

# M3 FINANCIAL PULSE

JANUARY 2021

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## THE MONTH IN BRIEF

A tumultuous year ended on a positive note as stocks rose in December, spurred by the rollout of multiple COVID-19 vaccines and the signing of a new fiscal relief bill.

For the month of December, the Dow Jones Industrial Average, which lagged all year, pick up 3.41%. The Standard & Poor's 500 Index gained 3.71%, and the Nasdaq Composite tacked on 5.71%.<sup>1</sup>

1 - The Wall Street Journal, December 31, 2020



## FACT OF THE MONTH

Young adults who get **financial education** are less likely to carry credit card debt.<sup>2</sup> Unfortunately, only **1 in 4** parents reported that they never or almost never talk to their kids about household finances.<sup>3</sup> In fact, only about **55%** of adults are financially literate in the United States.<sup>4</sup>

2. Council for Economic Education

3. Guidant

4. Standard & Poor



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## 5 HIGHLIGHTS OF THE NEW STIMULUS PACKAGE\*

After a bit of political posturing in December, the \$900 billion Consolidated Appropriations Act of 2021 (2021 CAA) was signed into law by President Trump as the COVID-19 pandemic continues to impact employers and employees.

### Here's a quick recap of five key highlights:

- 1. Stimulus Checks:** The new law authorized a second round of \$600 checks for people with income that meets the criteria. The checks start to phase out for individuals who earned at least \$75,000 in 2019 and \$150,000 for joint filers.<sup>5</sup>
- 2. Unemployment Benefits:** The law provides up to \$300 per week in enhanced benefits through March 2021. The benefits extend to self-employed individuals and gig workers.<sup>6</sup>
- 3. Student Loan Repayment:** The 2021 CAA extends the provision that allows employers to repay up to \$5,250 annually towards an employee's student loan payments. The payments are tax-free to the employee.<sup>7</sup>
- 4. Small Businesses:** The 50% limit on the deduction for business meals has been lifted. Business meal expenses after December 31, 2020, and before January 1, 2023, may now be fully deductible. Please consult your tax, legal, or accounting professional for more specific information regarding this provision.<sup>8</sup>
- 5. PPP Loans:** The new law contains \$284 billion in relief for a second round of Payment Protection Program loan funding. Businesses with 300 or fewer employees may be eligible for a second loan. "Second-draw" loans are available through March 31, 2021.<sup>9</sup>

As 2021 gets underway, expect some additional guidance from regulators on 2021 CAA. **Our office will keep an eye out for updates and pass information as it becomes available.**

5. USAToday.com, December 31, 2020

6. CNBC.com, December 21, 2020

7. ThinkAdvisor.com, December 30, 2020

8. ThinkAdvisor.com, December 30, 2020

9. Forbes.com, December 29, 2020

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