



## An Overview of the Coronavirus Stimulus Bill

*Written March 26, 2020*

The **\$2 trillion** stimulus bill, which is designed to provide some cash relief to Americans, small businesses, airlines and manufacturers who have been impacted by the coronavirus pandemic, passed the Senate 96-0 Wednesday evening. It is now set to go to the House and be voted on Friday morning. Then on to President Trump. It may be law by the time you are reading this. To give you a reference point of how large this is, the economic recovery package implemented during the **2008 Financial Crisis** was **less than half this size at \$831 billion**.

**Here is a brief summary of the highlights of the bill as we know it;**

### **Direct Payments to Individuals and Families**

- Single Americans would receive \$1,200 and married couples would receive \$2,400. Parents of children under age 17 would receive \$500 per child.
- There is a phase-out, which starts for single Americans with an adjusted gross income (AGI) of \$75,000 and is totally phased out with AGI of \$99,000. For married couples the phase-out starts with AGI of \$150,000 and totally phased out at AGI of \$198,000.
- Suggested time-frame is difficult to determine, but the date of April 6<sup>th</sup> has been mentioned. Payment would be by direct-deposit into bank accounts if the IRS has this information on file. Otherwise, they will come by check.

### **Student Loan Payments Suspended**

- The Department of Education would suspend the repayment of student loans until September 30<sup>th</sup>. Borrowers would not be subject to penalties.

## Retirement Account Benefits

- For retirees, it suspends for 2020 the Required Minimum Distributions (RMD) taken from 401-Ks and IRAs. This is similar to what was done in 2009.
- Hardship distributions for those under 59 ½ would be increased up to \$100,000 and the penalty would be waived. Tax would still be owed on the withdrawal, but can pay the tax over 3 years.
- Loans can be taken from 401-ks and have been doubled up to \$100,000 or 100% of the account balance. Must qualify for this.

## REAL ID Deadline Extended

- The requirement of Americans to obtain a REAL ID would be extended a year to October 2021. The REAL ID is the federally mandated identification that will be necessary for passengers to board aircraft. The new September 2021 deadline would give Americans an additional year to obtain their REAL ID.

## Expansion of Unemployment Benefits

- Jobless workers would receive an extra \$600 a week for up to four months in addition to their current state benefits. If they are still unemployed after their state benefits run out, they will get an additional 13 weeks of help.
- The bill would create a Pandemic Unemployment Assistance program, which provides jobless benefits to those Americans who are unemployed, partially unemployed or unable to work due to the virus and don't qualify for traditional benefits. This would include independent contractors, self-employed and gig economy workers. Their benefits would mirror those available in the individual's state.

## Small Businesses

- The bill would give small businesses close to a \$350 billion loan program to cover payroll and other expenses like rent and utilities. Businesses will access loans through community banks at the direction of the Small Business Administration. These would be new federally-guaranteed loans.
- This is retroactive to February 15, 2020 to bring back workers who have been laid off. Estimated date of availability - June 30, 2020
- Loan amount can be forgiven if the employer maintains their employee(s), continues to pay them and does not lay-off workers.
- An additional \$17 billion earmarked if small firms have not paid loans back after 6 months.

## Corporations Lending Program

- The Treasury Department would provide \$500 billion in loans, loan guarantees and investments. The breakdown would go to the hardest hit areas including passenger air carriers, cargo air carriers, and businesses in national security.
- There are some restrictions for the businesses receiving these loans:
  1. Companies would be barred from raising the pay of certain executive.
  2. Prohibited from buying back stocks while getting assistance for an additional year.
  3. They may not issue dividends for up to a year after the loan is no longer outstanding.
  4. They must retain 90% of employment levels as of March 24<sup>th</sup>, to the extent practicable, through September 30<sup>th</sup>.
  5. The loans cannot last longer than 5 years.
- For businesses with 500-10,000 employees and non-profits, there will be no payments due for the first six months after the loan is issued.
- A congressional oversight commission will be in place to monitor how the money is spent.

## Hospitals & Health Systems

- There is \$120-\$150 billion earmarked to stabilize the health care system, provide protective equipment and supplies, and for new construction.
- When there is a vaccine, Medicare beneficiaries would not have to pay to receive it.
- Hospitals can request accelerated payments from Medicare.

## State and Local Governments

- There is \$150 billion to help state and local governments with unanticipated revenue loss.
- States that postponed primaries would get funds to make voting safer.
- Schools and colleges could access funds to aid in teaching while schools remain closed.
- Police and Fire departments could get help paying for overtime and medical items.

## Funding for Food Assistance

- The bill would provide \$450 million to The Emergency Food Assistance Program which supplies food banks. It is expected that food banks will see more clients as job losses continue rise. \$350 million would buy additional food and \$100 million would be used for distribution.

There are more nuggets, but we wanted to try and hit the highlights. We will keep you posted as more clarifying information becomes available and any additional information on when things may be occurring.

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