

CARES ACT




Coronavirus Aid, Relief, and Economic Security (CARES) Act

SUMMARY OF KEY PROVISIONS FOR INDIVIDUALS

\$2.2 Trillion Emergency Stimulus Package

Below is a summary of key provisions of interest to individuals.

RECOVERY REBATES FOR QUALIFYING AMERICANS

\$1,200		\$1,200 advance credit per person
\$2,400		\$2,400 advance credit for married couples
\$500 per qualifying child		There is an additional rebate of \$500 per qualifying child

WHO QUALIFIES?

Qualifying taxpayers with up to \$75,000 adjusted gross income (\$150,000 married filing jointly, \$112,500 for head of household)

UP TO 75K: FULL PAYMENT

INDIVIDUALS


99K:+ NO PAYMENT

PAYMENTS COULD ARRIVE AS EARLY AS MID-APRIL

REBATE PHASE OUT

The rebate phases out beginning at AGI of \$75,000 for single taxpayers, \$150,000 for married taxpayers, and \$112,500 for head of household taxpayers. The reduction is \$5 for each \$100 of adjusted gross income (AGI) over the relevant threshold. Payments will be based on 2019 tax returns if filed, or 2018 tax returns if 2019 is not filed yet. (§2201).

EXPANSION OF UNEMPLOYMENT BENEFITS

\$600		Provides an extra \$600 a week in jobless aid through July 31
26 weeks	39 weeks	Extends regular unemployment compensation by 13 weeks after state benefits are exhausted (39 weeks)
Pays for the cost of the first week of unemployment for those states that waive the one week waiting period		


RETIREMENT ACCOUNTS

The 10% early withdrawal penalty is waived for distributions on or after 1/1/2020 for coronavirus-related purposes. The distributions will be taxed over a 3-year period and the amount can be recontributed to an eligible retirement plan during that time without regard to the contribution limits at that time. Also, loan limits from certain retirement plans are increased for coronavirus-related relief.

Temporary Waiver of Required Minimum Distribution (RMD) Rules

The required minimum distribution (RMD) rules for current or new RMDs are waived for the 2020 calendar year.

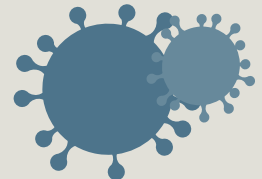
ABOVE-THE-LINE CHARITABLE CONTRIBUTION

\$300		For 2020, if you take the standard deduction, taxpayers are entitled to a deduction of up to \$300 for cash contributions to churches and charitable organizations.
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EMPLOYER PAYMENTS OF STUDENT LOANS



For 2020, employers may contribute up to \$5,250 toward an employee's student loan in tax-free student loan repayment benefits. The cap applies to this new student-loan repayment benefit as well as other educational assistance.



COVID-19 PANDEMIC

This is a general summary of some of the key provisions in the bill of interest for individuals. For details and guidance in applying the tax rules to your situation, please visit with one of our experts at (888) 388-1040 to explain what this means for you and what steps you can take moving forward. We will issue more details as updates are released in the days and weeks to come.

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\$2.2 Trillion Emergency Stimulus Package

Below is a summary of key provisions of interest for small- and medium-sized businesses.

FUNDING FOR SMALL TO MEDIUM-SIZED BUSINESSES

EMERGENCY GRANTS

Up to \$10,000

The bill provides \$10 billion for grants of up to \$10,000 to provide emergency funds for small businesses to cover immediate operating costs.

FORGIVABLE LOANS

Up to \$10 Million

There is \$350 billion allocated for the Small Business Administration to provide loans of up to \$10 million per business. Any portion of that loan used to maintain payroll, keep workers on the books or pay for rent, mortgage interest and existing debt **could be forgiven**, provided workers stay employed through the end of June and meet other loan criteria.

RELIEF FOR EXISTING SBA LOANS

There is \$17 billion to cover six months of payments for small businesses already using SBA loans. We encourage and advise you to consult with your SBA lender to discuss your options.

As we receive more guidance on CARES Act funding programs and relief initiatives, we'll provide you with updates.

7 KEY TAX PROVISIONS FOR SMALL- TO MEDIUM-SIZED BUSINESSES

- 1 Employee retention credit for employers subject to closure due to COVID-19
- 2 Delay of payment of employer payroll taxes
- 3 Net operating losses
- 4 Modification of excess business loss rules
- 5 Temporary modification of §163(j) interest deduction limitation
- 6 Technical amendment regarding qualified improvement property
- 7 Temporary exception from excise tax for alcohol used to produce hand sanitizer



COVID-19 PANDEMIC

This is a general summary of some of the key provisions in the bill of interest for small to medium-sized businesses. For details and guidance in applying the tax rules to your organization's situation, please visit with one of our experts at (888) 388-1040 to explain what this means for your company and what steps you can take moving forward. We will issue more details as updates are released in the days and weeks to come.

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\$2.2 Trillion Emergency Stimulus Package

Below is a summary of key provisions relating to Retirement Funds, HSAs, FSAs and HRAs.

SPECIAL RULES FOR RETIREMENT ACCOUNTS



Tax Favored Withdrawals from Retirement Plans

The 10% early withdrawal penalty is waived for distributions up to \$100,000 on or after January 1, 2020 for coronavirus-related purposes. The distributions can be repaid over a 3-year period OR taxable over a 3-year period and the amount can be recontributed to an eligible retirement plan during that time without regard to the contribution limits at that time.



Loans from Qualified Retirement Plans

Loan limits from certain retirement plans are increased for coronavirus-related relief.



Temporary Waiver of Required Minimum Distribution (RMD) Rules

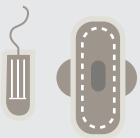
The required minimum distribution (RMD) rules for current or new RMDs are waived for the 2020 calendar year. If the first required distribution is not made in 2019: April 1, 2020 distribution requirement waived.

OTC DRUGS AND MEDS NOW REIMBURSABLE



Consumers can purchase over the counter (OTC) drugs and medicines with funds from their Health Savings Account (HSA), Flexible Spending Accounts (FSA), or Health Reimbursement Arrangement (HRA). Consumers may also receive reimbursement for OTC purchases through those accounts.

MENSTRUAL CARE PRODUCTS NOW REIMBURSABLE

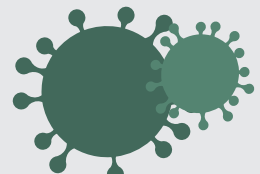


Menstrual products are now considered a qualified medical expense, meaning consumers can pay for or be reimbursed for these products through an HSA, FSA, or HRA.

TELEHEALTH NOW REIMBURSABLE



"Telehealth and other remote care services" below the deductible will be permitted in an HSA-compatible high deductible health plan (HDHP). The bill does not specify what "telehealth and other remote care services" entails, but we will provide updates as we learn more.



COVID-19 PANDEMIC

This is a general summary of some of the key provisions related to retirement funds, HSAs, FSAs, and HRAs. For details and guidance in applying the tax rules and provisions to your individual situation, please visit with one of our employee benefits administrators at (320) 214-2909 to explain what this means for you, and what steps you can take moving forward. We will issue more details as updates are released in the days and weeks to come.

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