

CARES ACT FAQ

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law. This FAQ is designed to answer some of the more frequently asked questions we have received from our members regarding stimulus payment, student loan forbearance, and other provisions of the Act:

ADVANCED TAX REBATE (STIMULUS CHECKS)

- 1. I have heard about stimulus payments being authorized in this Act. Who is eligible to receive these payments?** All U.S. residents who have a Social Security Number, who are not dependents, and who have an adjusted gross income for their 2019 taxes of less than \$75,000 for an individual, \$112,500 for a head-of-household, or \$150,000 for joint tax filers will be eligible for the full amount of \$1,200 per individual or \$2,400 for joint filers along with \$500 for dependent children under the age of 17.
- 2. What if my adjusted gross income is higher than the threshold?** Payments will be reduced by 5% for income above the threshold and are phased out entirely for income above \$99,000 for an individual, \$146,500 for a head-of-household with one child, and \$198,000 for joint filers with no children. The income threshold increases depending on the number of children claimed as dependents. This website has a good tool for calculating your exact payment:

<https://www.washingtonpost.com/graphics/business/coronavirus-stimulus-check-calculator/>
- 3. What if I have dependents who are 17 or older?** Unfortunately, the Act does not provide for payments for dependents who are 17 or older.
- 4. I claim my child who is in college as a dependent. Since I will not receive the \$500 payment for them because they are 17 or older, will they receive a \$1,200 payment as an individual?** If they are still a dependent they will not be eligible for the \$1,200 payment. Only non-dependents are eligible for payments under the Act.
- 5. Where can I find my adjusted gross income?** Your adjusted gross income is listed on line 8b of your 1040 tax form.
- 6. What if I haven't filed by 2019 taxes yet? How will my payment be calculated?** Your 2018 tax form will be used. If you also haven't filed your 2018 taxes, then you can use a 2019 Social Security statement showing your income.
- 7. I have read that these payments are actually advances on our 2020 tax rebates. If I make more money in 2020 than I made in 2019 will I have to pay some of this money back?** No, the money paid out will not have to be paid back and will not be deducted from your rebate in 2020. However, if you

were to make less in 2020 than you did in 2019 then you could receive an additional rebate on your 2020 taxes to reflect your lowered income.

- 8. When and how will I receive this payment?** The exact date when the payments will be made has not been determined. The Treasury Department has indicated that they would like to have the payments out in April, although May is a possibility.

The payments will be made by the same method the taxpayer received their refund. If it was via direct deposit, then the payment will be made by direct deposit. If it was by mail, then the payment will be made by mail. If your address is not current with the IRS it is recommended that you update it.

STUDENT LOANS

- 1. I have read that student loans will stop accruing interest and that payments will be waived. Does this apply to all student loans?** All federally directed student loans (Stafford and PLUS loans) will have their interest payments dropped to 0% and all payments waived until September 30, 2020. The interest had already been waived by executive order dating back to March 13, 2020. Private loans and loans administered through academic institutions (like Perkins Loans) are not eligible.
- 2. I have federally directed student loans. How do I obtain this payment waiver?** The waiver is automatic. Once the Department of Education implements the program all federally directed student loan payments will be waived.
- 3. What if I still want to make student loan payments to pay down my debt?** You can still opt in to make payments. You will need to contact your loan servicer if you would like payments to continue automatically. You can also submit payments to your loan servicers through their websites.
- 4. I am on an Income Driven or Income Based Repayment Plan where I need to make so many payments (usually 120 for public interest jobs) for my loans to be forgiven. Will these six months that my payments are waived count towards my loan forgiveness?** Yes, although the balance of your loans will not be decreased since no payments will be made, these six months will count as time credit towards loan forgiveness in the IDR or IBR payment plans.
- 5. I have private loan. Will I receive any type of payment or interest waiver?** Unfortunately, the Act does not provide relief for private borrowers. You can contact your loan servicer about repayment options if you are experiencing hardships.

OTHER PROVISIONS

- 1. I have been told that this bill allows for early withdrawal of retirement accounts. Would this provision apply to PERS contributions?** No, funds deposited into state retirement funds, like PERS, cannot be withdrawn. However, if you have a 401(k) then you can make coronavirus-related

withdrawals from that account without the usual early withdrawal penalty. You would need to contact the company who holds your 401(k) account for details.

- 2. Is there mortgage or rental relief in the Act?** If you have a federally backed mortgage loan (FHA, etc.) and are experiencing financial difficulties related to the coronavirus, you may receive a forbearance of your loan payments for up to 360 days. Foreclosures on federally backed mortgages are prohibited for 60-days starting March 18, 2020. Landlords cannot evict tenants if the landlord's mortgage is insured through HUD, Fannie Mae, or Freddie Mac.

Some loan servicers are offering forbearance programs on their own during the coronavirus crisis. If you are having difficulty making your payments please contact your loan servicer for options.

- 3. I work a side job. Will I be eligible for Unemployment payments for my lost income?** Although the Act does expand Unemployment greatly to include those who do not typically qualify for unemployment (like self-employed or independent contractors), if you are still receiving pay from your primary job in excess of the amount paid by unemployment, then you would not be eligible to receive unemployment benefits even if your side job is closed.
- 4. My spouse and I own a small business. Is there any relief for us in the Act?** Small businesses may qualify for low or zero interest loans under the Act. If these loans are used for certain business expenses such as payroll expenses then these loans can be converted into grants. For questions about obtaining such a loan, small business owners are directed to contact any FDIC-insured bank.
- 5. What else in in the Act?** The Act also provides funding for various industries affected by the coronavirus, funding for hospitals, funding for the arts, and funding for state and local governments. You can read the full text of the Act here:

<https://www.npr.org/2020/03/25/820759545/read-2-trillion-coronavirus-relief-bill>

- 6. Will there be further stimulus bills?** This Act was called phase 3 of the coronavirus stimulus plan. There has been talk of a phase 4, but no specifics to date.

We hope that this FAQ answered some of your questions related to the CARES Bill. We will keep you updated with information as the coronavirus emergency continues. Please stay safe!

The CCEA Team