

CORONAVIRUS:
RETIREMENT
ACCOUNTS
UPDATES



uDirect
IRA Services, LLC

FRIDAY, APRIL 10, 8 AM PST

NUMBERS & UPDATES



Unemployment: Initial Claims



Filing Status	March 21	March 27	April 3
National	3.31 million	6.65 million	6.06 million
California	186k	878K	925k
Florida	74k	227k	169k
Texas	155k	275k	313k

Source: Department of Labor.

Judicial Council 4/6/2020



- **California Judicial Council expands Newsome eviction and foreclosure moratorium**
 - » 90 day hold which begins when state of emergency is lifted
 - » Effectively halts all foreclosures and evictions until further notice

- **Apartment Owners Association (AOA) and Dennis Block Presentation on 4/7/2020**
 - » See <https://bit.ly/evictionstop>

Vacation Rentals



- **Riverside County banned!**
 - » Stopping hot spots coming into county
 - » Effective as of 3/27/20
 - » No owner or agent can market any short-term rental property for anything other than the defined purposes
- **How many of your investors clients are from out of the area?**

Coronavirus: Palm Springs Temporarily Bans All Vacation Rentals, Hotel Stays Not Related To Pandemic Response

March 24, 2020 at 5:59 pm Filed Under: Coronavirus, Palm Springs, Riverside County coronavirus



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Pandemic Unemployment Assistance (PUA)



- **CARES Act allows business owners, self-employed, independent contractors, have limited work history, and others not usually eligible for regular state unemployment benefits because of Covid-19**
- **Up to 39 weeks starting 2/2/2020-12/31/2020 depending on when impacted by Covid-19**
- **Additional \$600 extra per week (3/29-7/31)**
- **State announced they will start including this extra starting next week**
- **edd.ca.gov**

April 10th - EILD



- **Friday, April 10th is when 1099 contractors can start applying for the EILD loans**



Property Taxes



- **Newsom praised California Counties for pledging to wave fees associated with non payment of property taxes for Covid-19**
- “Taking care of Californians is our top priority, and counties, cities, and schools are burning through local reserves to do so. Any delay in payments beyond the April 10 property tax deadline, for individuals or businesses that can pay, will tip local governments into insolvency at a time when our residents need us the most. Counties will use all existing authority to cancel penalties and other charges for homeowners, small businesses, and other property owners that are unable to pay their property taxes due to circumstances caused by COVID-19 on a case-by-case basis.”

BEWARE: Vacation Rentals



- **Riverside County banned!**
 - » Stopping hot spots coming into county
 - » Effective as of 3/27/20
 - » No owner or agent can market any short-term rental property for anything other than the defined purposes
- **Other coming**
 - » Newport Beach, Santa Cruz, La Quinta (county overlay)
- **Airbnb commits \$250 million with the Host Relief Fund**

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Moratoriums on Evictions & Foreclosures



- **Judicial Council 4/6**
 - » Suspend the entry of defaults in eviction cases (not Covid-19 related)
 - » Hold on judicial foreclosures
 - » public health and safety
 - » In effect until 90 days after Governor lifts Covid-19 state of emergency
 - » AOA - <https://bit.ly/evictionstop>

- **LOCAL overlays!**
 - » Please pay attention to local city and county rules

RETIREMENT ACCOUNT UPDATES



Required Minimum Distributions



- **The Required Minimum Distribution is waived for 2020**

- » If you already took a RMD distribution, you can return it to the account so long as it is within 60-days of the withdrawal
- » If you are the spouse and/or beneficiary and have an Inherited IRA, you are also exempt from having to take a 2020 RMD distribution



Retirement Accounts



- **Covid-19 related retirement account distributions (IRAs and 401K) can be taken between now and 12/31/20 of up to \$100k. The distributions are:**
 - » Free from early distribution penalties
 - » Still taxable but the taxes can be delayed over three years, or
 - » Can be repaid within three years to avoid the tax

- **These benefits are only available for Covid-19 related distributions**
 - » This means you, spouse, or dependent is diagnosed with the virus or had adverse financial impacts from this due to quarantine, lay off, work hours reduced due or unable to work due to childcare (self-certification)



Retirement Accounts *(cont'd)*



- **Coronavirus related 401K loans can be taken up to 100% of the account balance and up to \$100k**
- **No 401(k) loan repayments required through 3/27/20 through 12/31/20 for all 401K loans**
- **No Required Minimum Distributions (RMDs) required for 2020**
 - » Includes inherited IRAs
 - » RMDs already taken after 1/1/20 can be undone to avoid the tax

Coronavirus Related Distribution (CRD)



- **Up to \$100,000**
 - » Applies across all plans and IRAs of an individual
 - » Also available to qualified plans such as 401(b) and governmental 457(b)

Coronavirus Related Distribution (CRD)



- **To be eligible you must be:**

- » Be diagnosed with the virus SARS-CoV-2 or with Coronavirus Disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and prevention
- » Have a spouse, or dependent who is diagnosed with such virus or disease by such a test or,
- » Experience adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced due to such virus or disease, being unable to work due to lack of childcare due to such virus or disease, closing or reducing hours of a business owned or operated by the individual due to such virus or disease, or other factors as determined by the IRS
- » State taxation rules will vary by state

Impacts?



- Like other **Exceptions to Withdrawal Penalties** you can take a CRD and the penalty is 100% waived
- You can report the amount of the withdrawal over the next 3 years
- You have until **December 31, 2020** to take a CRD withdrawal
- You have a 3-year payback for withdrawals to delay tax burden

Retirement Accounts are Important



- **You are borrowing from your future!**
- **Before you tap yours consider some alternatives**
 - » Have you taken all the PTO Sick/Vacation time you have?
 - » Apply for PUC - Pandemic Unemployment Compensation
 - » Apply for regular Unemployment Insurance
 - » Borrow from the cash value of your life insurance

990T Filings



- **The IRA is a trust in the eyes of the IRS**
 - » If your 990(t) would be due on April 15, 2020 the filing date is now postponed
 - » If the 990(t) would be due on May 15, 2020 then there is no postponement for time to file

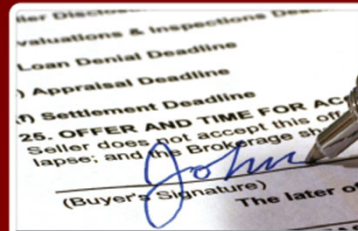
Q&A



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