

MEMORANDUM

To: All Pension Clients

From: Klausner, Kaufman, Jensen & Levinson

Re: CARES Act Tax Rebate Checks

Date: March 27, 2020

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act became law. The CARES Act is a very lengthy bill addressing the economic impact the United States and the American people face as a result of the Coronavirus (“COVID-19”). This bill also responds to many other issues brought on by COVID-19.

The CARES Act is set to provide individuals and families funding in the form of a tax rebate to help relieve some of the financial burden felt by all. Specifically, individuals with an income not exceeding \$75,000 annually or \$150,000 annually for joint tax filers, will receive an advance tax rebate of \$1,200 per person. An additional tax rebate of \$500 per child under the age of 17 will be provided to those claiming the dependent on their tax return. Individuals are expected to receive their tax rebate check between now and December 31, 2020.

Tax rebate checks will be issued based on the information contained in the tax return you filed for either year 2018 or 2019 or on Social Security records. We understand that many retirees may not have filed a 2018 or 2019 tax return as they received less than the standard reduction in retirement benefits. Similarly, some of our retirement plans do not participate in the Social Security System for employees. Retirees of these plans do not receive an SSA-1099. ***If your plan has older members whose benefit level does not require the filing of a tax return and they do not receive Social Security, it is highly recommended they immediately file a tax return for 2019.*** This recommendation is based on our work with NASRA during the drafting of the bill and confirmed by tax practitioners with whom we consulted. In addition, the following question and subsequent recommendation appeared today from the Senate Committee on Finance:

Are senior whose only income is from Social Security or a veteran whose only income is a veterans’ disability payment eligible? Yes, as long as they are not the dependent of another taxpayer. The bill also provides IRS with additional tools to locate and provide rebates

to low-income seniors who normally do not file a tax return by allowing them to base a rebate on Form SSA-1099, Social Security Benefit Statement or Form RRB-1099, which is the equivalent of the Social Security statement for Railroad Employees. *However, seniors are still encouraged to file their 2019 tax return to ensure they receive their recovery rebate as quickly as possible.*

For the full report and FAQs from the Finance Committee, please review the following link: <https://www.finance.senate.gov/chairmans-news/cares-act-recovery-check-faq>

The U.S. Department of Labor has an entire section on information resources related to the Coronavirus legislation. That information may be accessed at the following link: <https://www.dol.gov/coronavirus>.

Persons may not receive a CARES Act tax rebate check if they have not filed a tax return for either 2018 or 2019 or if you did not receive an SSA-1099 for these years. The deadline to file a tax return has been extended from April 15, 2020, to July 15, 2020. Filers who have zero tax liability may file for free on the Internal Revenue Service's website located at <https://www.irs.gov/filing/free-file-do-your-federal-taxes-for-free>. We are advised by Congressional staff involved with the CARES Act that the IRS may issue a special form for non-tax filers. We recommend regularly checking the IRS website for updates at the following link: <https://www.irs.gov/coronavirus>

As we have advised, we are fully operational, on a remote basis during this crisis and are available to answer any questions you may have. Please be aware, however, that our firm cannot provide individual tax advice. If your members have individual tax questions please advise them to consult a qualified tax professional.