

STIMULUS KEY COMPONENTS



INDIVIDUAL ASSISTANCE

Recovery Rebates

- Provides all U.S. residents with an adjustable gross income of \$75,000 or less \$600 for singles and heads of households (\$1,200 for married couples, filing joint returns and an adjusted gross income of \$150,000 or less).
- The rebate is phased out by \$5 for every \$100 over \$75,000 that an individual receives, and phased-out completely for incomes exceeding \$99,000 (single), \$146,000 (head of household with one child) or \$198,000 (joint with no children).
- Those with children are eligible to receive an additional \$600 per child.
- Those with no income, or income that comes from non-taxable benefits such as SSI, are still eligible for the rebate.
- Checks will be sent to the address or bank account used on 2018 or 2019 tax returns. No action will be required for most eligible recipients.

Unemployment Compensation

- Extends eligibility to include self-employed individuals, independent contractors and those who have exhausted their state benefits.
- Expands eligibility to March 14, 2021.
- Increases the maximum amount available by \$300 per week.
- Allows for individuals who quit their jobs due to coronavirus-related concerns to be eligible for unemployment assistance.

Health and Dependent Care Flexible Spending Accounts

- Allows for FSA and dependent care FSAs to be rolled over from 2020 to 2021 and from 2021 – 2022.
- Extends the FSA grace period to 12 months after the end of the plan year, for plans ending in 2020 or 2021.
- Allows employees to make a 2021 mid-year prospective change in contribution amounts.

Rental Assistance

- Along with \$25 billion in Federal rental assistance, the federal eviction ban has been extended through the end of January.

RETIREMENT ASSISTANCE

Required Minimal Distribution

- The CARES Act provisions regarding coronavirus-related distributions and loans were not extended beyond 2020.

Termination Relief

- If an employee is terminated, their retirement plan will be not be treated as partial termination, but rather will be 100% vested during the period of March 13, 2020 and March 31, 2021.
- The number of active participants covered by the plan on March 13, 2021, must be at least 80% of the number of active participants.

SMALL BUSINESS ASSISTANCE

Paycheck Protection Program

- The Paycheck Protection Program (PPP) will be extended to assist small businesses with payroll expenses. More information will be made available by the SBA soon.
- Additional dedicated funds will be allocated to help low-income communities, live venues, movie theaters and museums.
- Small businesses can apply for additional funding that is expected to cover fewer than three months of payroll costs. More information will be made available by the SBA soon.
- Businesses who previously received PPP funding can deduct expenses associated with their forgiven PPP loan, effectively reversing guidance from the Internal Revenue Service.
- Businesses who have less than 300 employees, have seen a 25% or greater drop in business because of the pandemic, and have exhausted their first loan can apply for a second PPP loan of up to \$2 million.

Employee Retention Credit

- Businesses are now able to receive a PPP loan and take advantage of the Employee Retention Tax Credit (ERTC) program. Previously, a business could not take advantage of the credit if they had received a loan.
- Health plan expenses are now considered part of an employee's wage and will be included in their ERTC.
- Employers are eligible for this credit if they were open in 2020 and either had to suspend business due to COVID-19 or experienced a significant decline in gross receipts.

Employee Retention Credit (continued)

- Additional modifications to the credit include:
 - Extending the credit to wages paid before July 1, 2021
 - Increasing the percentage from 50% to 70% of applicable wages
 - Increasing credit limitation from \$10,000 total to \$10,000 per calendar quarter, with a maximum per employee from \$5,000 to \$7,000 per quarter
 - Allowing businesses who experienced a 20% decline in gross receipts (versus 50%) to take advantage of the credit
 - Expanding the credit to employees who have 500 or fewer employees (versus 100)
- A separate credit, the 2020 Qualified Disaster Employee Retention Credit, will provide a temporary employee retention credit of 40% of qualified wages up to \$6,000 (\$2,400 max per employee) for eligible employers affected by certain qualified disasters.

Paid Leave Tax Credit

- Employers with fewer than 500 employees must provide COVID-related paid leave for sick, family or medical purposes through December 31, 2020. Refundable payroll tax credits are available to directly offset these costs.
- If an employer opts to extend their paid leave, the tax credit will be available for wages and compensations paid on or before March 31, 2021.
- The credit is available for those who are self-employed. A formula will determine a self-employed individual's "average daily self-employment income" for the taxable year.

Payroll Tax Deferral

- Workers who have had their payroll taxes deferred since September will be given until December 31, 2021, to pay back the government, instead of through April 30, 2021, as originally directed by the Department of Treasury.

Debt Restructuring Relief

- Troubled Debt Restructuring Relief was extended through January 1, 2022.
- Temporary relief will be provided to those who have previously taken out loans and went into default due to COVID-19. The loan will be provided a grace period and the loaner's credit score will not be impacted.

This information is not intended to be a substitute for specific individualized tax or legal advice. We suggest that you discuss your specific situation with a qualified tax or legal advisor.

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