

# The Prosperity Press

A quarterly publication providing you with invaluable information in financial planning, wealth management, taxes and so much more!

## What You Need to Know About the New Stimulus Act



### The Consolidated Appropriations Act

On Sunday, December 27th, the second COVID-relief stimulus was signed into law. The \$900 billion legislation aims to help Americans who have been negatively impacted by the COVID-19 pandemic, provide aid to struggling businesses, and support vaccine distribution efforts. Here are the major elements in the new act.

#### Paycheck Protection Program

The new stimulus adds \$285 billion to the popular Paycheck Protection Program (PPP) to aid small businesses impacted by COVID-19.

The PPP, created under the CARES Act, was criticized earlier this year for giving out a large portion of PPP funds to a small fraction of borrowers. Data shows that while 92% of loans were \$250,000 or less, over 25% of PPP funds were distributed in loans upwards of \$1.5 million.[i]

The new legislation brings numerous changes to help combat the unpopular elements of the original program:

- New loans are capped at \$2 million (previously \$10 million)
- New loans are available only to borrowers with fewer than 300 employees who have experienced at least a 25% reduction in sales from a year earlier for at least one quarter
- Borrowers may deduct PPP expenses paid for with PPP funds
- \$15 billion of PPP funding is set aside to support entertainment-related venues such as small theaters and

music venues, which have been closed for the majority of 2020

- \$12 billion of PPP funding is set aside for minority-owned business

#### Individual Stimulus Payments

Adults with an adjusted gross income of up to \$75,000 (based on 2019 earnings) will be receiving \$600. Couples earning up to \$150,000, or heads of households earning up to \$112,500, will receive \$1,200. Eligible families with dependent children may also qualify to receive an additional \$600 per child. As in the previous stimulus, the benefit declines for those who earned more income and cuts off entirely for individuals who earn more than \$99,000.

Unlike the last round of stimulus payments, the new legislation allows some spouses of undocumented immigrants to claim this benefit. Payments will not be denied to citizens married to someone without a social security number.

#### Unemployment Benefits

Currently, the national unemployment rate is at 6.7%, which is lower than in recent months but still higher than in February of 2020.[ii] While the CARES Act provided a \$600 weekly unemployment benefit, the new legislation offers a weekly benefit of up to \$300 for 11 weeks. This benefit applies in addition to available state benefits. The new stimulus also extends the Pandemic Unemployment Assistance program aiding freelancers and independent contractors, providing an additional \$100 weekly benefit.

#### Vaccine Funding

\$70 billion is set aside for a range of healthcare measures including:

- \$20 billion for the government to purchase and develop vaccines
- \$8 billion for state and local governments, and underserved populations, for vaccine distribution
- \$20 billion for states to continue test and trace programs

### Rental Moratorium Extended

The rental moratorium protecting tenants struggling to pay their rent from evictions is extended by another month and will be in effect until January 31st, 2021. The Department of Housing and Urban Development issued a similar moratorium protecting homeowners from mortgage foreclosures until February 28th, 2021. The act also provides \$25 billion in rental assistance.

### Climate Change Support

\$35 billion is allocated to fund clean energy such as wind and solar. The new act also includes regulation for hydrofluorocarbons, a greenhouse gas found in air conditioners and refrigerators.

### Ban on Surprise Medical Bills

The new act makes it illegal for hospitals to charge patients out-of-network rates for services such as emergency treatment, transport in air ambulances, etc. Patients often don't have a say in accepting such treatments. Once these changes take effect in 2022, patients will only be required to pay their usual in-network deductibles and co-payments that they normally would under their insurance.

### Food Access and Support

The new act includes \$13 billion for increased nutrition assistance – \$400 million of that will go to food banks and \$175 million for other nutrition programs. Starting on January 1st, food stamp benefits will also increase by 15% for six months.

### Broadband Infrastructure

As so many Americans are forced to work, attend school, and see their doctors remotely, the new act includes \$7 billion for expanding access to high-speed internet. Of that, \$3.2 billion will go toward helping cover monthly internet bills for low-income families and \$300 million is set aside for building out infrastructure in areas with historically low internet speeds.

*Author: Maggie Jencik, MSc  
Marketing Manager*

# Do You Need Long-Term Care Insurance?



A tough conversation to discuss with clients is the need for long-term care insurance. No one wants to think about not being able to take care of a loved one, let alone themselves. You work your entire life to have a comfortable retirement; wouldn't you want to protect your assets if you were to need care?

What if I told you that:

- Someone turning age 65 today has almost a 70% chance of needing long-term care services [iii]
- Women tend to need care longer (3.7 years) than men (2.2 years)

Some people believe that Medicare pays for long-term care; however, that is not the case. If you meet the following conditions, Medicare will pay 100% of your costs only for the first 20 days.

- You had a recent hospital stay for at least three days
- You are admitted to a Medicare-certified nursing facility within 30 days of your prior hospital stay (not all facilities are Medicare-certified)
- You need skilled care, such as physical therapy or skilled nursing services [ix]

After 20 days, up until day 100, you pay your expenses up to \$170.50 per day. That is up to \$13,640 for 80 days of care. After 100 days, you are fully responsible for the cost of care if you remain in a skilled nursing facility.

### What Are My Long-Term Care Insurance Options?

While the statistics above are compelling, there are still those that don't see the point in paying for long-term care insurance because it will be a waste of money if they never need it.

With traditional policies, you pay an annual premium, which isn't locked in and will most likely increase as health care costs increase. Traditional long-term care policies are customizable. You may elect from a variety of benefit periods, elimination periods, and inflation protection options. Many long-term care policies offer an optional benefit known as "shared care," which allows couples to share their benefit. If you don't need long-term care and you pass away, the policy goes away.

There are also asset-based long-term care policies (also called linked benefit LTC), which are becoming increasingly popular. These are life insurance policies that offer tax-free long-term care benefits in addition to, or in place of, a death benefit. Asset-based policies can be funded with a lump-sum payment or paid over a period of years. The advantage of this type of policy is that if you never need long-term care, your beneficiaries will get the death benefit, and the money you put into it won't be "wasted."

### Having a plan in place

Regardless of your decision to get long-term insurance, you should still be proactive by educating yourself early about potential care options and funding sources. Discuss this further with your loved ones to make it easier to put a solid plan in place.

*Author: Erin Ansalvish, MBA  
Director of Financial Services*

[i] <https://www.nytimes.com/2020/12/03/business/dealbook/ppp-loans-data.html>

[ii] <https://www.bls.gov/news.release/pdf/empst.pdf>

[iii] <https://longtermcare.acl.gov/the-basics/how-much-care-will-you-need.html>

[ix] <https://www.genworth.com/aging-and-you/finances/limits-of-medicare-medicaid.html>