Federal Stimulus Package

This is a summary of some of the benefits included in the economic relief plan. Please visit https://www.congress.gov/bill/116th-congress/senate-bill/3548/text for more information on these topics and to view this plan in its entirety.

President Trump has signed a bipartisan $2 trillion economic relief plan to offer assistance to tens of millions of American households affected by the coronavirus pandemic. Its components include stimulus payments to individuals, expanded unemployment coverage, student loan changes, different retirement account rules, along with various other types of relief for employers. **What does this mean for you?**

Stimulus checks

American adults will be granted the following one-time payments:

- Up to $1,200 payment to individual taxpayers
- Up to $2,400 payment for married couples filing jointly
- An additional $500 per qualifying child under the age of 17.

Eligibility

- Must have a valid Social Security Number; an exception for members of the military
- Must be a legal resident of the US
- Must not be claimed, or eligible to be claimed, as a dependent on someone else's tax return
- Payments will be issued based on earnings*:
    - Single adults with Social Security numbers who have an adjusted gross income of $75,000 or less
    - Married couples with no children earning $150,000 or less
    - Taxpayers filing as head of household earning $112,500 or less
    - The payment decreases until it stops altogether for single people earning $99,000 or married people who have no children and earn $198,000
    - A family with two children will no longer be eligible for any payments if its income surpassed $218,000.
    - Individuals who are receiving social security retirement or disability payments will also receive stimulus checks.

***** Based on 2019 income. If you haven't prepared a tax return for 2019, the IRS will use your 2018 return.

Unemployment Insurance

The new law expands unemployment benefits dramatically, with an additional federal payment boosting normal benefits. Here's what is included:

- In addition to normal state benefits, an additional $600 per week will be paid to individuals for up to four months.
- Regular state unemployment eligibility of 26 weeks has been expanded by an additional 13 weeks, for a total of 39 weeks.
- Unemployment insurance expanded to those who don't typically qualify: Gig economy workers who are classified as independent contractors and self-employed individuals.

Eligibility

- Workers who are furloughed but haven't been fully laid off
- Self-employed individuals – benefit amounts will be calculated based on previous income
- Part-time workers – benefit amount and length of time received depends on state
- Federal law allows states to pay benefits where:
    - An employer temporarily ceases operations due to COVID-19, preventing employees from coming to work

- An individual is quarantined with the expectation of returning to work after the quarantine is over
- An individual leaves employment due to a risk of exposure or infection or to care for a family member

NOTE: Workers who are able to work from home, and those receiving paid sick leave or paid family leave are not covered.

Paid Family Leave

The new law expands the family leave provided in the *Families First Coronavirus Response Act* that President Trump signed into law on March 18, 2020. That bill covers workers in businesses with fewer than 500 employees. Those covered by the act can get up to 12 weeks of family medical leave (with the first two weeks unpaid) if they must stay home with children whose schools and day care centers have closed because of the pandemic. See https://www.dol.gov/sites/dolgov/files/WHD/posters/FFCRA_Poster_WH1422_Non-Federal.pdf.

The expansion:

- Allows individuals who were laid off on or after March 1, 2020, but then rehired before the end of 2020, access to this family leave if they have worked in that job 30-60 days before the initial layoff. To be eligible according to the FMLA expansion act, an employee must be employed for at least 30 calendar days. However, UofL has temporarily waived any service requirements. It is available to any current employee, regardless of their start date.
- Benefit paid to eligible individuals for this family leave is two-thirds, with a maximum of $200 per day, or an aggregate $10,000 per worker.

Paid Sick Leave

- Full-time employees will receive up to 80 hours of emergency sick leave added to their sick leave pool, capped at $511 per day, or an aggregate $5,110 per worker. Part-time employees will receive the average number of hours worked over a two-week period added to their sick leave pool.
- Individuals who are unable to work or telework because they are under medical quarantine or treatment for COVID-19, suspect they have the illness or are ordered to quarantine at home are eligible for the emergency paid sick leave.
- Individuals who are staying home to care for someone else who has COVID-19 or is suspected of having it, or who have a child whose school or day care is closed because of coronavirus, are eligible for two-thirds of pay capped at $200 per day, or an aggregate $2,000 per worker.

Please see http://louisville.edu/hr/covid-19-hr/epsla-fmla-expansion-employee-guidelines for additional information regarding the Emergency Paid Sick Leave Act and FML Expansion.

Student Loan Relief

The Department of Education implemented student loan relief measures last week and the stimulus package expands those measures, giving protection to borrowers pursuing loan forgiveness programs and those who have defaulted loans.

- Interest will not accrue on federal student loans from April through September 30 and no payments must be made.
- There will be automatic payment suspensions for any student loan held by the federal government.
- Even though payments are suspended during this time period, the Department of Education will treat it as if the borrower made a payment toward public service loan forgiveness or other forgiveness programs.
- Borrowers who are in loan rehabilitation programs will also have the suspension period count toward rehabilitation. These programs are for borrowers working to pull their loans out of default.
- Credit reports and scores will not be impacted during the suspension of payment period.
- Wage garnishment and tax refund seizures will be halted during the forbearance period.

- Additionally, the Department of Education will be refunding approximately $1.8 billion in offsets to more than 830,000 borrowers. The announcement also requires private collections agencies to stop pursuing defaulted borrowers through such methods as phone calls, collection letters and billing statements.

Eligibility

- If money was borrowed from the federal government – a so called direct loan – in the past 10 years.

NOTE: Loans that the US Department of Education does not own are not eligible. These include older Federal Family Educational Loans (FFEL), Perkins Loans, loans from state agencies, loans from private lenders like Discover, Sallie Mae and Wells Fargo. (The holders of these loans may be offering their own assistance programs.)

Retirement Plan Changes

Individuals may withdraw funds early from retirement accounts for “coronavirus related” distributions up to $100,000, without an early withdrawal penalty.

- Able to take out a loan of up to $100,000, without a penalty for early withdrawal. Regardless of whether it is through a loan or withdrawal, the maximum amount that can be taken from a retirement account is $100,000.
- Requires certification that you were affected by the coronavirus.
- The sum withdrawn may be re-contributed to a retirement account within three years, without being subject to the usual annual contribution caps.
- If the loan is not repaid, the withdrawal will be taxed as ordinary income tax rates over a three-year period.
- The limit for retirement plan loans has been temporarily raised from the normal $50,000 to $100,000, and the current rule that loans may not exceed half of a 401(k) participant’s vested account balance has been waived.

Eligibility

- You have tested positive for coronavirus
- A spouse or dependent child tested positive for coronavirus
- You experienced a variety of negative economic consequences due to the pandemic. UofL will allow employees to self-certify that they are qualified to withdraw money from a workplace retirement account.