



**COMPASS**  
PLANNING ASSOCIATES

Fee-Only Financial and Investment Planning

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## On Course - Special Edition

March 31, 2020

Hi Everyone,

Thank you for making our meetings on Zoom work so well. Having to stay home doesn't mean financial planning stops - in fact, it's even more important to stay in touch and keep your financial plan *on course* during economic turmoil!



Last week the government passed the CARES Act (Coronavirus Aid, Relief, and Economic Security Act), which includes a Recovery Rebate for all individuals with a work-eligible Social Security number.

Checks or direct deposit will be sent based on the adjusted gross income (AGI) on your most recently filed tax return. AGI is on line 7 of the 2018 Form 1040 and line 8b on the 2019 form. The rebate is a credit on your 2020 tax return. If you don't get your share because 2018 or 2019 income was too high, but your 2020 income meets the limits, you'll get a refundable credit on your 2020 return when you file next year. This means your taxes are reduced by the rebate amount you're eligible for even if that results in a refund on your return. If you get paid too much, i.e., your 2020 income turns out to be higher than 2018/2019 and above the income limit to get a rebate, you still get to keep the money. It's not 'clawed back' on your 2020 return.

How much you get depends on filing status. Individual, married filing separately, and head-of-household filers with AGI up to \$75,000 get the full \$1,200 rebate. If you filed married jointly with



AGI up to \$150,000, you'll get \$2,400. Kids under age 17 count for another \$500 each, if they are filed as a dependent on your return. The amount you're eligible for phases out \$5 for every \$100 your income goes over the \$75k/\$150k limit. So, if you filed a joint return, you won't get a rebate if your AGI is over \$198,000 (\$99,000 for single, married filing separately, and head-of-household filers).

The IRS should send the rebates to the account you used for your tax refund direct deposit or to your last address. If you've moved, it would be a good idea to refile mail-forwarding instructions with USPS. If the account you used for direct deposit is closed, the IRS is supposed to publish a phone number to call to track down your check.

There isn't any guidance yet on when the rebates will go out. Some say a month or so from now. We also don't know when the IRS will check your tax return to determine your eligible AGI, but if your 2019 tax return has an income eligible for the rebate and your 2018 AGI was too high, filing 2019 now *might* result in a rebate being sent.

There are other provisions in the Act that affect IRA withdrawals and unemployment benefits, among other things. We'll send a check-in on those topics in following weeks.

Thank you!  
Be Well!



Jennifer Lane, CFP®

Compass Planning Associates helps families, individuals, and small-business clients achieve financial security, knowledge, and control over their money. Our **fee-only, client-centered approach** provides education and guidance for achieving financial goals and dreams.

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