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About TARP

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U.S. DEPARTMENT OF THE TREASURY

About TARP

In September 2008 our nation was on the edge of falling into a second Great Depression. Confidence in the financial system was vanishing and panic was spreading.

Every major financial institution was vulnerable. The credit markets that provide financing for credit cards, student loans, mortgage loans, auto loans, small business loans and other types of financing stopped functioning.

For the first time in generations, Americans were questioning the safety of their money in banks. For the first time in more than 80 years, a generalized run on the nation's banking system was a real possibility. The nation was losing almost 800,000 jobs a month and household wealth had fallen by 17 percent – more than five times the decline in 1929.

It was out of these extraordinary circumstances that TARP was created to restore the nation's financial stability and restart economic growth.

Read more information on:

[Why TARP was Necessary](#)

[Restoring the Nation's Financial Stability](#)

[Expected Cost of TARP](#)

[The Legacy of TARP](#)

What is TARP?

TARP is the Troubled Asset Relief Program, created to implement programs to stabilize the financial system during the financial crisis of 2008. It was authorized by Congress through the [Emergency Economic Stabilization Act of 2008 \(EESA\)](#) and is overseen by ...

[Read more](#)

Key Facts

The cost of the financial crisis is properly measured by its human impact: the jobs lost, the wealth destroyed, and the hardship that fell upon millions of American families. From the very beginning, the primary purpose of the government's response was to arrest the economy's free fall and limit the recession's devastation—not to make money.

TARP helped prevent a second Great Depression, stabilize a collapsing financial system, and restart the markets that provide mortgage, auto, student, and business loans.

TARP's investment programs are winding down. The cumulative collections under TARP, as of October 31, 2016, together with Treasury's additional proceeds from the sale of non-TARP shares of AIG, exceed total disbursements by more than \$7.9 billion. (Treasury has recovered \$442 billion or 101.8% of the disbursed amount when the \$17.6 billion of non-TARP AIG funds collected is included.)

What Did TARP Do?

TARP was a critical part of the government's efforts to combat the worst financial crisis since the Great Depression. It included a comprehensive set of measures in five key areas:

- [Auto Programs](#)
- [Bank Investment Programs](#)
- [Credit Market Programs](#)
- [Housing](#)
- [Investment in American International Group \(AIG\)](#)

[Learn More](#)

TARP is currently projected to cost approximately \$34.5 billion - significantly less than the \$700 billion originally authorized by Congress.