

## Financial Strategies to Get You Through the Pandemic Fact Sheet Number 8

### Unemployment Benefits

Beginning in March 2020, unemployment benefits cover more people, for a longer period of time, and with a larger benefit. Those [“expansions” will be available until September 6, 2021](#). Even though these additional benefits are paid by the federal government, you still apply for unemployment through your state. Your payments will also come from your state.

Check the [Illinois Department of Employment Security website](#) for answers about eligibility, expanded benefits, and how to file for unemployment.

#### How are unemployment benefits expanded?

There are four ways that unemployment benefits have been expanded during the pandemic. The Illinois website uses the official names of these programs, so they are also listed here.

- Increases unemployment benefits by \$300 per week until Sept. 6, 2021. This applies to anyone receiving unemployment benefits.
- The program is known as Federal Pandemic Unemployment Compensation (FPUC)
- Benefits can be paid for an additional 53 weeks beyond what states usually allow. That makes a total of 79 weeks of unemployment benefits in many states, including Illinois. The added weeks of benefits will end on April 6, 2021.
- This program is known as Pandemic Emergency Unemployment Compensation (PEUC).
- Coverage for unemployed people who don't usually qualify for benefits has been extended to 73 weeks. This has also been extended for up to 73 weeks, ending April 6, 2021. This program covers people who lost work for a COVID-related reason but wouldn't normally be eligible for unemployment benefits. This includes self-employed people, independent contractors, business owners, part time workers, and workers with a short work history.
- This is known as Pandemic Unemployment Assistance (PUA).
- If you are receiving unemployment benefits based on your work as an employee, but you also had self-employed income of more than \$5000, you might qualify for an additional \$100 per week.
- This is called Mixed Earners Unemployment Compensation (MEUC).

[The Century Foundation](#) has an excellent explanation of these programs and answers a long list of questions that you might have.

### **You won't pay income tax on up to \$10,200 of unemployment benefits in 2020.**

For 2020, most people will pay no [federal](#) or [Illinois](#) income tax on the first \$10,200 of benefits, or up to \$20,400 if you are married filing jointly.

- If your income is above \$150,000, your benefits will be taxed.
- If you received more than \$10,200 of benefits, you will owe tax on the excess.

This rule only applies to benefits paid in 2020. If you receive benefits in 2021, expect to pay tax on that money. You can have taxes withheld from your benefits or pay estimated tax to avoid owing tax and perhaps a penalty when you file in 2022.

### **What to do if you filed early and paid taxes on unemployment**

If you filed your taxes before the middle of March 2021, you probably paid tax on these benefits. The IRS will [automatically refund](#) that money to you, probably in May or June of 2021. You do not need to file an amended return unless the reduction in income makes you eligible for a credit that you did not already claim on your tax return.

If you filed your Illinois tax return before March 15, 2021, the state will make the adjustment and send you the refund. If you filed by mail or filed electronically after March 14, follow the instructions at <https://www2.illinois.gov/rev/Pages/American-Rescue-Plan-Act-of-2021---Nontaxable-Unemployment-Benefits.aspx>.