

## **CARES Act Unemployment Benefits, as Extended in December 2020**

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### **Unemployment Benefits Basics**

The U.S. Department of Labor sets the national standards for unemployment benefits, and each state processes applications and determines its residents' eligibility through its own program. Generally, most states have a one-week waiting period before eligibility for unemployment benefits begins, limit the length of unemployment benefits to 26 weeks, and require proof that an applicant is actively looking for a new job. There is no amount of unemployment benefits set by federal law, and the amount received by an unemployed individual varies by state.

Three separate provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act—Federal Pandemic Unemployment Compensation (FPUC), Pandemic Unemployment Assistance (PUA), and Pandemic Emergency Unemployment Compensation (PEUC)—expanded the maximum number of weeks for unemployment benefits and increased the amount of unemployment benefits with a federal supplement. Under the CARES Act, PUA and PEUC expired on December 26, 2020.

### **Continued Assistance to Unemployed Workers Act of 2020**

The Continued Assistance to Unemployed Workers Act of 2020 (Continued Assistance Act), which is part of the COVID-19 relief package signed into law in December 2020, further extends PUA and the PEUC benefit period but decreases the FPUC amount.

### **Pandemic Unemployment Assistance**

PUA covers all private employers, regardless of how many employees they have. PUA expands eligibility for unemployment benefits to individuals who normally could not receive unemployment benefits under federal law. These individuals include independent contractors (e.g., “gig economy” workers), part-time workers, and those who do not have a sufficient work history. If you work from home or receive paid leave or sick leave from an employer, you are *not* eligible for PUA.

PUA applies to multiple circumstances related to COVID-19 that resulted in unemployment, including a reduction in work hours, the inability to travel to work, or the closure of schools and childcare providers. COVID-19–related circumstances include the following:

- The applicant or a household member has been diagnosed with COVID-19 or is experiencing symptoms of the illness.
- The applicant is caring for a family member or a household member who has a COVID-19 diagnosis.
- The applicant is the primary caregiver for a child whose school or childcare facility has closed because of COVID-19.
- The applicant cannot go to work because of a government-ordered quarantine or has been advised by a health care provider to self-quarantine.
- The applicant can no longer start a new job as the direct result of COVID-19.
- The applicant is now the household's primary breadwinner because the head of the household died from COVID-19.
- The applicant was forced to quit their job as the direct result of COVID-19.
- The applicant's employer closed as the direct result of COVID-19.

The CARES Act allowed applicants to self-certify their eligibility for PUA. If you are already receiving PUA, the Continued Assistance Act requires you to submit documents verifying your eligibility for PUA within 90 days. If you first apply for PUA on or after January 31, 2021, you will have 21 days to verify your eligibility.

### **Pandemic Emergency Unemployment Compensation**

PEUC added 13 weeks to the standard 26 weeks of unemployment benefits available in most states. The additional 13 weeks meant the CARES Act allowed a total of 39 weeks of unemployment benefits.

Individuals could receive the additional 13 weeks even if they exhausted their eligibility for state unemployment benefits. Under the Continued Assistance Act, individuals can receive an additional 11 weeks of unemployment benefits. Together, the CARES Act and the Continued Assistance Act provide a maximum total of 50 weeks of unemployment benefits. (The 50 weeks includes the standard 26 weeks, the CARES Act's 13-week extension, and the Continued Assistance Act's 11-week extension.) The 11-week extension expires for new unemployment applications on March 14, 2021. If you are already receiving unemployment benefits but have not received the maximum of 50 weeks, your benefits will continue through April 5, 2021.

**Please note:** The delayed signing of the stimulus bill on December 27, 2020, also delayed when states may begin PEUC. It will begin on January 3, 2021, but the extension will end on March 14, 2021. As a result, you will effectively receive 10, rather than 11, weeks of PEUC.

### **Federal Pandemic Unemployment Compensation**

FPUC provided an additional \$600 to a state's weekly unemployment benefit. This supplement came solely from federal funding in the CARES Act, and it expired on July 31, 2020. The Continued Assistance Act continues funding for the federal supplement but decreases the weekly amount from \$600 to \$300.

### **Mixed Earner Unemployment Compensation**

The Continued Assistance Act provides new relief to individuals who have a combination of self-employment income and employee wages. Under the CARES Act, if your employee wages are lower than your self-employment income, your unemployment benefits would be based on the lower employee wages. To correct this issue, the Continued Assistance Act allows individuals who have at least \$5,000 in self-employment income in 2019 to receive \$100 per week, in addition to the weekly \$300 federal supplement.

**Where to apply:** If you work in one state but live in another, you should apply for unemployment benefits in the state where you were employed.

### **Taxation of Unemployment Benefits**

All unemployment benefits, including the \$300 federal supplement, are taxable for federal income tax purposes. State taxation of unemployment benefits varies, and you will need to verify whether you will owe state income tax on the benefits received.

### **Additional Information**

You can find more information regarding unemployment benefits provided by the CARES Act (and the Continued Assistance Act) by going to the following websites:

- To learn where to apply in each state, go to [www.careeronestop.org](http://www.careeronestop.org) and navigate to [Find Local Help > Unemployment Benefits Finder](#).
- For general information about unemployment insurance, go to [www.dol.gov](http://www.dol.gov) and navigate to [Topics > Unemployment Insurance](#).

**Please note:** As of December 28, 2020, neither website had been updated to include information about the Continued Assistance Act.

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