

The News You Need to Know



Left to right: Andrew Woolley, Andrew Barringer, Christopher Miller, Steven Bell and Alan Loss.

To Our Clients,
Our top priority during these uncertain times is to continue to offer you the best support and communication. As you may know, Pennsylvania businesses that are not considered "life-sustaining" must shut down their work locations until further notice. The Personal Wealth Advisory team is working from home until these restrictions are lifted. It is important for you to know how to communicate with us during this time.

1. Call our main office phone number (717) 735-1170. Calls to our office are being routed to team members Monday-Friday between 8:30am-5:00pm. When you call, you may experience a slight delay as the call is routed. If we are unable to answer your call, please leave a voicemail and we will return your call as soon as possible. If leaving a voicemail, please state your name, phone number and the reason for your call.

2. Contact your advisor directly. If you call the main office number, leave a voicemail and do not receive a call back within an hour, you may call or email your advisor directly. Contact information is available at the end of this newsletter.



Personal Wealth Advisory, LLC

Wise strategies for your wealth and your life

630 Delp Rd., Suite 100
Lancaster, PA 17601

p: 717.735.1170 f: 717.735.1181

www.pwallc.net
info@pwallc.net

Answering Your Questions About the CARES Act

In response to the Coronavirus outbreak and its impact on workers and businesses, Congress passed the CARES Act to support the economy with over \$2 trillion in aid and stimulus. While much of the funding is designated for both large and small businesses, there are several very important provisions that directly impact individuals and their families.

In this edition of *The News You Need to Know*, we answer common questions about the CARES Act so you will know how these changes may benefit you.

Will I Receive A Recovery Rebate Check?

Most people have heard about the checks that the U.S. Treasury will be sending out to individuals and families. However, there is some confusion over who will receive these checks and how much they should expect.

Checks will be in the amount of up to \$1,200 per person (\$2,400 for married couples) and \$500 per child under the age of 17.

Not everyone will receive a check, but most people will. The qualification to receive the full payment depends on your tax filing status and Adjusted Gross Income. Those who will receive the full payment are:

- Married couples filing jointly with AGI under \$150,000
- Single filers with AGI under \$75,000
- Heads of Household with AGI under \$112,500

For taxpayers over these limits, the payment amount will be reduced by \$5 for every \$100 over the limit.

For those who have filed their 2019 tax returns, the Adjusted Gross Income from 2019 will be used to determine eligibility. Otherwise, 2018 Adjusted Gross Income will be used.

How Will I Receive My Payment?

For people who receive Social Security benefits, the payment will be processed the same way in which they receive their monthly payments. Those not on Social Security will receive their payments via direct deposit into the bank account that received their most recent tax refund, or it will be mailed to their most recent address of record.

If you have not yet filed your 2019 tax return, have changed banks or do not use direct deposit for your refund, and you have moved in 2020 or 2019, it may be wise to update your address with the IRS so you can be sure to receive your payment. You can use Form 8822, which you can find via this [link](#).

What If I Need Money from My IRA or Retirement Plan?

Many people find themselves out of work or with reduced incomes. Making a withdrawal from a retirement plan or IRA may be a necessity. The CARES Act removed the 10% penalty for distributions before age 59 ½. Up to \$100,000 may be withdrawn from an IRA, 401(k), 403(b) or other retirement plan without the 10% penalty.

In order to qualify, the distribution must be for one of the following reasons:

- You, your spouse, or a dependent has been diagnosed with COVID-19
- You have been laid off, lost work or have had working hours reduced
- You are unable to work because of lack of available childcare
- You owned and operated a business that closed or was materially impacted

These distributions are still taxable! However, you may elect to pay all the tax in 2020, or you can pay the tax over the next three tax years.

If you participate in an employer retirement plan, you may take a loan of up to \$100,000 from the plan. Repayments may be delayed for up to one year, at which time you will need to begin repaying the loan by writing checks to the plan or through payroll deductions.

Do I Still Need to Take a Required Minimum Distribution in 2020?

A major change that results from the CARES Act is the waiving of 2020 Required Minimum Distributions (RMDs). This means that you do not need to take your full RMD in 2020. This also applies to RMDs from Inherited IRAs and those taking 5-year structured distributions from Inherited IRAs.

If you have taken an RMD for 2020 within the past 60 days, you may roll the distribution back into your retirement account, but it must be done within 60 days of the withdrawal. Inherited IRA distributions may not be rolled back into the account.

What If I Am Having Trouble Paying My Student Loans?

Payments for federal student loans have been suspended until September 30, 2020. Interest will not accrue during this time if payments are suspended. This action will not be taken automatically by the lender. Borrowers must be proactive and request a suspension of their payment with the lender.

How Does the Act Impact Healthcare?

While not as impactful as some of the other provisions, Congress did make a few changes in regard to healthcare.

- Health Savings Accounts (HSAs) and Health Reimbursement Arrangements (HRAs) can now be used to purchase over-the-counter medications and menstrual care products without a doctor's note or prescription. Documentation including cost, date of purchase and a description of item purchased is still required for reimbursement. A purchase receipt will usually suffice.

- Medicare recipients are eligible for a free COVID-19 vaccine, once it is available.
- Medicare Part D participants can request up to a 90-day supply of their prescriptions.

Can I Now Deduct My Charitable Contributions?

Generally, charitable contributions are tax deductible only for those who itemize their deductions. With the standard deduction now at \$12,400 or more in 2020 for most taxpayers, many people do not itemize and therefore cannot deduct their charitable giving. For 2020, you may deduct up to \$300 of donations to qualified charities, even if you do not itemize your deductions.

If you have questions about these or other provisions of the CARES Act, please do not hesitate to call us. As always, feel free to forward this information along to your family or friends who may find it helpful.

For further reference:

<https://www.congress.gov/bill/116th-congress/senate-bill/3548/text>

<https://www.cnbc.com/2020/04/01/whos-eligible-for-covid-19-stimulus-checks-your-questions-answered.html>

<https://www.peoplekeep.com/blog/the-cares-act-effect-on-hras-hsas-and-fsas>

Below is a list of the direct lines and emails of the advisors.

Alan Loss	(717) 415-5188	aloss@pwallc.net
Chris Miller	(717) 384-2769	cjm@pwallc.net
Steve Bell	(717) 415-5452	sbell@pwallc.net
Andrew Barninger	(717) 415-5236	abarninger@pwallc.net
Andrew Woolley	(717) 415-5512	awoolley@pwallc.net

As always, we cannot accept trade instructions via email or voicemail. We will continue to put our best efforts into answering and responding to your calls quickly.