

Wealth Planning Alert

Executive Actions Issued Amidst No Deal in Congress

August 12, 2020

President Trump issued a series of executive actions in the absence of Congressional legislation aimed at providing financial relief

As an agreement between Congressional Democrats and the White House for another round of fiscal relief was not reached President Trump attempted to take matters into his own hands by issuing a number of executive actions intended to provide relief for the American people.

Summary of what's included:

1. Deferral of payroll tax collection from September 1 through December 31 for workers earning under \$100,000 per year.¹
2. Federal unemployment benefits reinstated at \$400 per week after the \$600 per week ended July 31. Federal government to pay \$300 per week and states asked to pay \$100. The \$100 is under discussion since some states don't have the funds.
3. Federal agencies directed to make funds available for temporary financial assistance to renters and homeowners facing financial hardship. Also directs the Secretary of Health and Human Services and the Director of the Centers for Disease Control and Prevention (CDC) to consider if measures to temporarily halt evictions are necessary to stop the spread of COVID-19 between states.
4. Secretary of Education directed to extend relief for student loan borrowers by waiving: interest on student loans held by the federal government through the end of 2020 and deferral of payments until December 31.

Now what?

These actions provide more support for the economy than if nothing was done. However, legal challenges could present issues for implementation and delay disbursement of funds. The executive actions draw on \$44 billion appropriated to the Federal Emergency Management Agency (FEMA) in the CARES Act – and if the entire \$44 billion was allocated to unemployment benefits, Wells Fargo Securities Economics Group estimates it will only cover four to six weeks of benefits based on current estimates of claims. The power to make a more impactful and substantial fiscal deal ultimately resides in Congress—if an agreement can be reached between the two parties.

¹ less than \$4,000 per bi-weekly pay period

Source: Congressional Budget Office, U.S. Department of Labor and Wells Fargo Securities

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