



FUNERAL DIRECTORS LIFE

You
me
&FD.



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

April 8, 2020

Questions You Might Have?

- I'm limited to selling via telephone or webinar - how can I get capital to cover the shortfall in my commission income?
- I need some cash now – what are my options to receive immediate cash flow?
- I typically would not be eligible for unemployment – are there any pandemic programs available similar to unemployment?
- Are there any long-term loan options available?

CARES Programs Available to Small Business

- **Paycheck Protection Program (PPP)** – provides cash-flow assistance through 100% federally guaranteed loans 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
- **Pandemic Unemployment Assistance (PUA)** – temporarily expands unemployment insurance eligibility to self-employed, independent contractors and part-time workers impacted by COVID-19
- **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
- 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
- Loans available through 6/30/2020
- Independent contractors and self-employed can apply starting 4/10/2020

Documents Required for Payroll Eligibility

1. 2019 Forms 1099-MISC
2. Self-employed would submit 2019 payroll tax filings
3. Schedule C of 2019 Tax Return
4. If 2019 Tax Return has not been filed a FYE 2019 Net Income Statement

Payroll Eligibility Calculator

	Annual Amount	Comments
Total wages, commissions , income	\$150,000	Sum 2019 Forms 1099-MISC
Less: Compensation in Excess of \$100K*	(\$50,000)	
Net Annual Eligible Payroll Costs	\$100,000	

Estimated Loan Amount \$20,833.33

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 self-employed or independent contractor
- 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 income

PPP Borrower Application Process - continued

- List owners of 20% or more of the equity of the applicant and or Authorized Signer
 - Ownership 100%
 - 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?
 - In operation as of 2/15/20
 - Sole proprietorships, independent contractors or eligible self-employed individuals
- 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 income 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 income between 1/1/2020 and 2/29/2020

Frequently Asked Questions about PPP - continued

- What costs are eligible for payroll?
 - Wage, commission, income or net earnings from self-employment or similar compensation
- What costs are not eligible for payroll?
 - Compensation in excess of \$100,000
- What can I use the loan proceeds for?
 - Wage, commission, income or net earnings from self-employment or similar compensation
 - Payments for interest on any mortgage obligation
 - Rent
 - Utilities

Frequently Asked Questions about PPP - continued

- 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
 - Forgiveness includes all principal and accrued interest
- How do I get forgiveness on my PPP loan?
 - Apply through your lender
 - Provide documentation verifying income and business expenses
 - Provide documentation on mortgage interest, lease payments and utilities
 - Certification as an authorized business representative
 - Any amounts not forgiven are carried as an ongoing loan – max 10 years, 1%, deferred up to 1 year

Frequently Asked Questions about PPP - continued

- 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%
 - Interest rates on an extended terms (more than 2 years) may be higher than 1%
 - No loan fees or prepayment fees
- 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 wages, commissions, business obligations such as debts, rent and mortgage payments
- Those eligible for an EIDL who have been in business since 1/31/2020 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%
 - Covers expenses that could have been met had the disaster not occurred, including payroll and operating expenses
- Who is eligible for an EIDL?
 - Sole proprietorships, independent contractors, and self-employed

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 wages in April you cannot use the PPP to cover wages in April but you could use the PPP to cover wages in another month
- How do I apply for an EIDL?
 - You apply online at <https://disasterloan.sba.gov>

Pandemic Unemployment Assistance

- PUA established under the CARES act temporarily expands unemployment to self-employed workers, independent contractors, and part-time workers
- You must provide self-certification that you are available to work but you are unable to work due to a COVID-19 related situation
- Benefits are calculated on previous earnings, using a formula for the Disaster Unemployment Assistance (DUA) program which provides unemployment benefits to individuals who have become unemployed as a direct result of a Presidentially declared major disaster
- If an individual has been offered the option of teleworking with pay and does, but works less than the individual worked before COVID-19, income from such work must be treated in accordance with income restrictions set out in the DUA

Pandemic Unemployment Assistance - continued

- As of the first week of April, the program is still being set up by the U.S. Department of Labor
- Your state may not be ready to process claims, but workers will be eligible for retroactive benefits and can receive benefits for up to 39 weeks
- Those who are eligible can also receive \$600 per week through July 31, 2020 under the Federal Pandemic Compensation program
- PUA weekly benefits are equal to the weekly benefit authorized under your state's unemployment compensation law
- PUA is payable for weeks of unemployment caused by COVID-19 beginning on or after January 27, 2020
- Contact your State Unemployment Insurance agency to file a claim

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
- EIDL Loans
 - <https://disasterloan.sba.gov>
- PUA and DUA
 - www.dol.gov
 - www.benefits.gov
- Small Business Association
 - www.sba.gov

QUESTIONS??

