

Relief for Individuals, Families, and Workers

The American Rescue Plan

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Cash Payments to Americans

Providing Additional Recovery Rebates for Individuals: All individuals with a Social Security Number will receive a second round of rebates worth \$1,400 for individuals (\$2,800 for couples) and \$1,400 per child under 17. A family of four would receive \$5,600. Just as with the CARES Act rebates, this third rebate phases out above \$75,000 for single filers, \$112,500 for heads of household, and \$150,000 for married couples filing joint returns. There is no income floor or phase-in. Any member of your family with a Social Security Number (SSN) is eligible for a rebate. Prior to this bill, the presence of a spouse who lacked an SSN would disqualify the family from receiving rebates. With the inclusion of a new “mixed status” rule, family members with SSNs can now receive rebates even if one spouse lacks an SSN. People receiving Social Security or Supplemental Security Income (SSI) are eligible. Rebates will not be counted as income for income-related programs like Medicaid, SSI or SNAP. You must file a tax return this year (or have filed last year) to receive a rebate check (or direct deposit). Rebates will start going out in the weeks following passage of the Act.

Unemployment Compensation/Insurance

Bolstering Unemployment Compensation: Enhanced unemployment benefits will flow through each state’s usual unemployment insurance system. Until September 6, an additional \$300 will be added to each unemployment check. The Pandemic Unemployment Assistance program (which serves self-employed and gig workers) has also been extended until September 6, with a maximum of 79 weeks of benefits available. The Pandemic Emergency Unemployment Compensation program, which makes a combined 79 weeks of regular state unemployment insurance and federal benefits available, has also been extended until September 6.

If you became unemployed through no fault of your own or as a result of the COVID-19 pandemic, you may qualify for these benefits. In Oregon, the Employment Department administers unemployment insurance. More information, including a link to file an unemployment claim online, can be found at:

<https://www.oregon.gov/Employ/Unemployment/Pages/default.aspx>

Tax Credits and Incentives for Individuals

Child Tax Credit (CTC): Expands the Child Tax Credit for 2021 from \$2,000 per child to \$3,000 (\$3,600 per child under 6). Makes the CTC fully refundable and also extends the CTC to children age 17 for the first time. The additional \$1,000 of credit (\$1,600 for a child under 6) phases out at a 5 percent rate for individual filers with incomes above \$75,000; head of households with income above \$112,500; and joint filers with incomes above \$150,000. (Just as under current law, the “base” child tax credit of \$2,000 phases out at a 5

percent rate above \$400,000 for joint filers and \$200,000 for other filers). Starting in July, directs Treasury to make periodic CTC payments to taxpayers based on 2019 or 2020 tax return information. Permanently extends the full CTC to Puerto Rico and other U.S. territories.

Earned Income Tax Credit: Triples the EITC for 2021 for childless workers to \$1,502, lowers the first eligibility age from 25 to 19 (except for full-time students), and removes the maximum eligibility age (formerly 65). Makes several permanent expansions to the EITC, including allowing the childless EITC to parents whose children do not qualify, allowing certain separated parents to claim the childless EITC, and extending the EITC to Puerto Rico and other non-mirror code U.S. territories.

Child and Dependent Care Tax Credit (CDCTC): Expands the child care credit for 2021 in several ways. Provides a 50% credit on child care expenses up to \$8,000 for one child (age 0-13) and \$16,000 for two or more children, for a maximum credit of \$4,000 for one child and \$8,000 for two or more children. Makes the credit refundable. The full credit is available to families with income under \$125,000, and fully phases out for incomes above \$500,000. Permanently extends the child care credit to residents of U.S. possessions for the first time.

Employer-provided Dependent Care Assistance: Increases the exclusion for 2021 for employer-provided dependent care assistance from \$5,000 to \$10,500 (from \$2,500 to \$5,250 for married filing separate).

Student Loans: Forgives taxes owed on forgiven student loan debt for loans discharged between December 31, 2020 and January 1, 2026.

Non-Cash Assistance/ Relief for Individuals:

CARES Act Created Coronavirus-Related Distributions and Loans from 401(k) Plans and other Defined Contribution Retirement Plans: You may be allowed to take up to \$100,000 out of your account balance in 2020 if you or a family member test positive for the coronavirus or you suffer economic harm because of the coronavirus. You may also be allowed to borrow this amount from your account balance. Contact the administrator for your retirement plan to find out whether your plan will offer these distributions or loans, and if it does, how to request such a distribution or loan.

If you have a plan loan outstanding and you are laid-off or terminated and cannot repay your loan, you may be allowed an extra year to repay the loan. Contact the administrator for your plan for more details.

CARES Act Waived the 10% Additional Tax on Early Distributions from IRAs, 401(k) Plans and other Defined Contribution Retirement Plans: The 10% additional tax on pre-age 59 ½ distributions from IRAs, 401(k) plans and defined contribution plans does

not apply for 2020 if you, your spouse or child tested positive for the coronavirus, or if you suffer economic harm because of the coronavirus—such as being laid-off, furloughed or having your hours reduced because of the virus, not being able to work because of a lack of child care due to the virus, or you have to close or reduce the hours of a business you own because of the virus. Please go to www.irs.gov for more details.

CARES Act Waived of Required Minimum Distributions from IRAs, 401(k) Plans and other Defined Contribution Plans: If you turned age 70 ½ in 2019, then you are not required to make a minimum distribution by April 1, 2020. If you would regularly have to make a required distribution by the end of this year (December 31, 2020), then you do not have to do so—all required minimum distributions required to be made in 2020 are waived. Please go to www.irs.gov for more details.

December Bill Extended for an Additional Year - Charitable Deduction for Non-Itemizers, and Increased Deduction Caps: The charitable deduction for taxpayers who do not itemize is extended through the end of 2021 for qualifying contributions, limited to \$300 per person (\$600 for taxpayers married filing jointly making contributions in 2021). For corporations and taxpayers who itemize, the enhanced deduction limits for qualifying contributions are extended through the end of 2021. The limitation is generally increased to 100 percent of adjusted income for individuals, and 25 percent of income for corporations. Please go to IRS.gov for more information.

Higher Education

Providing Student Loan Relief: President Biden signed an executive order to extend deferment of federally-backed student loans through September 30, 2021. To receive assistance: Individuals should consult with their institution of higher education or loan servicer. Borrowers must request the option to defer payments from their loan provider. Financial aid awards will be distributed by IHEs. This page is a helpful resource with Q&A: <https://studentaid.gov/announcements-events/coronavirus>

The American Rescue Plan Act includes a provision that student loans that are discharged through 2025 will not be counted as taxable income. More information will be available soon at: irs.gov

Job Corps Flexibility

U.S. Department of Labor Job Corps Flexibilities: The December package provides temporary programmatic flexibilities for individuals seeking enrollment in Job Corps, including a waiver of drug testing until students are able to return on-site and additional time for students who may otherwise have aged out of Job Corps eligibility. Several Job Corps centers began gradual resumption of in-person operations in November, however most students remain virtual. Thousands of additional individuals have expressed interest in enrolling virtually in the interim. Current requirements for drug testing have created

barriers and backlogs preventing timely enrollment as contracts and procedures are for testing at the center locations. This section seeks to alleviate those barriers and provide additional time for individuals who may have aged out due to the backlog. To find more information about Job Corps, visit jobcorps.gov

Relief for Upcoming Mortgage, Rent, and Utility Payments

Providing Help to Low Income Households: The CARES Act funds the Low Income Housing Energy Assistance Program (LIHEAP) at \$900 million to help low income households pay their heating and cooling bills. *Oregon will receive \$4.203 million.* Low income folks who need assistance paying their energy bills should call the National Energy Assistance Referral (NEAR) toll-free at 1-866-674-6327 or visit <https://liheapch.acf.hhs.gov/db/index.php>. Funding is block granted to the states, and the states target funding to individuals and families based on income-eligibility.

For homeowners with federally-backed mortgage loans hit with financial hardship due to COVID-19, you may request forbearance on your mortgage, regardless of delinquency status, by submitting a request to the borrower's servicer; no documentation proving financial hardship is required. The forbearance may be granted for up to 60 days, with up to four 30-day extensions upon request. No additional fees, penalties or interest shall accrue, and the servicer shall not charge for reinstatement or for establishing a repayment plan. Additionally, borrowers are entitled to an extension or modification of the loan for at least the same length as the forbearance at no cost or penalty.

Federally-backed mortgage loan servicers may not initiate foreclosure processes or proceed with judgements, sales or evictions for at least 60 days after March 18, 2020. Additionally, federal regulators through Fannie and Freddie are making up-to-12 month forbearance available for homeowners with loans guaranteed by them: This means about half of the mortgages in the country. Fannie and Freddie are also telling lenders not to report late payments or the like to credit bureaus if they're in forbearance.

For renters, the CARES Act provides additional protections from eviction. Owners of federally-subsidized properties with more than five units, or properties with a federally-backed mortgage loan may not evict or charge penalties or fees to a tenant who cannot pay rent for 120 days following this Act. This includes LIHTC housing. Multifamily owners will be eligible to receive forbearance on those loans for 90 days, though their financial hardship due to COVID-19 must be documented, and they should contact their loan servicer. During the forbearance period they may not evict tenants or charge late fees or other penalties for nonpayment of rent. Owners of federally-subsidized properties or properties with a federally-backed mortgage loan may not evict or charge penalties or fees to a tenant who cannot pay rent for 120 days following this Act.

Providing an Emergency Broadband Benefit: For low-income families and folks who have been laid off or furloughed during the pandemic, the end-of-year COVID-19 relief and government spending bill provides \$3.2 billion in emergency funds for a \$50 (\$75 on Tribal

lands) monthly emergency broadband benefit, as well as up to \$100 for connected devices. This benefit will be available to those households in which one member qualifies for 1) the Federal Communications Commission's Lifeline program; 2) Free and reduced price lunch; 3) Pell grants; or 4) broadband providers' low income or COVID-19 programs. In addition, households that include recently unemployed individuals will be eligible. *Details on implementation are to come.*

The End of the Year Covid Relief Package provides \$25 Billion in Emergency Rental Assistance: This legislation will establish a new and historic program to provide emergency rental assistance to Americans in need across the country. Of the \$25 billion allocated, Oregon is expected to receive \$2,073,197,000 in rental assistance funding. This emergency rental assistance program, which will be run through the U.S. Treasury Department, will utilize the resources and experience of the Treasury Department in distributing emergency aid to states and localities, while leveraging the existing local housing organizations that can best distribute these funds on behalf of tenants.

With \$25 billion in assistance provided to assist renters in need, these funds will be targeted to families impacted by COVID that are struggling to make the rent and may have past due rent compounding on itself. These families will be able to utilize this assistance for past due rent, future rent payments, as well as utility and energy expenses. The program will rightly prioritize support for the most in-need households.

Also critical is the extension of the CDC rental eviction moratorium, which will be extended through January 31st, 2021.

Low-Income Water Utility Bill Assistance: The end of the year covid relief package provides \$638 million to help low-income families cover the costs of their drinking water and waste water utility bills. This program will provide grants to states and tribes, who in turn will provide funds to owners or operators of public water systems or treatment works to reduce arrearages and rates to low-income households. Up to 3% of the funds will be set aside for tribes.

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