

What The New Federal Stimulus Bill Does For The Unemployed

March 28, 2020 - The federal stimulus bill passed by congress and signed into law yesterday by President Trump makes a number of changes to available unemployment benefits. Among those changes, gig job workers and the self employed will be able to file claims if they have had to shutter their businesses or realized a significant reduction in hours or pay. Here is a brief run-down of some of the things in the bill.

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One Time Direct Benefit Payments

The vast majority of Americans will receive a one-time benefit payment. Adults who make \$75,000 or less will qualify for the full payment. Additionally, every child 16 years old or under qualifies for a payment of \$500. This means that a family of four people making \$150,000 or less would receive a payment of \$3,400, and the payment doesn't count as taxable income.

The benefit is reduced for people making more than \$75,000 per year and phases out completely for those making more than \$99,000 annually (\$198,000 per couple). Anyone claimed as a dependent on someone else's taxes doesn't qualify. This would include adult children supported by their parents.

According to Treasury Secretary Steve Mnuchin, people should start to receive their checks in about three weeks.

Expanded Qualification for Unemployment Benefits

For the very first time, the new law will allow part time workers, the self employed and gig workers to file for unemployment benefits. The rules for these claims will vary by state, and may requires some legislation on the part of states for payments to occur. But in most cases, ride share drivers, contract delivery people and most other people will be eligible.

It is important to note here that most state unemployment offices are not setup to service many people who fall into these categories. It may take a few weeks for them to be able to process claims but you should file as soon as you can.

Increased Payments for Unemployment

Another provision of the legislation increases the amount of money that the unemployed will receive. The bill provides for an additional \$600 per week in unemployment benefits for up to four months. For those who were already receiving unemployment benefits prior to the bills signing, you may also be eligible for this money, even if your claim has already expired. Check with your state unemployment office to see if you can reopen your claim.

No Protection for Credit Scores

One thing that wasn't in the bill was any protection for credit scores due to the unforeseen disruption of COVID-19. For those without any savings that could prove to be a very big problem, but there are some things you can do to protect yourself.

If you have payments that are due but no income to make them, call your creditors now and explain the situation to them. Ask them to work with you and not report any negative information for the duration of the country's shut-down. Creditors are under no obligation to abide by your wishes, but many of them are likely to work with you. Those that don't are likely to face considerable public backlash from negative publicity.

Just know that once you call a creditor, you won't be able to make any further purchases through that creditor. While they may be willing to work with you, they are not going to allow you to increase your debt while you are unemployed.

by Jim Malmberg

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