

Fiscal Stimulus Approved

Congress approved the \$1.9 trillion American Rescue Plan on March 10, 2021, which included the following provisions:

Payments to Individuals

- \$1,400 to individuals with income of \$75,000 per year or less, phasing out fully beyond \$80,000 per year annual income
- Expanded child tax credits to \$3,000 for each child ages 6-17, and \$3,600 for children under the age of 6

Enhanced Unemployment Benefits

- An additional \$300 per week, extended through September 6, 2021
- Up to \$10,000 from 2020 unemployment insurance will be tax-free for households with income less than \$150,000/year

Pandemic Support

- \$160B for vaccine distribution, and additional funds for virus testing/tracing
- \$350B to state, local, and tribal governments
- \$130B to reopening schools, improving ventilation systems; \$40B to colleges
- Small business and live venue support, and \$29B for restaurant relief
- Support to FEMA, Amtrak, and food assistance programs

Other

- \$86B additional funds for multiemployer and single employer plans, with payments made to troubled plans via the PBGC
- \$30B support for transportation agencies, and \$15B for the airline payrolls
- \$10B support to state infrastructure projects
- \$45B for rental, utility, and mortgage assistance
- \$350B for a temporary expansion of Affordable Care Act subsidies and Cobra payment support

Economic Update

The timing of this new stimulus is slightly ahead of expectations. Coupled with a faster pace of vaccinations and improving employment, many advisors are increasing growth expectations.

Morgan Stanley has once again revised their first quarter 2021 US GDP forecast higher to an annualized 8.1% from 7.3%. Meanwhile, Goldman Sachs is forecasting 6.9% US GDP growth for this year.





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