



FUNERAL DIRECTORS LIFE

You
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Coronavirus Aid, Relief, and Economic Security (CARES) Act Effective March 27, 2020

April 7, 2020

Questions You Might Have?

- I want to keep paying my staff - how can I get capital to cover the cost of retaining my employees?
- I need some cash now – what are my options to receive immediate cash flow?
- I have an SBA loan – are there any options to delay or defer those monthly payments?

CARES Programs Available to Small Business

- **Paycheck Protection Program (PPP)** – provides cash-flow assistance through 100% federally guaranteed loans to employers who maintain their payroll during this emergency that may be forgiven in part or entirely
- **Emergency Economic Injury Grant** – provides a quick infusion of a small amount of cash within 3 days of applying for an SBA Economic Injury Disaster Loan
- **Economic Injury Disaster Loans (EIDL)** – provides lower interest loans of up to \$2 million to pay for expenses that could have been met if not for the disaster
- **Small Business Debt Relief Program** – provides immediate relief to small businesses who currently have an SBA loan

Features of the PPP

- Forgiveness of up to 8 weeks of payroll-related costs based on employee retention and salary levels
- No SBA fees
- At least 6 months of loan payment deferral with max deferral of 1 year however interest will accrue from the date of loan disbursement
- Program is retroactive to 2/15/20 in order to bring back employees already laid off
- Loans available through 6/30/2020
- Small businesses and sole proprietorships can apply starting 4/3/2020
- Independent contractors and self-employed can apply starting 4/10/2020

Documents Required for Payroll Eligibility

1. 2019 IRS 941 forms – all 4 quarters filed for 2019
2. 2019 State Unemployment forms – all 4 quarters filed for 2019
3. Payroll Register/Summary Report for 2019 by employee – must provide information to determine employees who make > \$100,000
4. Borrower's 2019 Tax Return (if filed) or FYE 2019 P&L
 - For expense verification purposes
 - Provide healthcare employer-paid expenses if not included in payroll register
 - Provide employer-paid retirement benefits if not included in payroll register

Payroll Eligibility Calculator

Payroll Eligibility Calculator

	Annual Amount	Comments
1 Total Employee 2019 Payroll	\$1,000,000	Sum of Line Item #2 from (4) Quarterly IRS 941 Forms
2 Plus: 2019 State & Local Taxes Paid	\$50,000	Sum of Report Total at Bottom of (4) Quarterly TWC C-3 Forms
3 Plus: Employer Paid Healthcare Benefits	\$150,000	From Payroll Register and/or Borrower's P&L
4 Plus: Payment of Retirement Benefits	\$300,000	From Payroll Register and/or Borrower's P&L
5 Less: Employee Compensation in Excess of \$100K*	(\$50,000)	From Payroll Register
6 Less: Qualified Sick or Family Leave Wages under FFCRA**	\$0	Provided by the Borrower
7 Less: Employees' Compensation who reside outside of US	\$0	Provided by the Borrower
8 Less: Non-Eligible Federal Employment Taxes Imposed or Withheld***	\$0	Provided by the Borrower
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Net Annual Eligible Payroll Costs	\$1,450,000	

Estimated Loan Amount \$302,083.33

Calculation: (Net Annual Eligible Payroll Costs ÷ 12 months) x 2.5 = Est. Loan Amount

PPP Borrower Application Process

- Two-part process
- Link provided by banking institution
- Bank officer name if applicable
- Indicate type of business entity such as C-Corp, Sole Proprietor Partnership, etc.
- Business legal name, DBA, and Taxpayer Identification Number and address
- Phone number
- Checking account number if applicable
- Purpose of the loan – payroll, rent, mortgage interest, utilities
- Average monthly payroll

PPP Borrower Application Process - continued

- List owners of 20% or more of the equity of the applicant and or Authorized Signer
 - Ownership %
 - Address
 - Social Security No.
 - Email and cell phone number
- Submit online application
- Form fillable pdf emailed
- 8 - yes/no questions
- Certification and signature of authorized representative
- Scan and submit with backup documentation

Frequently Asked Questions about PPP

- What types of businesses are eligible?
 - Businesses in operation as of 2/15/20
 - Businesses with fewer than 500 employees
 - Sole proprietorships or independent contractors
 - Business concerns with fewer than 500 employees per physical location
- How much can I borrow?
 - If you were in business 2/15/2019 to 6/30/2019 your max loan is 250 percent of average monthly payroll costs over the last 12 months
 - If you were not in business 2/15/2019 to 6/30/2019 your max loan is 250 percent of average monthly payroll between 1/1/2020 and 2/29/2020
 - Maximum loan is \$10 million

Frequently Asked Questions about PPP - continued

- What costs are eligible for payroll?
 - Salary, wage, commission, or similar compensation, payment of cash tip or equivalent
 - Vacation, parental, family, medical, or sick leave
 - Payments for group health benefits including insurance premiums
 - Payment of retirement benefits
 - State or local unemployment taxes
- What costs are not eligible for payroll?
 - Compensation in excess of \$100,000
 - Taxes imposed/withheld under chapters 21, 22, and 24 of the IRS code
 - Compensation to employees whose principal residence is outside of the U.S.
 - Qualified sick and family leave for which credit is allowed under the Families First Coronavirus Response Act

Frequently Asked Questions about PPP - continued

- What can I use the loan proceeds for?
 - Eligible payroll costs itemized above
 - Payments for interest on any mortgage obligation
 - Rent
 - Utilities
 - Interest on other debt obligations incurred
- How is forgiveness amount calculated?
 - Sum of payroll costs + interest on mortgage + rent + utilities incurred during the covered 8 week period compared to the previous year, proportionate to maintaining employees and wages
 - Forgiveness includes all principal and accrued interest

Frequently Asked Questions about PPP - continued

- How do I get forgiveness on my PPP loan?
 - Apply through your lender
 - Provide documentation verifying number of employees on payroll and pay rates, IRS and state payroll tax filings and state employment filings
 - Provide documentation on mortgage interest, lease payments and utilities
 - Certification from an authorized business representative
 - Any amounts not forgiven are carried as an ongoing loan – max 10 years, 1%, deferred up to 1 year
- What are the loan terms for amounts not forgiven?
 - Maximum term is 10 years according to the CARES Act, but current information posted on [sba.gov](https://www.sba.gov) indicates 2 years
 - Interest rate 1%
 - No loan fees or prepayment fees

Frequently Asked Questions about PPP - continued

- Can I get more than one PPP loan?
 - Only one loan per Taxpayer Identification Number
- Where should I go to get a PPP loan?
 - Any current SBA 7(a) lender
 - Preferably a bank with which you have an account established
 - To assist with the volume, all banks are eligible to participate but some may elect not to participate

Emergency Economic Injury Grants

- Provides an advance up to \$10,000 within 3 days of applying for an Economic Injury Disaster Loan (EIDL)
- You must request the advance at the time of application
- The advance does not need to be repaid under any circumstance and may be used for payroll, sick leave, increased production costs, business obligations such as debts, rent and mortgage payments
- Those eligible for an EIDL who have been in business since 1/31/20 are eligible for a grant
- Grants are available from January 31, 2020 to December 31, 2020

Frequently Asked Questions about Economic Injury Disaster Loans

- What is an EIDL and what is it used for?
 - Low interest loan of up to \$2 million
 - Term up to 30 years
 - Interest rate 3.75% (2.75% for non-profits)
 - Covers expenses that could have been met had the disaster not occurred, including payroll and operating expenses
- Who is eligible for an EIDL?
 - Entities with 500 or less employees to include sole proprietorships, independent contractors, cooperatives and employee-owned businesses, tribal small businesses and most private non-profits

Frequently Asked Questions about EIDL - continued

- If I get an EIDL and/or grant, can I get a PPP loan?
 - If you receive an EIDL and/or grant you may also apply for a PPP loan
 - Any advance amount received under the Emergency Economic Injury Grant would be subtracted from the amount forgiven in the PPP
 - You cannot use the EIDL and the PPP to cover the same costs i.e. if you use the EIDL to cover payroll in April you cannot use the PPP to cover payroll in April but you could use the PPP to cover a payroll in another month or for different workers
- How do I apply for an EIDL?
 - You apply online at <https://disasterloan.sba.gov>

Small Business Debt Relief Program

- Covers loan payments and fees on SBA loans, in particular 7(a), 504 and microloans for six months
- Available to new borrowers who take out new loans within six months of 3/27/2020
- Borrowers can apply for PPP loans, EIDLs, 7(a), 504 and microloans and also receive Investment capital from Small Business Investment Corporations
- Emergency Economic Injury Grant and EIDL recipients and those that receive payment relief through the Small Business Debt Relief Program can also apply for and take out a PPP loan as long as there is no duplication in the uses of funds

Resources

- U.S. Senate Committee on Small Business & Entrepreneurship
 - www.sbc.senate.gov
 - Small Business Owner's Guide to the CARES Act
 - Links to SBA and the Department of Treasury
- Small Business Association
 - www.sba.gov
- EIDL Loans
 - <https://disasterloan.sba.gov>



QUESTIONS??

