

What's happening with your finances during COVID-19

The changes we are going through to avoid exposure to COVID-19 are affecting everyone economically. Communities have canceled gatherings, travel has been limited, businesses have reworked operations, and some organizations have closed either temporarily or permanently. The government has made several recent changes to help us get through this.

Tax filing relief

This year's income tax deadline has been pushed back to July 15, both federally and in Kentucky. The IRS granted this automatic extension, which defers federal income tax payments without penalties and interest. For IRS tax relief information, visit [IRS.gov/coronavirus](https://irs.gov/coronavirus). The Kentucky Department of Revenue followed suit for the most part. For more information on state taxes, visit <https://revenue.ky.gov/Pages/2019NovelCoronavirus.aspx>.

Economic impact payments

The federal government recently passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The act will help most Americans in the form of economic impact payments. The IRS will issue these payments. For the most up-to-date information, visit [IRS.gov/coronavirus](https://irs.gov/coronavirus).

Most people won't have to do anything to get their payment. The IRS will use the same payment method you used for your last tax filing, such as direct deposit or mailed check. The IRS will base the payment on how much money you make and the filing status for your 2019 return, or your 2018 return if you haven't filed for 2019 yet.

Your filing status:	Individual	Head of household	Married filing jointly
If your adjusted gross income is	Up to \$75,000	Up to \$112,500	Up to \$150,000
You will receive	Up to \$1,200	Up to \$1,200	Up to \$2,400
Plus, for each qualifying child	+ \$500 each	+ \$500 each	+ \$500 each

Qualifying children are under the age of 17 and claimed as a dependent on your taxes.

If your income is more than the amount in your category, the payment amount is reduced by \$5 for each \$100 above the threshold.

The IRS states that single filers with income more than \$99,000, head of household with income more than \$136,500, and joint filers with income more than \$198,000 who don't claim children are not eligible. Additional cases where you may not receive a payment include if someone claims you as a dependent on their taxes, you have a nonresident alien status, or you're filing on behalf of estates or trusts.

Social Security recipients and railroad retirees who are not required to file a tax return are eligible and are not required to file a return. Those people who do not typically file taxes might need to provide further information at <https://www.irs.gov/coronavirus/economic-impact-payments>.

While you now have until July 15 to file your income taxes, the IRS urges people to file as soon as possible and to include direct deposit banking information. However, the payments will be available throughout the rest of 2020, in case you need in-person help with your return once social distancing guidelines are lifted.

Note that scammers might try to capitalize on these economic impact payments. Outside groups will not be able to “speed up” your payment for a fee. Government officials will not call or email asking you to provide your personal information.

Unemployment

Because of the COVID-19 pandemic, unemployment benefits are now more broadly available. Nontraditional unemployment clients are now eligible to file for benefits. Workers who lose their jobs should check into how eligibility requirements have changed.

The CARES Act includes an extra \$600 a week in unemployment benefits for up to four months, paid on top of state-paid benefits. It also adds 13 weeks of unemployment insurance.

The Kentucky Career Center website lists information you will need in order to file a claim. Because of the high volume of claims currently, claims are filed on certain days of the week based on the first letter of your last name. For more information and to file for unemployment, visit <https://kcc.ky.gov/Pages/default.aspx>.

Loan payment relief

If you have a federally backed mortgage or student loan and you are affected by the pandemic, you may have relief options available, including more time to make payments.

The CARES Act included a foreclosure moratorium and a right to forbearance for homeowners affected by COVID-19 who have federally backed mortgages. Forbearance is the ability to pause or reduce your payments for a limited time. This doesn't change what you owe, but puts it off into the future. Contact your mortgage holder to request forbearance.

The CARES Act also included an automatic suspension of principal and interest payments on student loans owned by the federal government. This 0% interest rate and suspension of payments is automatically in effect from March 13 through Sept. 30, 2020.

No matter who backs your mortgage or student loan, if you are struggling to make a payment, contact your servicer or provider. Relief options may be offered for other types of loans as well.

However, if you can pay your mortgage and student loans, continue to do so. While relief options may be available, you may save money in the long run by making regular payments as long as possible. Payments made on student loans between March 13 and Sept. 30 will be applied directly to principal and will help you pay off your loans faster.

For more information on loan payment relief, visit <https://www.consumerfinance.gov/coronavirus>. For up-to-date state-specific information on COVID-19, visit kycovid19.ky.gov.

References:

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