

AMERICAN RESCUE PLAN ACT

\$1.9 Trillion Stimulus Package

President Biden recently signed another COVID-19 relief bill. At \$1.9 trillion, it is one of the largest stimulus bills in history and is aimed at easing the economic impacts of the coronavirus pandemic and supporting the sectors that have felt the effects the most. Below is a list of key provisions included in the legislation.

Individual Provisions

Recovery rebates

A new round of stimulus checks is being sent to individuals and families from the IRS in March.

- \$1,400 per eligible individual.
 - Individuals earning up to \$75,000 will receive the full amount; payments are phased out completely at \$80,000 adjusted gross income.
- Couples making up to \$150,000 will receive \$2,800, with payments phased out completely at \$160,000.
- Children and adult dependents in those households are also eligible for \$1,400 payments.

Unemployment insurance

- Extension of supplemental unemployment benefit of \$300 per week through September 6, 2021.
- Unemployment benefits will be extended for self-employed individuals and independent contractors.
- Tax relief on the first \$10,200 in unemployment benefits for households earning up to \$150,000 per year.

Health coverage and paid leave

- Subsidizes 100% of the premiums for COBRA coverage through September for laid-off workers.
- Paid-leave benefits of up to \$1,400 per week per employee.
- Tax credits for small employers with fewer than 500 employees to reimburse them for the cost of sick time.

Tax credits

- Expansion of tax credits for low- and middle-income families that will be refundable for 2021. This is a one-year, temporary increase.
 - Child tax credit increased to \$3,000 (from \$2,000) for each child aged 6 to 17.
 - Children 5 and under are eligible for \$3,600.
 - Payments will be sent quarterly.
- Earned Income Tax Credit (EITC) expansion for taxpayers without children in 2021.
- Excludes from taxable income any student loans discharged between December 31, 2020, and January 1, 2026.
- Temporary extension of the employee retention tax credit established by the CARES Act through 2021 and expansion of the credit to new startups established after February 15, 2020, and companies if their revenue declined by 90% compared with the same calendar quarter of the previous year. There is a \$50,000 cap per calendar quarter for startups.

Rental and homeowner assistance

- \$45 billion to help low-income households that have lost jobs and their ability to pay rent, mortgages, and utility bills.
- \$21.6 billion for rental assistance (covers rental and utility payments).
- Eviction moratorium extended through September.

Expansion of non-deductibility of compensation over \$1 million for certain employees of public corporations

- Under current law, only five top employees are covered by this provision (plus certain previously covered employees). Under the change, for taxable years beginning after December 31, 2027, an additional five employees would be covered based on compensation.
- If an employee is in the top five, then that employee is always covered by the deduction limit. That is not the case with respect to the second five. If an employee is in the second five and then drops out of the second five, the employee is no longer covered by the deduction limit.

Business losses

- Extends the rules relating to limitations on “excess business losses” for noncorporate taxpayers for one additional year, through 2026. Under the Republicans’ 2017 tax overhaul (Public Law 115-97), taxpayers were allowed deductions for business-related losses up to a certain amount, which was later modified by the CARES Act.

Small businesses

- \$25 billion to help restaurants.
- \$15 billion for Economic Injury Disaster Loan (EIDL).
- \$7.25 billion for Paycheck Protection Program (PPP) and Second Draw loans.
- \$1.25 billion for shuttered venue operators.

Retirement Provisions

Single-employer retirement plan funding relief

- Additional options to delay amortization relief. An employer could choose to have 15-year amortization and a fresh start begin to apply in 2019, 2020, 2021, or 2022.
- Option to delay interest rate smoothing. An employer has a choice to have the interest rate smoothing changes begin to apply in 2020 or 2022. If the employer elects to delay the application of the smoothing changes, then the employer has the additional choice of delaying those changes for all purposes or only for purposes of the benefit restrictions, as under the House bill.

COVID-19

Vaccine testing

- \$160 billion for vaccine and testing programs, including a national vaccine distribution program that would offer all U.S. residents free shots.
- Create community vaccine centers and deploy mobile vaccine units in hard-to-reach areas.

State and local aid

- \$350 billion for states, local governments, territories, and tribal governments.
- \$130 billion for schools to reopen safely.

Securities and advisory services offered through LPL Financial (LPL), a registered investment advisor and broker-dealer (member FINRA/SIPC). Insurance products are offered through LPL or its licensed affiliates. To the extent you are receiving investment advice from a separately registered independent investment advisor that is not an LPL Financial affiliate, please note LPL Financial makes no representation with respect to such entity.

Not Insured by FDIC/NCUA or Any Other Government Agency | Not Bank/Credit Union Guaranteed |
Not Bank/Credit Union Deposits or Obligations | May Lose Value