

The American Rescue Plan Act of 2021

The American Rescue Plan Act of 2021 was approved by Congress on March 10, 2021. As expected, the provision of raising the federal minimum wage was excluded from the final relief package. The American Rescue Plan was signed into law by President Biden on Thursday, March 11.

COBRA Continuation Coverage

Subsidizes 100% of premiums for eligible COBRA recipients for continuation coverage if they lose their job. Employers can claim a refundable tax credit against their Medicare payroll tax liability for the cost of the premiums. The assistance is available through September 30, 2021, and is no longer available once an individual becomes eligible for coverage under another group health plan or Medicare.

Dependent Care Flexible Spending Accounts

Raises the 2021 contribution limit for Dependent Care Flexible Spending Accounts (FSAs) to \$10,500 for single taxpayers and to \$5,250 for married individuals filing separately. The provision raises the exclusion limits for the plan year beginning after December 31, 2020 and before January 1, 2022.

Modification to the Paycheck Protection Program (PPP)

- Increases funding total to a little under \$814B. Maintains eligibility for 501(c)(3) and 501(c)(6) organizations.
- Expands eligibility to labor organizations, social/recreational clubs, and fraternal benefit societies.

Veteran Rapid Retraining Assistance Program

- Provides \$386 million for rapid retraining program to reskill unemployed veterans for high demand jobs or in high-technology programs.

Extension of Federal Pandemic Unemployment Assistance

- Benefit remains at \$300/week through September 6, 2021.
- Increases the total number of weeks from 50 weeks to 79 weeks for individuals that don't qualify for regular benefits.
- No changes to eligibility to benefits for individuals that don't qualify for state unemployment benefits (e.g., self-employed, gig workers, and others in non-traditional employment).

Extension of Pandemic Emergency Unemployment Compensation

- Extends CARES benefits to individuals that exhausted benefits to September 6, 2021 – from 24 weeks up to 53 weeks.

Extension of Emergency Unemployment Relief for Governmental Entities & Nonprofit Organizations

- Increases Federal payments to nonprofits and government agencies from 50 percent to 75 percent after March 31, 2021 through September 6, 2021, for the cost of providing unemployment benefits. agreement that are allocable to employee paid sick and family leave.

Employer Credits for Paid Sick and Family Leave

- Extends to September 30, 2021, for employer-provided paid sick and family leave – established
- under the Families First Coronavirus Response Act (FFCRA).
- Qualified Family Leave covered wages increases from \$10K to \$12K per employee.
- Increases the number of days of paid leave for self-employed from 50 days to 60 days.
- Expands the paid leave credits, including self-employed individuals, to cover COVID-19 vaccinations or wait times for test results or diagnoses.
- Adds employer restrictions on receiving credits if paid leave policies favor highly compensated employees, full-time workers, or employees based on tenure.
- Provides for reimbursement of pension plan and apprenticeship program contributions made by employers under a collective bargaining agreement that are allocable to employee paid sick and family leave.

Employee Retention Credit

- Extends the employee retention credit through December 31, 2021. The employee retention credit was originally enacted in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136, and it allows eligible employers to claim a credit for paying qualified wages to employees.
- Expands eligibility for the credit to new startups that were established after Feb. 15, 2020, and companies if their revenue declined by 90% compared to the same calendar quarter of the previous year. The credit is capped at \$50,000 per calendar quarter for startups.



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