

# Zulchat

## 529's and College Refunds, Form W-9 for Subcontractors & Umbrella Insurance

### ***Your 529 funds and college refunds:***

Did you pay for your kid's college from a 529 and then receive a refund from the college due to COVID-19? You may be able to have the tax and penalties on the refund amount waived if you redeposit the funds into a 529 account for the same beneficiary within 60 days of receiving the refund.

### ***If your business will pay subcontractors in 2020:***

If your business will pay subcontractors for work performed for you in 2020, they should provide you with a completed W-9 before they begin the work. This form can be found at: <https://www.irs.gov/pub/irs-pdf/fw9.pdf>

If a subcontractor will not give you a W-9 form, then you are required to withhold 24% of the payment due to this subcontractor. This is considered backup withholding and needs to be paid to the IRS in order to ensure the IRS receives the tax due on this income. Typically, many subcontractors will finally provide you with a W-9 form when they see that the payment from you will be reduced by 24%. Please see the following link for more details: <https://www.irs.gov/businesses/small-businesses-self-employed/backup-withholding>

### ***Should you carry umbrella insurance?***

If you have assets - house, car, investment/retirement/checking/savings accounts - you should be aware that if you are sued and do not have enough liability insurance to cover the costs, all your assets are exposed. An umbrella policy can provide additional protection to prevent the possibility of financial ruin due to an unforeseen accident or one misstep. Speak to your insurance broker to review your existing policies and determine if there is a need for an umbrella policy.



