

Golden Bullets

Abiel Acosta, CFP®, CBEC®

Acosta Wealth Management

300 E. Esplanade Drive
Suite 1950
Oxnard, CA
93036

Telephone
805-973-5909

Fax
805-973-5918

Email
Abiel.Acosta@LFG.com

Website
www.AcostaWealth.com

The CARES Act:

THINGS TO CONSIDER

A month or so ago, **President Trump signed into law the CARES Act (Coronavirus Aid, Relief, and Economic Security Act)**. The nearly \$2 trillion relief package was enacted quickly in response to the COVID-19 pandemic.

The CARES Act includes a wide variety of provisions aimed to jump-start the U.S. economy during and after the business-slowng side effects of the coronavirus. The legislation includes direct financial assistance to individuals, indirect aid to individuals affected by COVID-19, various salves to employers designed in part to help keep people employed and miscellaneous provisions expected to help stimulate economic activity.

As with several recent federal law changes, the speed at which the CARES Act was crafted and approved has led to

- a lag in understanding some of its key provisions,
- ambiguity over some of the details and
- opportunities for clients who are prepared to act now.

Do you know about all the benefits of the CARES Act that might be available to you? Here's a short list:

- 1. Special refundable 2020 federal income tax credit being sent out now.** Tax filers with adjusted gross income up to \$75,000 for individuals and up to \$150,000 for married couples filing joint returns are now eligible to get
 - a. the full \$1,200 for individuals or
 - b. \$2,400 for married couples plus
 - c. up to \$500 for each qualifying child.

For filers with income above those amounts, the payment amount is reduced by \$5 for each \$100 above the \$75,000/\$150,000 thresholds. Single filers with income exceeding \$99,000 and \$198,000 for joint filers with no children are not eligible. **Do you think you're eligible but have not yet seen your check? I can**

help you look up your status or make sure you get on the refund list.

- 2. Special Qualified Plan Provisions for Those Affected by COVID-19.** The CARES Act has created special rules letting lots of people **access more of their retirement money this year in tax-favored ways**. I can help you decide which programs are available to you and figure out whether or not to take advantage of them.
- 3. Paycheck Protection Program (PPP).** The PPP and its follow-up funding package have authorized more than **\$650 billion in loans to small businesses** to pay their employees during the COVID-19 crisis. Small businesses with fewer than 500 employees may be eligible to borrow money under the program, and **the loan is forgivable if the funds are used for certain purposes**. If you own a business and haven't yet applied for a PPP loan, it is something you ought to consider.
- 4. Waiver of 2020 Required Minimum Distributions (RMDs).** I am telling my clients who are beneficiaries of inherited accounts, as well as qualified account owners older than 70, about the new choice created by CARES to **skip this year's RMD**. Where my account owning clients have already taken distributions of amounts they previously thought were RMDs earlier this year, we are exploring limited time rollover options.

There is much more in the CARES Act. If you would like to learn more, or if you have questions about how the new rules apply to you, please let me know.

**AS ALWAYS, PLEASE FEEL FREE TO CALL TO DISCUSS
THESE OR OTHER *FINANCIAL SECURITY ISSUES OF
CONCERN.***

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