

CROSS-PRACTICE ISSUES

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Congress Passes \$2 Trillion Stimulus Legislation

The U.S. House of Representatives today passed on a voice vote a \$2 trillion emergency relief bill in response to the economic downturn caused by the COVID-19 (coronavirus) pandemic. The legislation, H.R. 748 or the CARES Act, contains appropriations measures to address the financial repercussions that the coronavirus is having on millions of Americans and businesses through expanded unemployment insurance, direct payments to individuals and families, loan programs for businesses, increased funding for hospitals, in addition to other spending measures. Additionally, the bill contains rules regarding retirement contributions, tax deferments and tax credits for individuals and businesses. The Senate passed H.R. 748 Wednesday on a unanimous vote prior to sending it to the House; the bill now goes to the President for his signature.

General appropriations and provisions include:

- \$500 billion in loans to large corporations;
- \$350 billion in loans to small businesses;
- \$150 billion allocated to state and local governments;
- \$45 billion for Federal Emergency Management Agency (FEMA) disaster relief;
- Direct payments of \$1,200 to Americans making up to \$75,000, with \$500 available for children, and would gradually phase out for higher earners and end for those with incomes exceeding \$99,000;
- A 6.2 percent social security tax deferral for employers and self-employed individuals;
- Tax credits for businesses that maintain employees on payroll, at up to 50% of qualified wages of each employee;
- An increase in unemployment assistance for out-of-work or furloughed workers of \$600 a week for four months, and an extension of unemployment insurance to non-traditional employees, including gig workers and freelancers.

Appropriations and provisions related to health care include:

- \$117 billion for hospitals and veterans' health care;
- \$4.3 billion for the Centers for Disease Control;
- A 6.2 percent increase in matching federal funds for state Medicaid programs;
- \$200 million in investments in telemedicine.

Appropriations and provisions related to retirement plans:

- For those eligible for a coronavirus-related distribution, a waiver of the 10% penalty tax on early withdrawals from retirement plans up to \$100,000 and an increase in the ceiling on loans against a retirement plan to \$100,000 for a limited time; and
- A waiver on required minimum distributions for certain 401(k)s and individual retirement accounts (IRAs) for 2020.

This is the third piece of legislation Congress has passed in response to the coronavirus pandemic, including [H.R. 6201](#), the *Families First Coronavirus Response Act*, and [H.R. 6074](#), the *Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020*.

If you have any questions regarding this *Academy Alert*, please contact Devin Boerm, deputy director of public policy (Boerm@actuary.org, 202-785-6929).

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