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## Fiscal Stimulus: What's Been Done and What's in Progress?

We are happy to report that our team remains healthy and hope this finds each of you as such. It has become clear to us that practicing social distancing is important and will help reduce the impact and time required to combat Coronavirus and allow our economy and market to more quickly reengage in growth.

The impacts of the Coronavirus continue to cause an extremely fluid situation, and our team is monitoring the updates regularly. We are cognizant that you are likely being bombarded with information, but our goal is to provide regular updates in a clear, concise format.

We are encouraged by some of the news this week regarding the potential of drugs that may help lessen the impact, combined with additional restrictions on social interactions geared to flattening the curve.

Tuesday's pivot toward a broad fiscal stimulus plan in the \$1+ trillion range was a market-positive development and was not a given at the beginning of this week. The package under discussion would provide Americans with a check of an amount to be determined as an initial boost for households and consumers.

Negotiations on this provision will focus on targeting the funds to certain income levels. We will be watching to see what income thresholds become the baseline in the coming days, or if other provisions such as refundable tax credits are added to the direct payment section of the bill. President Trump, Secretary Mnuchin and Speaker Pelosi signaled agreement on the need for targeting in this respect on Tuesday. The broad agreement is a positive – the details will likely be the difficult part.

There appears to be broad agreement on boosting support for small businesses through loans via the Small Business Administration (SBA) and other relief in the amount of \$250 billion. Support for the airline industry is currently projected to be in the \$50 billion range and support for other businesses is also being discussed in the \$50 billion range (with tax credit and net operating loss [NOL] carry forward provisions being discussed).

Below is a breakdown of Congressional relief measures that are currently active or in the negotiations stage.

### **PHASE ONE**

**Title:** Coronavirus Preparedness and Response Supplemental Appropriations Act

**Cost:** \$8.3 billion

**Status:** Law as of March 6

#### **Highlights:**

- Outbreak preparedness and response. \$6.7 billion for U.S. agencies to respond to outbreak and research therapies.
- Expanded research and development. \$3.1 billion for the U.S. Department of Health & Human Services (HHS) Public Health and Social Services Emergency Fund.
- State and local resources. \$2.2 billion to the Centers for Disease Control and Prevention (CDC) for response effort.
- Therapies and vaccines. \$836 million for National Institutes of Health (NIH) response effort.
- International outbreak support. \$1.6 billion for international response.



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## **PHASE TWO**

**Title:** Families First Coronavirus Response Act

**Cost:** \$100 billion (estimated)

**Status:** Signed into law Wednesday night

### **Highlights:**

- Free testing. Free testing for everyone who needs a COVID-19 test, including the uninsured.
- Paid sick leave. 14 paid sick days for businesses with fewer than 500 employees, partially reimbursed with a tax credit (\$5,110 aggregate total).
- Food assistance. \$900 million in nutrition assistance will be provided for students who are out of school and assistance for food banks and seniors.
- Unemployment assistance. Additional funding for states that experience a 10% increase in unemployment.
- Expanded Family and Medical Leave (FMLA). Expands existing FMLA protections that provide up to 10 weeks of time. Pay is 2/3 of monthly earnings up to \$10,000 aggregate cap. Only applies to companies with fewer than 500 employees.
- Healthcare worker protections. Expanded federal safety and health protections for frontline healthcare workers.

## **PHASE THREE**

**Title:** Pending

**Cost:** \$800 billion to \$1+ trillion (estimated)

**Status:** Negotiations ongoing, led by the Senate

### **Highlights:**

- Payments to individuals. Cash infusion for consumers (potentially in \$1,000 range).
- Payments may be provided multiple times. \$250 billion initial payment to individuals, second \$250 billion in payments at a later date.
- Targeted relief for airlines, potentially in the \$50-60 billion range.
- Targeted relief for hotels, possibly.
- Targeted relief for cruise lines, possibly.
- Small business support. Expanded small business loans, potentially in the \$250 billion range.

## **PHASE FOUR**

**Title:** Pending

**Cost:** \$8+ billion (estimated)

**Status:** Still in the discussion phase; phase three response is the current priority

### **Highlights:**

- Secretary Mnuchin has signaled the administration will ask for another emergency federal funding bill for agencies to mitigate the spread of the virus and implement some of the Trump administration executive actions.



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We are encouraged that both sides of the aisle are working together to make positive steps towards solutions that are in the best interests of the country and each of us.

In the meantime, our team is healthy and doing our part to practice appropriate social distancing. We have moved to Zoom or conference calls for all meetings. We continue to monitor the market and remain available to address any questions or discuss your personal situation. It is important to remember that we have spent considerable time reviewing your risk tolerance, discussing your goals and objectives, and positioning your portfolio to weather market volatility while investing to outpace inflation for your long-term goals. We encourage you to remember that the portion of your portfolio that we have invested in the stock market is earmarked for your long-term goals.

While we know this is a stressful time for many reasons, we are constantly reminded that the first and most important concern is for the safety and health of all. Our prayers are with the medical community that are on the front lines caring for patients, families and individuals who will be affected physically or financially, and our leaders as they continue to make decisions to work through this challenging time.

We are thankful for the ongoing trust you place in us. Please know that we will continue to research, understand, adapt, and communicate what we believe to be important in this ever-changing time.

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