

CARES Act: Unemployment Benefits

In recent weeks, COVID-19 has emerged as a global pandemic as defined by the World Health Organization. With “social distancing” measures in place, many businesses have closed, and a record number of Americans have lost their jobs. The longer businesses are closed, and people remain unemployed, the more of a toll it takes on our economy. To help fill this void, the Federal Reserve has taken drastic steps in monetary policy to keep the financial system stable. On March 27th, Congress passed the largest economic stimulus package in our country’s history, the “Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020.”

The CARES Act is an estimated \$2 Trillion stimulus package, including nearly \$500 billion in individual rebate checks to Americans, another \$500 billion in support for several severely damaged industries, nearly \$400 billion in tax credits for wages and payroll tax relief, over \$300 billion of support for state and local governments, and almost \$180 billion for various initiatives to support hospitals and the health care system.

Krilogy’s Wealth Intelligence Group has highlighted details specific to the Unemployment Benefits offered under the CARES Act to keep you informed of how this may impact you.

Unemployment Benefits

1. **Unemployment benefits are enhanced by \$600 per week.** In addition to regular unemployment compensation under state law from the time of application through July 2020, an additional \$600 per week is available.
2. **Elimination of the one-week waiting period.** The one-week state-level waiting period for unemployment has been waived. The federal government is funding the first week’s cost of benefits.

3. **Unemployment has been extended 13 weeks to 39 weeks total.** If an unemployed person exceeds the state benefit period of 26 weeks, the federal government will provide an additional 13 weeks (at \$600 per week).
4. **Reduced hours may mean prorated unemployment benefits.** Some employers are implementing a Short-Time Compensation (STC) program in which employee hours are reduced in lieu of layoffs. These workers will be able to receive some prorated unemployment benefit.
5. **Non-traditional ‘unemployed’ workers may qualify under the “Pandemic Unemployment Assistance” program.** A temporary federally funded “Pandemic Unemployment Assistance” program will provide unemployment benefits to people typically unable to qualify for benefits under current state and / or federal law. The list of applicable groups, circumstances, and situations is extensive.

If you are now unemployed, you can qualify immediately and receive \$600 more per week while ensuring a substantially longer benefit period (39 weeks total or 75% of a calendar year). Additionally, employees whose work hours have been reduced can receive certain benefits. Those who are not working due to a variety of COVID-19-related situations may qualify for ‘unemployment’ despite not meeting the traditional definitions used by state or federal governments.

As always, please contact your Krilogy advisor and / or advisory team to discuss the above article and how it applies to your unique financial planning situation.

To read the bill yourself and see how this may apply to your unique situation, it can be found here:

<https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf>

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