



Congress passes emergency aid package

Congress today approved a \$2 trillion emergency economic aid package to help Americans withstand the COVID-19 pandemic, including measures to help bolster individuals' financial well-being. The package also provides relief to distressed businesses that were forced to close and lay off or furlough workers because of the crisis.

The Coronavirus Aid Relief and Economic Security (CARES) Act allows individuals to make penalty-free hardship withdrawals from their individual retirement accounts and provide for the issuance of recovery checks of at least \$1,200 to most Americans and their families. The legislation also provides hundreds of billions of dollars to support businesses in what is expected to be a protracted economic recovery once the pandemic subsides.

"Prudential appreciates the swift action of Congress and the Administration to advance this crucial legislation, which will extend a financial lifeline to millions of American workers," said Rob Falzon, Prudential's vice chair. "This is a powerful signal to the American people that our nation's leaders will come together to provide needed financial stability during this global crisis."

The CARES Act provides recovery checks of \$1,200 for single taxpayers earning up to \$75,000 annually, and \$2,400 for married couples earning up to \$150,000 and filing jointly. The legislation also waives the 10% early withdrawal penalty tax for "coronavirus-related distributions" up to \$100,000 from IRAs and 401(k)s. It also allows a recontribution of the funds withdrawn from IRAs and other retirement accounts for three years.

"The bill will help provide immediate relief for individuals and business owners, which is critical right now as the dual impact of containment measures for COVID-19 and market volatility put financial security at risk for millions of workers, their families and their communities," said Yanela Frias, president of Prudential Retirement. "While we recognize that too many Americans will need to make tough financial decisions in the near term, we encourage those savers without an urgent need to maintain focus on their long-term saving goals and strategies."

The Act also creates a \$500 billion economic stabilization fund dedicated to stabilizing distressed companies as well as state and local governments. Thousands of businesses, particularly small businesses, which are the backbone of the U.S. economy, were forced to lay off or furlough employees and shut their doors temporarily due to the pandemic.

The CARES Act comes on the heels of the Families First Coronavirus Response Act, which expanded paid family leave to address the needs of workers in this current crisis.

"The COVID-19 pandemic is threatening the long-term financial stability of millions of Americans, both individuals and those caring for family," said Jamie Kalamarides, president of Prudential Group Insurance. "For workers living paycheck to paycheck the current economic downturn will result in a major setback. Paid family leave is a critical benefit for millions today through private insurance. Expanding access to private insurance paid leave is even more important in times of crisis. These legislative actions will help workers care for their families and regain a sense of stability and control over their financial futures."

