

# 10 Things You Should Know About the 2021 Stimulus Package

The \$1.9 trillion American Rescue Plan was signed into law on March 11. Here's what you should know:

- 1. Priming the Pump:** Economists think the federal rescue package could spur 8% GDP growth this year and bring nearly full employment by the fall of 2022.<sup>1</sup>

- 2. Cash to the Rescue:** It's estimated that 89% of all US taxpayers<sup>2</sup> will qualify for stimulus checks.

Stimulus Checks: Who Qualifies?					
Single AGI*	Payment	Married Filing Jointly AGI*	Payment	Head of Household AGI*	Payment
\$75,000	\$1,400	\$150,000	\$2,800	\$112,500	\$1,400
\$76,000	\$1,120	\$152,000	\$2,240	\$114,000	\$1,120
\$77,000	\$840	\$154,000	\$1,680	\$115,500	\$840
\$78,000	\$560	\$156,000	\$1,120	\$117,000	\$560
\$79,000	\$280	\$158,000	\$560	\$118,500	\$280
\$80,000 and up	\$0	\$160,000 and up	\$0	\$120,000 and up	\$0

\*AGI = Adjusted gross income.

- 3. Extra Help for Parents:** The existing child tax credit of \$2,000 per child up to age 16 will be expanded to \$3,600 for every child under age 6 and \$3,000 for older children up to age 17. The credit is fully refundable, so parents with little or no income will get the full credit, though families with up to \$200,000 in AGI face eligibility limits. The IRS has also been instructed to provide half of the tax credit to families in advance monthly payments later this year.

- 4. Unemployment Aid Extended:** The \$2 trillion CARES Act, passed in March 2020, provided for \$600 a month in supplemental unemployment benefits designed to bolster what individual states provide. By August 2020, the supplement was reduced to \$300 a month. The new plan extends those \$300-per-month payments through September 6, 2021 with an exemption that's subject to income limits.

- 5. Safe in Your Home:** Renters facing pandemic-related evictions or utility shut-offs will receive \$25 billion in emergency rental assistance and \$5 billion for utility assistance. Priority relief will be given to low-income families that have been unemployed for three or more months. Another \$10 billion will be earmarked for homeowners struggling with mortgage payments.

- 6. Expansion of the Affordable Care Act:** The subsidies that help pay for health-insurance policies under the Affordable Care Act are being significantly expanded. One major change is the removal of the "subsidy cliff" that denied assistance to people who earned too much money. The expansion also subsidizes COBRA 100% for people who lose health insurance due to layoffs or reduced hours between April 1 and September 30, 2021.<sup>3</sup>

- 7. Now You're Cookin':** Restaurants, small businesses, and non-profits forced to close or reduce operations during the pandemic have access to an additional \$7.25 billion for the Paycheck Protection Program (PPP). These Small Business Administration loans can be forgiven if at least 60% of the money is used to support payroll expenses.

<sup>1</sup> Moody's Analytics, "The Biden Fiscal Rescue Package: Light on the Horizon", 1/15/21.

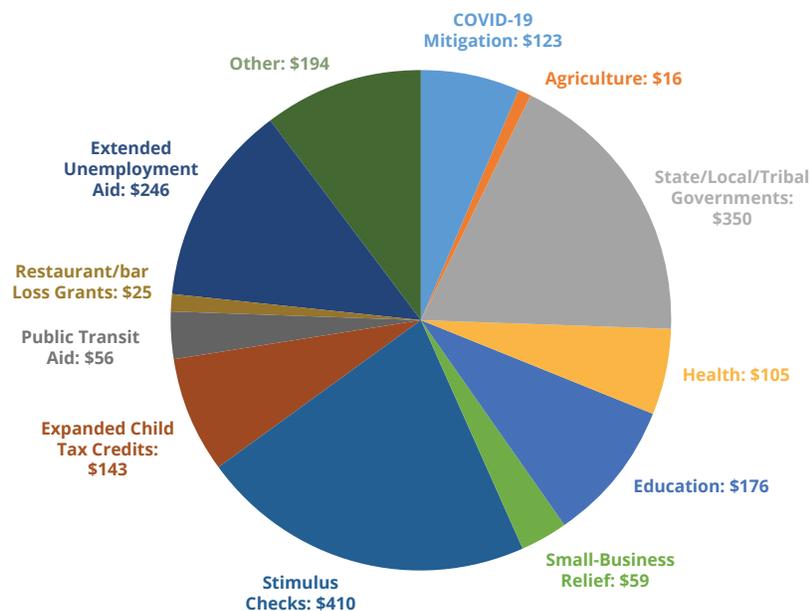
<sup>2</sup> Taxfoundation.org, "The American Rescue Plan Act Greatly Expands Benefits through the Tax Code in 2021", 3/12/21.

<sup>3</sup> Forbes.com, "The \$1.9 Trillion American Rescue Plan Offers Great News On Health Insurance", 3/12/21.

# Client Conversations

- 8. Back to School:** Approximately \$122.8 billion will be used to fund the Elementary and Secondary School Emergency Relief Fund, previously established through the CARES Act. The new funds will be distributed by the states, which in turn will require school districts to address lost learning time, establish comprehensive after-school and summer enrichment programs, and much more.
- 9. A Booster Shot for Governors and Mayors:** State and local governments and Native American tribes are in line to receive up to \$350 billion to help shore up lost revenue. According to Fitch Ratings, Inc., a major municipal bond-rating service, the added relief could have a positive impact on credit quality by helping governments address postponed capital-improvement needs or become less dependent on reserves.
- 10. A Reprieve for Failing Pensions:** The rescue package sets aside \$86 billion to assist the approximately 185 multi-employer union pension plans facing financial collapse. Congress' intent was to guarantee full funding of pensions in "critical and declining status" (i.e., plans in danger of running out of money by 2025).

## The \$1.9 Trillion American Rescue Plan Act Breakdown (in billions of dollars)



Sources: Wall Street Journal, Congressional Budget Office via Committee for a Responsible Federal Budget

To learn more about how the 2021 stimulus package may impact you, talk to your financial professional or tax professional.

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