

Most of you have by now read various media articles about stimulus payments and expanded unemployment benefits, and several you have called us to ask great questions regarding retirement plan distributions, charitable contributions, and other items. Here are the highlights (and remember that these are summaries, without all the specific details).

Economic Impact Payments (aka stimulus payments)

- The payment is an *advance payment* of a 2020 tax credit. The advance payment is \$1,200 per individual (\$2,400 married filing joint) plus \$500 for each child under the age of 17.
- The payment is based on your adjusted gross income (AGI). AGI is your total income less a handful of deductions like self-employed health insurance, the deduction for self-employment tax, retirement plan contributions, deductible alimony payments and a few other items.
- The payments are phased out as your AGI increases. If you are single your payment is eliminated if your AGI exceeds \$99,000. If you are filing jointly \$198,000 is the upper limit.
- Payments will be made starting in approximately three weeks and will continue through December 31, 2020.
- The payments will be based on your 2019 income tax return if you have filed it. If a 2019 tax return has not been filed, IRS will look to your 2018 income tax return.
- If you were not required to file a return in 2018 or 2019, but you did receive Social Security payments, your stimulus check will be based on your Social Security statement.
- If you were not required to file a return for 2018 or 2019 and did not receive Social Security payments: IRS will soon provide information on how to file a 2019 tax return with simple, but necessary, information including filing status, number of dependents and direct deposit bank account information. Check the website below periodically for updated information about this.
- Ultimately, the payment due to you is based on your 2020 AGI - which of course won't be determined until you file your 2020 income tax return. If, based on 2020 AGI you are entitled to the full tax credit and you received less than the full amount as the advance payment, you will receive a tax credit for the additional amount due to you.
- There is no provision in the law requiring repayment of your advance payment if 2020 AGI results in a tax credit which is less than the advance payment you received.

The payment will be deposited directly into the same bank account reflected on the return that IRS bases the payment on (assuming your return for that year had direct deposit information). If you do not have direct deposit information on file with IRS, you will be able to provide that information in a few weeks. Treasury plans to develop a web-based portal for individuals to provide this information to the IRS online, if you prefer not to get checks by mail.

If your bank account information has changed since your 2018 returns was filed and your 2019 return has not yet been filed, you will want to go online to update your bank account information, once the IRS website to do this is available.

For updated information about the Economic Impact Payments and direct deposits go to:
<https://www.irs.gov/coronavirus>

Unemployment Insurance Provisions

Employees who have been laid off from work, or furloughed without pay, are eligible to receive Unemployment Benefits from the state. *This applies to any employee, including employees who are the owners of corporations.*

The CARES Act creates a temporary Pandemic Unemployment Assistance program through December 31, 2020 to provide payments to self-employed individuals, independent contractors, those with limited work history, and others who are unable to work as a direct result of the coronavirus public health emergency.

The CARES Act provides an additional \$600 per week payment to each recipient of unemployment insurance or Pandemic Unemployment Assistance for up to four months. It also provides an additional 13 weeks of unemployment benefits through December 31, 2020 to help those who remain unemployed after state unemployment benefits are no longer available.

Here is the website for information about how to file for Coronavirus California Unemployment Insurance:
https://www.edd.ca.gov/about_edd/coronavirus-2019.htm

Note: As of 3/31/2020 the website has not been updated to allow claims made by self-employed individuals, independent contractors, those with limited work history, etc. It only accepts information if you are an employee with employment history. We have not seen any information when the website will be updated. You should check for updates on daily basis.

If you are a resident of a state other than California, please check with that state's unemployment office or website.

Mortgage Payment Relief

Five major banks (Citigroup, JPMorgan Chase, U.S. Bank, Wells Fargo, and Bank of America) and nearly 200 other state-chartered financial institutions have agreed to delay mortgage payments, and to suspend foreclosures, for up to 90 days for Californians who have lost jobs or are struggling financially because of the COVID-19 pandemic. Note that California has no regulatory authority over the banks/institutions, so each bank can make up its own rules with respect to how the delay will work and for how long. The grace period is not automatic: you must apply, and you must prove financial hardship caused by COVID-19, so contact your financial institution as soon as possible. Ask about a waiver of any fees and charges. Your credit score is not supposed to be affected - confirm this.

Property Tax Payments

As of today, the second installment of your California property is still due on April 10. There is no word that the payment due date will be delayed. Note that you can make your property tax payments online. Provided you do not pay with a credit card, there is no fee for making an online payment using your checking account.