Benefits for All Individuals (Employed or Unemployed)

2020 Recovery Rebate Checks to US Residents

The newly passed Coronavirus Aid, Relief and Economic Security (CARES) Act includes direct payments to individuals in the amount of $1,200 for adults and $500 per child. This payment will phase out based on earnings between $75,000-$99,000 for individual filers and $150,000-$198,000 for joint filers (based on the most current filed tax return).

Waived Penalty for Retirement Fund Distribution

The CARES Act waives the 10 percent early withdrawal penalty for distributions up to $100,000 from qualified retirement accounts for coronavirus related purposes through December 31, 2020.

Benefits for Individuals who are Unemployed

State Unemployment Benefits Extended to Nonprofits

The CARES Act includes emergency unemployment relief for employees of nonprofits who would otherwise be ineligible for unemployment benefits. These benefits will extend through December 31, 2020. This is applicable to employees who are unable or unavailable to work because they are unable to work because of a quarantine imposed as a result of the COVID-19 public health emergency. Other reasons are also listed and are because:

- They are diagnosed with COVID-19, experiencing symptoms of COVID-19, are required to self-quarantine by a health care provider.
- They are providing care for a family member with COVID-19, providing care for a child who is unable to go to school because of the COVID-19 public health emergency.

Additional Unemployment Benefit Available from the Federal Government

The CARES Act also created the Federal Pandemic Unemployment Compensation program. This program pays a benefit of $600 per week for up to four months for any worker eligible for state or federal unemployment compensation benefits. The Federal Pandemic Unemployment Compensation payment will be paid in addition to and at the same time as the regular state unemployment benefits.

Benefits for Churches

Churches are Eligible for Loans Which Can Ultimately Become Grants

The CARES Act established the Paycheck Protection Program. The goal of this program is to help support the ongoing operations of small business (including local churches) by allowing them to make payroll and retain their employees for the period February 15, 2020 through June 30, 2020. Below is the calculation of the loan amount.

\[
\text{Average monthly payroll cost from previous year} \times 2.5 = \text{Loan Amount}
\]
Compensation of an individual employee in excess of an annual salary of $100,000 will not count towards payroll costs.

Up to 100 percent of the Paycheck Protection Loan may be forgiven (turning the loan into a grant) if the church meets the following criteria over an eight-week period.

1. Funds were used to pay payroll costs, interest on a mortgage, pay a rent obligation or cover utility payments. (It is unclear at this point if housing payments apply to this calculation.)
2. Church averages the same or more full-time employees during the covered loan period than it averaged during the same time the previous year. (If employee counts are lower, the amount of the loan forgiveness will decrease by a percentage. Funds that are not forgiven must be paid back over ten years.)

Lenders will most likely be the church’s current banker. The bank will receive funds from the Small Business Administration so churches will need to make sure their bank is participating in the Small Business Administration loans provided in the CARES Act.

Delayed Payments of Payroll Taxes

The CARES Act expands payroll tax relief to delay remittance of employer’s share of social security tax that would have been deposited between the date of the CARES Act (March 27, 2020) through December 31, 2020. 50% of these taxes would be paid by December 31, 2021 and the remainder would be paid by December 31, 2022.

Go to SBA.gov for more information or to apply.