

At-A-Glance: American Rescue Plan Act of 2021

Following up on last year's CARES Act, the \$1.9 trillion American Rescue Plan Act of 2021 was signed by President Biden on March 11, 2021. Here is a brief summary of some of the new legislation related to personal finances:

- **Stimulus Checks** – Checks will be issued starting in March 2021 in amounts up to \$1,400 for an individual, \$2,800 for joint filers, and \$1,400 for each qualifying dependent (phasing out after an income threshold of \$75,000 for single filers and \$150,000 for joint filers, with a complete phase-out for single filers with income exceeding \$80,000 and for joint filers with income exceeding \$160,000). Eligible qualifying dependents include full-time students under the age of 24 and adult dependents.
- **Unemployment** – Provides unemployment compensation benefits in an amount equal to \$300 per week, in addition to any existing state benefits, through Sept. 6, 2021, while also making non-taxable the first \$10,200 in unemployment benefits for households with an income threshold of up to \$150,000.
- **Child tax credit** – There's a one-year expansion to \$3,000 (from \$2,000) for kids ages 6-17 and to \$3,600 for kids under 6. The AGI limits are \$150,000 for couples and \$112,500 for single parents.
- **COBRA** – Beginning April 1, 2021, through September 30, 2021, eligible individuals who have been laid off, furloughed, or had their hours reduced can choose to continue group health benefits without having to pay COBRA premiums.
- **Housing** – Extends emergency rental assistance, homeowner assistance, and other housing programs. People should contact HUD at **(800) 569-4287** to connect with a certified housing counselor who can assist.

- **Student loan forgiveness** – While they didn't forgive student loans, there is a provision that any student loan forgiveness passed between Dec. 20, 2020 and Jan. 1, 2026 will be tax-free. Normally, loan forgiveness is taxable income. There is speculation that this sets the stage for further across the board student loan forgiveness sometime later in 2021.
- **Credit Reports** – (this is not part of ARPA) lastly, the three major credit bureaus - Experian, Equifax and TransUnion — have announced that they will continue to offer free credit reports to all Americans weekly through April 20, 2022. The additional year extension comes after the bureaus first offered weekly free credit reports at the start of the pandemic. The free credit reports are available on www.annualcreditreport.com. Before the pandemic, consumers were only entitled to one free credit report from each bureau per year.

Navigating Expenses if Your Income Has Been Interrupted or Reduced:

- Immediately prioritize expenses, making sure that Needs (Housing, Food, Utilities, Transportation, Health Care) come first
- Non-essential expenses should be paused or discontinued
- Consider utilizing liquid assets such as an emergency savings account to cover essential living expenses
- Contact your creditors to explore options such as loan deferments, reduced interest rates, and balance transfers
- Explore other employment opportunities in your area

Other Questions?

- Coronavirus Tax Relief website – www.irs.gov/coronavirus
- University of Michigan Credit Union
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