</p> <p>"For example, a single taxpayer with \$100,000 in 2019 income would not receive an advance rebate but would receive the \$1,200 credit on their 2020 return if their income for the year fell below the phaseout. On the other hand, a single taxpayer with \$35,000 in income receives a \$1,200 advance rebate but would not have to pay the rebate back on the 2020 return if they make \$100,000 this year."</p>

## Student Loan Repayments Deferral

<b>Does my student loan qualify?</b>	The CARES Act deferral applies only to the Federal Family Education Loan (FFEL) program and direct Federal Perkins loans owned by the U.S. Department of Education. However, student-loan borrowers who are not eligible for the CARES Act deferral should still contact their lender to inquire about other deferral options that may be offered.
<b>How long can I wait to make a payment?</b>	Qualifying loan payments are deferred from March 13, 2020 – September 30, 2020. You will need to change any automatic payments that may be scheduled.
<b>How else does the CARES Act help student loan payers?</b>	<p>Deferral will have no impact on your credit score, and no interest will accrue on the loan amount during this time. Involuntary debt collections are also suspended through September 30, 2020. Also, if you already have delinquent student loans, your 2019 tax refund will come to you instead of being applied toward delinquent loan payments if you file your tax return before the end of the deferral period.</p> <p>As another perk of the CARES Act, employers that offer tuition reimbursement can now also apply that benefit—up to a combined \$5,250 total—toward an employee’s student loan debt through the end of 2020.</p>
<b>Should I continue making my scheduled payments anyway?</b>	If you can afford to do so comfortably, the full amount of any payments made between now and September 30, 2020 will be credited toward your loan principal. That means you’ll be able to pay off the loan faster and reduce the amount of interest charged.

## Charitable Giving

<b>What incentives did the CARES Act create?</b>	Previously, the maximum allowable federal income tax deduction for cash donations to a public charity was 60% of the taxpayer’s AGI. Congress raised that allowable deduction to 100% of AGI to encourage more support for nonprofits that are involved in COVID-19 crisis relief efforts. However, the IRS’ previously established deduction limits still apply for charitable donations to private foundations and donor-advised funds.
<b>What is the \$300 “above the line” deduction?</b>	You can claim a tax deduction of up to \$300 in 2020 for contributions to a qualifying charity or nonprofit, regardless of whether you itemize your deductions or choose to file a standard (non-itemized) federal income tax return.

## Mortgage And Rent Relief

### What additional protections did the CARES Act create?

Homeowners with mortgages backed by the federal programs commonly known as Fannie Mae and Freddie Mac cannot be foreclosed upon for at least 60 days following the CARES Act passage. Homeowners can also request forbearance on mortgage payments for at least 180 days by contacting their lender. The CARES Act also imposed a halt of at least 120 days on eviction proceedings for non-payment of rent against renters living in single-family and multifamily properties with federally backed mortgages.

### What if my mortgage, or my landlord's, isn't federally backed?

Some other lenders, as well as a number of states, are providing similar relief options. Check with your loan servicer and state housing authority for details.

## What To Do Next

Your financial advisor and tax preparer can help you determine which CARES Act assistance options you qualify to receive. They can also help you assemble the necessary documents and answer questions about how to apply for benefits.

### How can I stay up to date on the evolving CARES Act details?

Mercer Advisors is posting frequent updates about the CARES Act and other coronavirus-related topics on our “Insights for Navigating Recent Events” [Resource Center](#)

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Resource page with updates, articles, business operational plans.

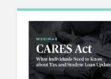
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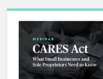
### Articles, Webinars, and Podcasts



WEBINAR  
April 6, 2020

**CARES Act Webinar - What Individuals Need to Know about Tax and Student Loan Updates**

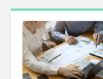
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WEBINAR  
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**CARES Act Webinar - What Small Business and Sole Proprietors Need to Know**

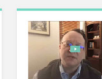
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ARTICLE  
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VIDEO  
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