

May 22, 2020

Re: Financial update on coronavirus (COVID-19)

Dear Valued Client,

As the coronavirus (COVID-19) continues to affect local communities and global economies, you may have concerns about your financial well-being. Or you may be wondering about how recently passed legislation impacts you. We are providing a high-level summary of some of the key provisions impacting individuals and recommend discussing your particular circumstances with us in more detail.

Relief available

There are several recently enacted tax changes and new or expanded benefits that might be helpful to you.

Income tax provisions:

- The IRS extended the April 15, 2020 federal income tax filing and payment deadline to July 15, 2020. However, we continue to work on filing returns as soon as possible.
- First quarter and second quarter estimated tax payments usually due April 15 and June 15, 2020 are now extended to July 15, 2020.
- Indiana and Michigan are also following the IRS extended deadline of July 15, 2020. Additional information about other states and their filing deadlines can be found at <https://www.aicpa.org/content/dam/aicpa/advocacy/tax/downloadabledocuments/coronavirus-state-filing-relief.pdf>.

Recovery rebates:

- Payments to individuals of \$1,200 (\$2,400 for joint filers) plus \$500 for each qualifying child are currently being delivered.
- The recovery rebate begins to phase out for taxpayers with adjusted gross income (AGI) above \$150,000 for joint filers, \$112,500 for heads of households and \$75,000 for other individuals. If you'd like to estimate the amount you'll receive, visit the CARES Act stimulus calculator at aicpa.org/covid19tax.
- The payment is not taxable.

Retirement accounts:

- Through the end of the year, individuals who are under 59 ½ years old can take up to \$100,000 in coronavirus-related distributions from retirement plans without the usual 10% penalty for early distributions. The distributions may be repaid within three years and any resulting income inclusion can be taken over three years.
- If you were over 70 ½ at Dec. 31, 2019 you won't have to take required minimum distributions (RMD) in 2020. If your retirement assets have taken a hit, not having to take an RMD may allow those assets to recover some value before you liquidate them. Not taking an RMD for the 2020 year could present some tax planning opportunities, so please contact us to discuss the opportunities that could benefit you.

Student loans:

- If you have a federally-held student loan, your payments will be suspended through Sept. 30, 2020 and interest won't accrue during this period. Note that this relief does not apply to private student loans.

Other benefits:

- The CARES Act allows a \$300 charitable contribution deduction for all individual taxpayers for the 2020 year, even if those who take the standard deduction.
- Other benefits are available including expanded unemployment and emergency paid sick and family leave benefits ([with some limitations and exceptions](#)). Unemployment benefits are extended to self-employed and part-time workers.

Protecting our clients and staff

There are limitations on our physical work environment due to COVID-19; however, we're working to minimize disruptions and impacts to you so that we can still offer the same level of superior service and support you have come to expect from our team.

We have implemented procedures to protect the health and safety of our staff, clients and community including restricting/limiting access to our office, restricting/reducing travel, limiting the size of meetings, and providing remote working solutions.

Our firm is open to serve you

Our firm remains open and available to serve you and our phone lines are currently open 8am to 5pm Monday through Friday. We also have a drop box right outside of our office doors that is being checked regularly.

Our commitment to you

Whether you have tax or financial planning questions or need advice on ways to navigate the expanded benefits outlined above, we're here for you. If you have any questions or concerns, please don't hesitate to contact us via phone at 574-262-8886 or 574-296-9360 or send an email to your primary contact person or to info@cornerstonecpagroup.com.

We're in this together and our thoughts go out to all who have been impacted by this unprecedented situation.

Sincerely,

Your Cornerstone CPA Group Team