

Key features of the American Rescue Plan

- \$1400 checks (in addition to the \$600 passed in the bill last December). This round will be restricted to individuals making less than \$80K and couples making \$160K. These checks are per person, including dependents.
- Extended unemployment, plus \$300/week through Sept. 6. This includes the “Pandemic Unemployment Insurance” program for independent contractors. The first \$10,000 of unemployment insurance will be exempt from federal taxes.
- Expansion of the Child Tax Credit from \$2000/child to \$3000/child and \$3600 for kids under 6. It also expands the tax credit that allows families to deduct child care expenses.
- A variety of programs to help the very poor through September, including additional food stamps, WIC, school lunch support, rent, and mortgage assistance.
- \$350B for aid to state/local/tribal governments to help with their budget shortfalls due to COVID.
- Grants to local transit agencies, airports, and Amtrak to help offset losses.
- \$210B in aid for K-12 education, colleges, and child care providers
- 100% COBRA subsidies for workers who’ve lost coverage due to a layoff.
- Relief for multiemployer pension plans that are in the most dire circumstances. (more below)

Pension Provision Details in American Rescue Plan

- Establishes a special financial assistance program to provide federal assistance to eligible plans so that participants are paid full benefits for the next 30 years, through 2051, without reduction.
Eligible plans include:
 1. All plans that are critical and declining in 2020-2022 (i.e. are projected to become insolvent within 20 years)
 2. All plans that have suspended benefits under MPRA (suspensions are unwound and repaid)
 3. A handful of other plans in very special circumstances
- For employers in eligible distressed plans, this relief ensures that they do not face insolvency concerns for this period, eliminating the prospect of mass withdrawal liability at insolvency or perpetuity payments at insolvency for plans that do not terminate at insolvency (which would likely trigger on-balance sheet recognition of the present value of the liability of the perpetuity payments). This provides some liability protections for employers in eligible distressed plans.
- For all plans, investment losses and lost contributions for the 2020-2021 plan year (an important COVID issue) may be smoothed over 30 years in the development of the funding standard account and over 10 years in the development of the actuarial value of assets. The upper limit on the actuarial value of assets is increased to 130% of market value of assets.
- For plans in critical or endangered status, rehabilitation or funding improvement plans may be 15 years rather than 10 years.

- PBGC premiums are increased to \$52 per participant in year 10. The current premium is \$31 which is indexed each year. In year 10, the current premium would be between \$43-\$45 (net increase between \$7-\$9).
- Not included in this bill are the GROW Act, funding rule changes, changes to the discount rate, or governance changes.