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### **Beyond the Portfolio – Details on the CARES Act and Strategies to Help you Plan Well. Invest Well. Live Well.™**

As the nation, the community, and the markets continue to feel the effects of the coronavirus, or COVID-19, Weiss, Hale & Zahansky Strategic Wealth Advisors is committed to providing you with updates and reliable information. This week, we will focus on thinking beyond the portfolio – what does the Coronavirus Aid, Relief, and Economic Security or CARES Act mean for Americans, how is the Federal Reserve stepping in to help, how are personal finances and budgets being affected, and what can you do to continue to Plan Well. Invest Well. Live Well.™ during a global pandemic? It is our goal to be your trusted source for information to help you manage these changes to your daily life.

#### **What is the CARES Act?**

The CARES Act was passed on Friday, March 27, 2020. It is a \$2.2 trillion federal stimulus package designed to help individuals and businesses, along with hospitals and health care professionals, manage the negative effects we have seen on the economy since the beginning of this month. As you may know, we have entered a bear market, meaning that the major indices, NASDAQ, DOW Jones, and the S&P 500, have dropped 20% or more from highs this year. Bear markets can have a devastating effect on the economy if contingencies are not put into place to help alleviate the drop as well as the sudden stops in economic activity. To help potentially mitigate the negative effects of these sudden economic stops and tame the bear markets, the US Congress and the President came together to forge the CARES Act bill.

#### **Relief for Individuals**

One way the bill is designed to help individuals specifically is by providing direct payments to American taxpayers. With certain exemptions, individual tax filers who

earn up to \$75,000 of adjusted gross income (AGI) per year will receive checks for \$1,200. Couples filing taxes jointly earning up to \$150,000 AGI will receive payments of \$2,400, and an additional \$500 per child. The payments decrease for individual tax filers earning more than \$75,000 AGI and couples filing taxes jointly earning more than \$150,000 AGI. Individual tax filers earning more than \$99,000 AGI per year and joint tax filers earning more than \$198,000 AGI per year will not receive direct payments.<sup>11</sup> If you have direct deposit or you paid the IRS via electronic funds transfer from your bank in the past, the US treasury plans to send your stimulus money directly to your bank account in next 3 weeks. It will be longer if they are sending physical check to your mailbox.

### **Unemployment Benefits Enhanced:**

CARES Act provides for an extended unemployment insurance program and expands eligibility and offers workers an additional \$600 per week for four months on top of what state programs pay. It also extends unemployment benefits through Dec. 31 for eligible workers. These enhancements apply to the self-employed, independent contractors and gig economy workers.

### **Need More Money Now? A Few Potential Options:**

Perhaps you need emergency funds beyond the direct payment or that unemployment benefits are not enough? The CARES Act increases 401k loan limit from \$50,000 to \$100,000 for 2020. Additionally, the bill enables use of retirement funds beyond the loan options and waives the IRS 10% early withdrawal penalty for distributions up to \$100,000 for coronavirus-related purposes, retroactive to Jan. 1. Withdrawals are still taxed, but taxes are spread over three years, or the taxpayer has the three-year period to roll it back over.

### **Income Tax Extensions and Exemptions**

All IRS and CT income tax April 15th deadlines for 2019 taxes are extended to July 15th including tax filing, payments, penalties due, and IRA, HSAs, and Roth contributions. If you have a payment set up automatically to be paid between now and April 15th, you can push it out without filing any special forms. If filing an extension, that form is due by July 15th and you have until October 15th, 2020 to complete as usual. Please note that some key areas that do not qualify for extensions: estate and gift taxes, excise taxes, informational forms such as 1099s. For more information go to IRS.gov.

**Beyond the Investment Portfolio: Strategies to help you Plan Well. Invest Well. Live Well.™**

In last week's article, we focused on financial strategies related to staying the course on your investments. This week, we wanted to discuss how individuals can make sound financial decisions beyond an investment portfolio. A lot of these insights are helpful for everyone handling their everyday finances, not just those with investment portfolios. During this difficult time, it's especially critical to have a plan in place for your finances. Some people may need to adjust their financial habits to make it through this crisis and the next couple of months. So where do we start?

It's been proven that those who write down their financial goals and the actions they plan to take to accomplish them are more likely to achieve their goals. First, build a basic personal financial balance sheet. Understand how much you own (or your assets such as your home, investment accounts, savings accounts) and how much you owe (or your debt such as a mortgage, rent, car loans, credit cards, etc.).

Next, track your income and expenses. Break down your expenses by separating and prioritizing the required expenses for comfortable living such as rent, groceries, car expenses, electric bill, cell phone, etc. If you find yourself unemployed, you might consider living without discretionary expenses, such as entertainment, take-out, or your daily latte. Your online banking app may have a tool to tally your expenses and help you determine your average spend rate over the last couple of months. If you are currently, or soon become unemployed, apply for unemployment benefits immediately as it may take 2-3 weeks for checks to start arriving. Visit: <https://uicclaimsct.force.com/Customers> to apply. That way you'll have the best chance of staying afloat and can use the benefits to bridge your needs.

You will then need to determine your financial goals (examples: pay down credit card debt or maintain expenses while unemployed). Setting up transfers or payments automatically will help you be successful in achieving this goal.

Then, you'll need to determine what strategies you will implement and the actions you will take to achieve your goals. For example, if your goal is to pay down debt, decide on how much you can allocate to that goal and how long it will take you. Then determine how you will make it happen; will you spend less on discretionary items and allocate more towards your credit card?

If your goal is to maintain your expenses while unemployed and you're finding that your expenses will be more than the income you'll be bringing in, determine if you can forego any of your discretionary expenses or consider less expensive alternatives. One expense that many people have cut in recent years is the cable bill – can you switch to Hulu or Netflix? Also, during this crisis, companies are trying to make it easier for consumers. Check with your bank, creditors and/or insurance companies to determine if there are options to defer debt and/or premium payments over the next few months while we all work through managing the pandemic and possible loss of income. That doesn't mean stop paying your debts or

insurance premiums, but rather considering what cost-effective options may be available to you.

Lastly, check-in periodically on the progress you're making in accomplishing your financial goals and reward yourself for reaching your goals!

### **Remember to Focus on Living Well**

On a lighter note, remember to practice healthy habits! Stay in touch with family and friends; if you're able to video chat, that's the best way to make us all feel like we're still connected. Are you able to enjoy the springtime weather? Perhaps go for a walk or sit outside for a bit if your situation allows. Make sure you and your loved ones follow CDC guidelines for personal hygiene and stay up to date on your state's precautions for limiting the spread of COVID-19.

Authored by Vice President, Associate Financial Advisor, Leisl L. Cording CFP®. Securities and advisory services offered through Commonwealth Financial Network®, Member FINRA/SIPC, a Registered Investment Adviser. 697 Pomfret Street, Pomfret Center, CT 06259, 860.928.2341. <http://www.whzwealth.com>

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[1] [Rebecca Shabad and Adam Edelman. "Trump signs \\$2 trillion coronavirus stimulus bill." NBC News](#)

[2] [Sutton Turner. "Details of CARES Act: The Financial Bridge that Churches, Schools & Nonprofits Need." Vanderbloemen](#)

[3] [Leon LaBrecque. "The CARES Act has passed: Here are the highlights." Forbes.](#)