



**Majestic Oak Financial**  
A Registered Investment Advisor

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More than anything else, I hope this letter finds you, your family and your loved ones safe, healthy and hunkered down.

### **CARES Act Details**

The biggest concern on most people minds these days, aside from the health and well-being of family members, is how to get through the COVID-19 crisis financially. To provide some assistance, both the Federal Reserve and Congress has rushed through several monetary policy changes and fiscal acts, respectively. For the most part, the monetary policy changes instituted by the Fed affect the ability of banks to continue to run efficiently and to continue to provide easy credit for cash-strapped business through this economic downturn. The fiscal packages approved by Congress and signed into law by President Trump contain items that pertain to you and me. Through emails, I've already let you know about the reprieve on student loan interest payments and the mortgage forbearance. The third act, the big \$2.2 trillion CARES Act is the one most people are interested in because, among a slew of other provisions, it contains the stimulus cash for which many Americans are hoping.

How does the stimulus cash – officially known as the Recovery Rebates - provision work? Each adult taxpayer will receive \$1,200 while qualifying dependent children under the age of 17 receive \$500. Otherwise qualifying dependents such as an adult parent does not qualify here. There is no family maximum. However, the benefit is phased out if your income is over a certain amount.

So, the fine print here. The income amount used to determine if you'll qualify is your Adjusted Gross Income (AGI) – line 8b on your 2019 tax return, line 7 on your 2018 tax return. If you've filed your 2019 tax returns already, that's the income number that will be used. If you have not yet filed 2019, your 2018 return will be used. If you do not file tax returns because income is too low to require it AND you do not yet receive social security or veterans disability benefits, you might want to consider filing a 2019 return anyway, even if it's a \$0 return. This puts you on the list. If you are receiving SSI or veteran's disability and do not file a tax return, it appears that you're on the list and will qualify for a payment.

The phase out... if your AGI is over a certain number depending upon how you file, the benefit will be decreased. If you file as 'single', the phase out starts at \$75k, is reduced by \$5 for every \$100 over that \$75k, being completely phased out at \$99k. The 'head of household' (with one child) phase out starts at \$122,500 while 'married filing joint' phase out starts at \$150k. It's the same \$5 for every \$100 over for head of household and married filing joint.

What if your AGI is over the phase out limit for 2019 but it will be lower for 2020? If your 2020 AGI is lower than the thresholds, you will receive your stimulus payment as a refundable credit on your 2020 tax return.

What if you qualify for a payment based on 2018 or 2019 income but your 2020 income is above the phase out threshold? Consider yourself a lucky duck - because not only is your income up for this wacky year but you also do not need to pay back the funds.

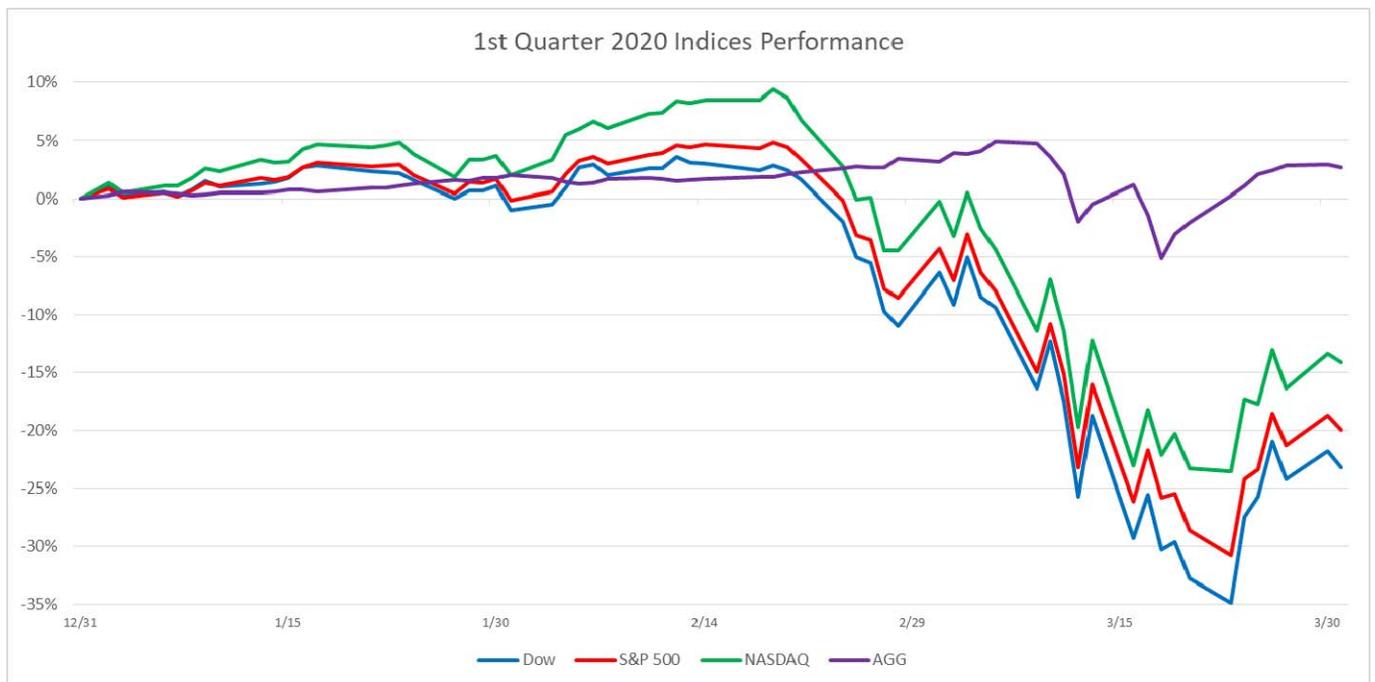
What about your kiddo who is 17 or older and still a dependent? Sigh... too bad. BUT, since this is a refundable tax credit, consider filing a separate tax return for that kiddo in 2020. This would mean s/he files as single and is not a dependent on your tax return for 2020. Yes, you'll forfeit the \$500 dependent credit on your 2020 tax return but the kiddo will receive the \$1,200 tax credit on his/her 2020 return.

When and how do you get your money? First, look at the last tax return filed – 2018 or 2019. If you either received a refund or paid the amount owed electronically, your recovery rebate will be electronically deposited to that bank account on file. If you receive social security or veteran's disability benefits and do not file a tax return, your benefit will be deposited into that bank account. If that does not apply, then you'll receive a check mailed to the last address the IRS has on file. Again, if you haven't filed a tax return in a long time and have moved, consider filing that \$0 tax return so your bank account or current address is on file. On Friday, Treasury Secretary Steve Mnuchin stated that the disbursement of funds will be given to those with the lowest income first and move up the ladder from there. Payments *should* begin in 3 weeks or so but please don't hold your breath.

There are host of other provisions stuffed into this CARES act including changes in the tax-deductibility of charitable contributions. As I continue to dig through them and, if more acts are passed as rumor suggests, I'll keep sending emails with details.

### 1<sup>st</sup> Quarter 2020 Market Performance

<i>Index</i>	<i>03/31/2020 Ending Value</i>	<i>1Q 2020 Performance</i>
<b>Dow Jones</b>	<b>21,917.16</b>	<b>&lt;23.20%&gt;</b>
<b>S&amp;P 500</b>	<b>2,584.59</b>	<b>&lt;20.00%&gt;</b>
<b>NASDAQ</b>	<b>7,700.10</b>	<b>&lt;14.18%&gt;</b>
<b>Lehman Aggregate Bond</b>	<b>115.37</b>	<b>2.66%</b>



## Your Individual Investment Reports

The following reports for 1<sup>st</sup> Quarter 2020 are provided for your review:

- ✚ **1<sup>st</sup> Quarter 2020 Portfolio Performance** – Compares the 1<sup>st</sup> Quarter 2020 percentage performances of the S&P 500 & Lehman Aggregate Bond Index with your portfolio performance.
- ✚ **1<sup>st</sup> Quarter 2020 Portfolio Performance vs. Inflation** – Performance of your investment portfolio compared to the rate of inflation as measured by the Consumer Price Index (CPI) for both the since inception period of your accounts and 1<sup>st</sup> Quarter 2020.
- ✚ **Account Summary** – Current market value of each asset within your accounts as of 03/31/2020
- ✚ **Investment Billing Statement** for the 2<sup>nd</sup> Quarter 2020<sup>\*\*</sup>: Investment advisory fees for the period of 04/01/2020 through 07/31/2020 (based on 03/31/2020 values). *This is an informational billing only.* Your account is automatically debited unless other arrangements have been made.

*Please remember that this investment reporting is for informational purposes only. You should also refer to the monthly account statements you receive from TD Ameritrade Institutional.*

If you happen to know anyone who might benefit from the services I provide in assisting you in managing your investment portfolio and reaching your financial goals, I would enjoy speaking with them. Don't keep me a secret! ☺ And as always, please do not hesitate to contact me if you have any questions about your reports or wish to discuss any other financial matters.

Sincerely,

Anna M. Popke, CFP<sup>®</sup>, RICP<sup>®</sup>

\*Index performance is provided as a benchmark only. The performance of your individual investment portfolio will vary from that of any one index. Past performance of an index is never a guarantee of future results.

\*\***PLEASE NOTE:** Clients who hold “cash reserves” within their brokerage accounts will have slightly different portfolio balances depicted on the Statement of Assets Summary and the Billing Statement. This is because “cash reserves” are excluded from the advisory fee. However, cash held awaiting investment in the upcoming quarter *will* be subject to the normal quarterly fee.

***Investment Advisory Fee Calculations:***

Fees are paid in advance on the 7th (or prior closest business day) of the month following the end of the quarter. The amount due is calculated by applying the prorated annual fee percentage to the previous quarter-end account value(s). Fees are further prorated for accounts opened after the beginning of a new quarter. Fees may be paid directly from the investment account(s) or consolidated and paid from a specified account. Money market/cash reserves are excluded from totals. Statements have been prepared by Majestic Oak Financial from information provided by TDAmeritrade and while deemed reliable, are not guaranteed.