



**INDIVIDUAL CASH ("REBATE CHECKS")  
AND NON-CASH ASSISTANCE**

**Per the CARES Act  
(April 2, 2020)**

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**Recovery Rebates for Individuals.**

- ✓ All individuals with a Social Security Number will receive rebates worth up to \$1,200 for individuals (\$2,400 for couples) and \$500 per child under 17. A family of four could receive \$3,400.
- ✓ Rebates phase out above \$75,000 for single filers, \$112,500 for heads of household, and \$150,000 for married couples filing joint returns.
- ✓ Each member of your family must have a Social Security Number (included on your last tax return) to claim a rebate.
- ✓ You must file a tax return for 2018 or 2019 to receive a rebate check (or direct deposit). You may file a return now in order to qualify.
- ✓ People receiving Social Security or Supplemental Security Income (SSI) are eligible. Social Security recipients will receive their rebate funds automatically (will not have to file a tax return.)
- ✓ Rebates will not be counted as income for income-related programs like Medicaid, SSI or SNAP.
- ✓ Rebates will not be subject to garnishment.
- ✓ Distribution of rebates checks is reported to begin mid-April, 2020.
- ✓ See details below from the House Ways and Means Committee:

**TIMELINE STATEMENT FROM CONGRESSIONAL COMMITTEE:**

*As of April 2, 2020*

After extensive conversations with the IRS and the Department of Treasury, the staff of the Ways & Means Committee expect the IRS to issue economic impact payments following the below timeline. This timeline is subject to change given ongoing discussions by the Chairman. The Committee remains focused on ensuring all eligible Americans receive their payment as quickly as possible.

As of today, the latest estimated timing from the IRS on economic impact checks is as follows:

The IRS will make about 60 million payments to Americans through direct deposit in mid-April (likely, the week of April 13<sup>th</sup>). The IRS has direct deposit information for these individuals from their 2018 or 2019 tax returns. *This will include SSA beneficiaries who filed federal tax returns that included direct deposit information.*

*Shortly (hopefully within 10 days) after the first round of payments are made in mid-April, the IRS plans to make a second run of payments. These payments will be made to SS beneficiaries who did not file tax returns in 2018 or 2019 and receive their Social Security benefits via direct deposit. (The estimates are that nearly 99 percent of SS beneficiaries who do not file a return receive their SS benefits through direct deposit.)*

About 3 weeks after the first round of payments are made (the week of May 4<sup>th</sup>), the IRS will begin issuing paper checks to individuals. The paper checks will be issued at a rate of about 5 million per week, which could take up to 20 weeks to get all the checks out.

The checks will be issued in reverse “adjusted gross income” order—starting with people with the lowest income first.

We have seen estimates that there are between 150-170 million taxpayers. So, there are between 90-110 million taxpayers who are either filers or nonfilers about whom the IRS wants information. The filers will need to receive a paper check unless their direct deposit information can be updated in the IRS portal. The nonfilers may need to file the “simple tax return” (below) and likely include direct deposit information if they want to receive their rebates quickly.

The IRS is encouraging taxpayers to file their 2019 returns to the maximum extent possible. As taxpayers file their 2019 returns electronically, the IRS will post updated tax information weekly to its files and then send this information to another agency that will issue weekly payments.

The IRS expects to create a portal by the end of April/early May that will allow taxpayers, once they have been authenticated, to: (1) find out the status of their rebate payment and (2) update direct deposit information.

For Social Security beneficiaries who do not file returns, Treasury and the IRS announced on the evening of April 1<sup>st</sup> that these beneficiaries will not need to file a “simple tax return” to receive their rebate. Recipients will receive their rebate just as they would their Social Security benefits.

For other taxpayers who do not file returns, the IRS expects to release the “simple tax return” referred to in a recent IRS News Release “soon.” The IRS expects it will contain only a few questions, including name, SSNs, dependents, and deposit information. There also will be other IRS guidance accompanying this simple tax return.

## **Non-Cash Assistance/ Relief for Individuals**

### **✓ Creating Coronavirus-Related Distributions and Loans from 401(k) Plans and other Defined Contribution Retirement Plans:**

You may be allowed to take up to \$100,000 out of your account balance in 2020 if you or a family member test positive for the coronavirus or you suffer economic harm because of the coronavirus. You may also be allowed to borrow this amount from your account balance. If you have a plan loan outstanding and you are laid-off or terminated and cannot repay your loan, you are allowed an extra year to repay the loan. Contact the administrator for your plan

### **✓ Waiving the 10% Additional Tax on Early Distributions from IRAs, 401(k) Plans and other Defined Contribution Retirement Plans:**

The 10% additional tax on pre-age 59 ½ distributions from IRAs, 401(k) plans and defined contribution plans does not apply for 2020 if you, your spouse or child tested positive for the coronavirus, or if you suffer economic harm because of the coronavirus—such as being laid-off, furloughed or having your hours reduced because of the virus, not being able to work because of a lack of child care due to the virus, or you have to close or reduce the hours of a business you own because of the virus. Please go to [www.irs.gov](http://www.irs.gov) for more details. The IRS will be providing information soon.

### **✓ Waiving of Required Minimum Distributions from IRAs, 401(k) Plans and other Defined Contribution Plans:**

If you turned age 70 ½ in 2019, then you are not required to make minimum distribution by April 1, 2020. If you would regularly have to make a required distribution by the end of this year (December 31, 2020), then you do not have to do so—all required minimum distributions required to be made in 2020 are waived. Please go to [www.irs.gov](http://www.irs.gov) for more details. The IRS will be providing information soon.

### **✓ Deferring Contributions for Single Employer Pension Plans:**

If your company sponsors a single employer pension plan, your company may be allowed to defer your required contributions due in 2020 (including quarterly contributions due in 2020) until January 1, 2021. Your company's plan may also be allowed to use its 2019 funded percentage in 2020 for purposes of complying with funded-status benefit restrictions. Please go to [www.irs.gov](http://www.irs.gov) for more details. The IRS will be providing guidance soon.