GUIDE TO THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (C.A.R.E.S.) ACT

CASH ASSISTANCE

- Under the C.A.R.E.S. Act, adults will get $1,200 each and children $500 each in a one-off cash assistance payment.
- Direct cash payments to individuals and families will total more than $15.5 billion for New York State residents.
- At higher incomes, checks will get smaller.
  - The benefit will start decreasing at an approximate rate of $5 for every additional $100 in income.
  - The phase-out starts at $75,000 in adjusted gross income for single adults with Social Security numbers, $112,500 for heads of household, and $150,000 for married couples filing jointly.
  - It will phase out entirely by $99,000 for singles and $198,000 for couples (with no children). You can find your adjusted gross income on Line 8b of the 2019 1040 federal tax return.
- If someone claims you as a dependent, even if you’re an adult, you are not eligible for a payment.
- In any given family and in most instances, everyone must have a valid Social Security number in order to be eligible; there is an exception for members of the military.
- Most people can expect to receive their payments within three weeks, according to the US Department of the Treasury.
- If the Internal Revenue Service (IRS) already has your bank account information, it will transfer the money to you via direct deposit based on the recent income-tax figures it has on file.
- Those without 2018 tax filings on record could potentially affect mailings of stimulus checks.
  - If you’re worried about money that you owe that you cannot pay, the IRS recommends consulting a tax professional who can help you request an alternative payment plan or some other resolution.
- You do not need to pay income taxes on the amount of your cash assistance payment.

UNEMPLOYMENT ASSISTANCE

- It was previously reported that Governor Cuomo suspended the one-week waiting period typically required to receive unemployment insurance for individuals impacted by the COVID-19 pandemic.
  - That means, for COVID-19 impacted workers, as soon as you are no longer able to work, you are eligible to apply.
- The expanded unemployment assistance plan wraps in far more workers than are usually eligible for unemployment benefits, including self-employed people and part-time workers.
- People who are unemployed will get an extra $600 per week for up to four months, on top of State unemployment benefits to make up for 100 percent of lost wages.
- The additional $600 benefit counts as income when determining eligibility for means-tested programs, except for Medicaid and the Children’s Health Insurance Program (CHIP).
• Benefits vary from state to state. For example: A worker making $1,100 per week in New York State would be eligible for the maximum State unemployment benefit of $504 per week. Under the new expansion, she would get an additional $600 of Federal pandemic unemployment compensation, for a total of $1,104, essentially replacing her original paycheck.

• The C.A.R.E.S. Act provides all eligible workers an additional 13 weeks of unemployment assistance.

• If you are currently receiving benefits in New York State, there is nothing you need to do, as your benefits will be updated automatically.

• Participants in states with 26 weeks of benefits will be eligible for a total of 39 weeks.
  • The total amount cannot exceed 39 weeks, but it may be shorter in certain states.

• The extra $600 payment will last for up to four months, covering weeks of unemployment ending Friday, July 31st.

• Expanded coverage will be available to workers who were newly eligible for unemployment benefits for weeks starting on Monday, January 27th, and through Thursday, December 31st.

• Even if you’re already receiving unemployment benefits for reasons unrelated to COVID-19, your State-level benefits will still be extended by 13 weeks; you will also receive the extra $600 weekly benefit from the Federal government.

• People who must self-quarantine are covered, and individuals who are unable to get to work because of a quarantine imposed as a result of the outbreak, are eligible.

• People who were about to start a new job but cannot because of the outbreak are eligible for benefits. You will also be covered if you were immediately laid off from a new job and did not have a sufficient work history to qualify for benefits under normal circumstances.

• If you are unemployed, partly unemployed, or unable to work because your employer closed down, you’re covered.

• If you have received a COVID-19 diagnosis, are experiencing symptoms, or are seeking a diagnosis – and you’re unemployed, partly unemployed, or cannot work as a result – you will be covered. The same applies if you must care for a member of your family or household who has received a diagnosis.

• If you rely on a school, a day care, or another facility to care for a child, elderly parent, or another household member so that you can work – and that facility has been shut down because of COVID-19 – you are eligible.

• Self-employed people, as well as gig workers, freelancers, and contractors, are newly eligible for unemployment benefits; benefit amounts will be calculated based on previous income, using a formula from the Disaster Unemployment Assistance program.

• Self-employed workers will also be eligible for the additional $600 weekly benefit.

• Part-time workers are eligible for benefits if they work fewer than four days a week and earn $504 a week or less; they are also eligible for the additional $600 weekly benefit.

• Workers who are able to work from home and those receiving paid sick leave or paid family leave are not covered. New entrants to the work force who cannot find jobs are also ineligible.

• Generally speaking, you are not eligible for unemployment insurance if you voluntarily leave your job.

  • Before leaving work, the New York State Department of Labor (DOL) recommends speaking with your employer for alternatives that may be available, such as using sick time or annual leave, requesting a reasonable accommodation such as working remotely, asking your employer for a leave of absence, or seeking temporary disability benefits.

  • If alternative options are not available, you may file a claim for unemployment insurance. You should consider obtaining medical documentation that identifies any work restrictions and submit that with your claim.

STUDENT LOAN RELIEF

• In addition to the previous Federal waiver of two months of payments and interest for many Federal student loan borrowers, there will be automatic payment suspensions for any student loan held by the Federal government until Wednesday, September 30th.

• Interest shall not accrue on the loan during the suspension period.
• If you've borrowed money from the Federal government – a so-called direct loan – in the past 10 years, you're eligible.
  • Older Federal Family Educational Loans that the Federal government does not own are not eligible, nor are Perkins loans, loans from State agencies, or loans from private lenders; the holders of all those kinds of loans may be offering their own assistance programs.
  • Within a few weeks, you are supposed to receive notice indicating what has happened with your Federal loans.
  • You can choose to keep paying down your principal if you want. Then, after Saturday, August 1st, you should get multiple notices letting you know about the cessation of the suspension period and that you may be eligible to enroll in an income-driven repayment plan.
  • Students who drop out as a result of COVID-19 would not have that time away from school deducted from their lifetime limits on subsidized loan and Pell Grant eligibility.
  • Those students will also not be asked to pay back any grants or other aid they have already received.
  • Employers can provide up to $5,250 in tax-free student loan repayment benefits.
  • This means an employer could contribute to loan payments and workers would not have to include that money as income.

RETIREMENT ACCOUNT RELIEF
• For the calendar year 2020, no one will have to take a required minimum distribution from any individual retirement accounts or workplace retirement savings plans, such as a 401(k).
• You can withdraw up to $100,000 out of your IRA or workplace retirement plan early this year without the usual 10 percent penalty, as long as it is related to the outbreak. You will also be able to spread out any income taxes that you owe over three years from the date you took the distribution.
  • Additionally, if you want, you could put the money back into the account before those three years are up, even though the rules may normally keep you from making a contribution that large.
  • This exception applies only to withdrawals related to COVID-19; you qualify if you, a spouse, or a dependent tested positive, or if you experienced a variety of other negative economic consequences related to the pandemic.
  • Employers can allow workers to self-certify that they are qualified to pull money from a workplace retirement account.
• You can borrow twice the usual amount from your 401(k) or other workplace retirement plan.
  • For 180 days after the C.A.R.E.S. Act became law, with certification that you have been affected by the pandemic, you will be able to take out a loan of up to $100,000.
  • If you already have a loan and were supposed to finish repaying it before Thursday, December 31st, you get an extra year.

CHARITABLE CONTRIBUTION RELIEF
• The C.A.R.E.S. Act makes a new deduction available – and not just for 2020 – for up to $300 in annual charitable contributions.
  • It is available only to people who do not itemize their deductions, and it is calculated by subtracting the amount you give from your gross income.
  • To qualify, you have to give cash to a qualified charity and not to a donor-advised fund.
  • If you've already given money since Wednesday, January 1st, that contribution counts toward the $300 cap.

SMALL BUSINESS ASSISTANCE
• The C.A.R.E.S. Act will provide small businesses New York City Small Business Administration (SBA)-backed loans to pay for basic expenses. They would not have to repay portions that were spent on paying employees, a mortgage, rent, or utilities.
  • The banks lending the money would be reimbursed for those portions by the US Treasury Department, which is receiving $377 billion to fund the program.
  • Individual lenders will be able to use their own paperwork to process loans and can expect SBA approval within two weeks.
• Banks will not disburse the loans until the SBA assures them that each is fully guaranteed against default.
• Unlike other SBA-backed loans, business owners won’t have to provide personal guarantees or use all their available assets – from real estate to equipment – as collateral.
• There are no fees, and interest rates are capped at four percent.

  • Loans are limited to $10 million, to businesses with 500 employees or less.
    • Any portion of that loan used to maintain payroll, keep workers on the books, or pay for rent, mortgage, and existing debt could be forgiven, provided workers stay employed through the end of June.
• Businesses that have recently laid off workers would be required to repay a larger portion of their loans, and loans covering salaries of more than $100,000 a year wouldn’t qualify for forgiveness.
• Businesses will not have to repay loans covering up to eight weeks’ worth of payroll expenses.

TAX RELIEF
• The Federal government previously granted an extension on the filing tax deadline to Wednesday, July 15th, which was matched by an extension of the State deadline in New York.
• Employers and self-employed individuals will get to defer the 6.2 percent tax they pay on wages that is used to fund Social Security.
• Businesses will get a tax credit for keeping idled workers on their payrolls during the coronavirus pandemic, as long as the businesses meet certain criteria.
  • They will get a refund for half of what they spend on wages, up to $5,000 per worker.
  • To qualify, businesses have to prove they took a 50 percent loss compared to the same quarter in years past.
  • Employers won’t be able to get special SBA loans if they opt for the tax credit.
• Retailers, restaurateurs, and hotels will be able to immediately deduct from their taxes what they spend on property improvements.
• Distilleries have a temporary exemption from an excise tax for alcohol they use to make hand sanitizer that is produced and distributed within US Food and Drug Administration (FDA) guidelines.

CREDIT RELIEF
• During the period beginning on Friday, January 31st and continuing 120 days after the end of the national emergency declaration, lenders and others should mark your credit file as current, even if you take advantage of payment modifications.
  • If you had black marks on your file before the COVID-19 pandemic, those will remain unless you fix the issues during the emergency period.

RENTER RELIEF
• The C.A.R.E.S. Act puts a temporary, nationwide eviction moratorium in place for any renters whose landlords have mortgages backed or owned by Fannie Mae, Freddie Mac, or other Federal entities.
  • This will last for 120 days from the date of the law’s enactment, and landlords also cannot charge any fees or penalties for nonpayment of rent.

ADDITIONAL C.A.R.E.S. ACT RELIEF
• The C.A.R.E.S. Act requires all private insurance plans to cover COVID-19 treatments and vaccine and makes all coronavirus tests free.
• Hospitals will receive $100 billion in grants to help fight COVID-19 and make up for the dollars they have lost by delaying elective surgeries and other procedures to focus on the outbreak.
  • They will also get a 20 percent bump in Medicare payments for treating patients with the virus.
• A $200 million investment in telemedicine will boost remote health checkups by investing in services and devices that help health care providers connect remotely with patients.
• The C.A.R.E.S. Act provides $1.3 billion in immediate additional funding for community centers that provide health care services for roughly 28 million people, as well as $11 billion for diagnostics, treatments, and vaccines.

• It also includes $80 million for the FDA to prioritize and expedite approval of new drugs, $4.3 billion for Centers for Disease Control and Prevention (CDC) programs and response efforts, $20 billion for veterans’ health care, and $16 billion for the Strategic National Stockpile to increase availability of equipment, including ventilators and masks.

• The C.A.R.E.S. Act includes nearly $25 billion for food assistance, including nearly $16 billion for Supplemental Nutrition Assistance Program (SNAP) and nearly $9 billion for child nutrition. There is also $450 million more for food banks and other community food distribution programs.

• It includes more than $30 billion in emergency education funding for colleges and universities, states, and school districts.

• Airlines will receive $29 billion in grants, and $29 billion in loans and loan guarantees, as well as a reprieve from paying three of their major excise taxes on the price of a ticket, the fuel tax, and a cargo tax.
  • Half of the funds will go toward the continuation of payment of employee wages, salaries, and benefits, while the other half will go to loans and loan guarantees for passenger airlines, repair stations, and ticket agents – subject to conditions.
  • That funding comes with requirements such as no stock buybacks and limits on executive compensation; indeed, any company receiving a loan under the C.A.R.E.S. Act is barred from making stock buybacks for the term of the loan plus one year.

• The US Department of Defense (DOD) will receive $10.5 billion, including $1.5 billion for the National Guard to deploy up to 20,000 on-call soldiers to help State response teams fight COVID-19 over the next six months.

• The bill would also spend $415 million on research and development work at the Pentagon, aimed at developing vaccines and antiviral medicine.

• Nearly $24 billion is going to assist farmers and ranchers, including $14 billion for a Depression-era financial institution that the US Department of Agriculture (USDA) has wide discretion to use to stabilize the farm economy.

• Another $9.5 billion would be set aside for emergency aid for the agriculture sector, including cattle ranchers and fresh fruit and vegetable growers.

• The C.A.R.E.S. Act provides $150 billion for State and local governments, with $8 billion set aside for local governments; $5 billion went to New York State.
  • It provides about $1.1 billion to New York City’s Medicaid fund, and another $6 billion to New York State’s Medicaid fund.
  • The Metropolitan Transportation Authority (MTA) is due to receive $3.8 billion in Federal aid.

• The US Department of the Treasury (the Treasury) will divide a $500 billion pot of loans to struggling industries such as airlines, as well as cities and states. Additionally, the US Postal Service (USPS) has been provided a $10 billion Treasury loan.

**Sources:**

https://www.labor.ny.gov/ui/coronavirus-faq.shtm