

## The CARE Act: Elements most Pertinent to Churches and Individuals

Links are provided for detailed information, if additional help is needed, please contact your Missouri United Methodist Foundation at [cbouchard@mumf.org](mailto:cbouchard@mumf.org) or call (573) 875-4168.

### For Individuals:

- **Economic Impact Payments.** Many people will receive \$1,200 plus \$500 for each child in their care. The latest on who will receive checks, the amounts and when to expect them can be found here on the [IRS.gov website](https://www.irs.gov).
  - This payment may be a windfall for people who remain employed or are retired with stable income. This is an opportunity to remind people to remember neighbors, the community and the church if these funds are not personally needed. The message from your church could be, “If you are blessed with steady employment and or income, please consider donating a portion of your federal relief check.”
- **Student Loans.** Payments for student loans held by the federal government will automatically stop from March 13 to September 30, 2020. The change does not apply to private student loans. For the most updated information, go to the Department of [Education’s website](https://www.ed.gov).
  - The suspension of some student loan payments provides extra cash in a time of uncertainty. Every family’s financial situation is unique. The extra monthly cash could be used to offset a loss in other monthly income, increase your emergency fund, pay down high interest credit cards and loans, save for retirement or a child’s education, or pay down your student loans more quickly. Contact C2FM to review your options with a financial coach.
- **Increased unemployment benefits.** Missouri has signed an agreement with the Department of Labor that provides an additional \$600/week for up to four months, not to exceed July 31, 2020. Visit the [Department of Labor](https://www.dol.gov) website for more information. The criteria for eligible individuals expanded to cover audiences generally excluded in the past, including the self-employed.
- **Tax filing deadlines.** The filing deadline for both the federal and state 2019 income taxes has been moved to July 15, 2020. Click here for information on [federal income tax](https://www.irs.gov). Click here for information on [state income tax](https://www.mt.com).
  - If you owe taxes, this new deadline will give you three months to hold on to your money and collect a small amount of interest, or save money if you don’t currently have enough to cover your tax liability.
  - If you are receiving a tax refund, file your taxes as soon as possible to receive your refund.

### For the church:

There are two programs now available through the SBA to non-profits, **including churches** as long as they meet the SBA definition of “small”, which is generally defined as employing fewer than 500 people. There is a document on the SBA website designed to answer questions specifically about [faith-based organizations](https://www.sba.gov). The two programs are:

- **Payroll Protection Program (PPP)** – this is a forgivable loan program intended to encourage small organizations to keep people employed during the pandemic. More information and the loan application can be found here on the [SBA website](#).
  - Look into this program for assistance with the cost of payroll, utilities, or rent/mortgage payment. SBA approved lenders process the loan applications, contact your church’s bank to understand how they would like to receive your loan application.
- The **Economic Injury Disaster Loan (EIDL)** – There are two parts to this program, the Economic Injury Disaster Loan and Loan Advance. The Loan Advance provides a loan of \$10,000 to qualifying organizations, and the EIDL provides a working capital loan for up to \$2 million. More information can be found here on the [SBA website](#).
- **Reimbursement for Mandated Sick Leave** - Churches must provide paid sick and family leave to employees who are unable to work due to certain absences related to the COVID-19. Any church or religious organization that withholds payroll taxes for employees is eligible to participate. Employers will receive 100-percent reimbursement for mandated paid leave as well as health insurance costs. This coverage applies only to paid leave occurring on or after April 1, 2020, and prior to the end of this year. [Church Law and Tax](#) provides guidance on this benefit.

#### **Other elements with potential impact to churches or individuals**

- **Extra \$300 charitable deduction** for non-itemizers. Section 2204 of the Act amends the Internal Revenue Code by adding new § 62(a)(22), allowing taxpayers who do not itemize deductions to deduct up to \$300 for certain charitable gifts made in 2020. Only contributions actually made in 2020 qualify, excess cash contributions carried over from a prior year and treated as made in 2020 are not eligible.
  - Churches can inform their members on this provision as a way to encourage people to increase their giving.
- **Increase in the total deductions for charitable gifts.** To encourage charitable giving, in the CARES Act section 2205 eliminates the Code § 170 percentage limitations on most cash gifts to public charities. Under the law in effect prior to this change, contributions of cash to a public charity were limited to 60% of adjusted gross income; it has been changed to 100% of adjusted gross income.
  - Churches can inform their members on this provision as a way to encourage people to increase their giving.
- **Retirement account distributions or loans up to \$100K.** The CARES Act temporarily loosens the rules on hardship distributions from retirement accounts, giving people under the age of 59 ½ affected by the crisis access of up to \$100,000 of their retirement savings without the usual 10% penalty. Those who take this distribution, have three years to pay the taxes and/or replace the funds.

The law also doubles the amount 401(k) participants can take in loans from an account for the next six months to the lower of \$100,000 or 100% of the account balance.

These are not actions to take lightly, professional counsel is recommended.

- **The Required Minimum Distribution (RMD).** The age when individuals are required to take a minimum distribution from the retirement accounts is raised to age 72, effective this year. It is not retroactive for those who turned 70 ½ last year. More information can be found here on [the IRS website](#).
  - Individuals can direct the amount of their RMD from an IRA as a Qualified Charitable Distribution and not pay income tax on this amount. Since the age requirement for RMDs has been raised, churches may see a reduction in Qualified Charitable Distributions to churches until people reach the age of 72.