

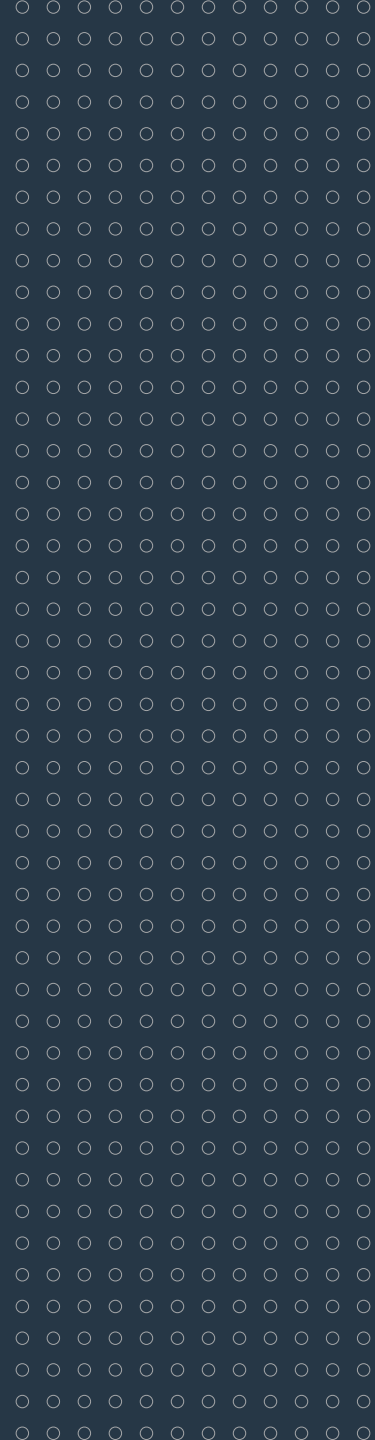
# HUB

Advocacy. Tailored Insurance Solutions. Peace of Mind

## Executive Overview

# Small Business Assistance Available Under the CARES Act

April 2, 2020





# Carrie Cherveney, Esq.

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Senior Vice President, Strategic Client  
Solutions and Compliance

# Agenda

1. Employee Status
2. Employer Employee-Relations Considerations
3. Paycheck Protection Program (SBA 7(a) Loan)
4. Employee Retention Tax Credit Program
5. EPSL and E-FMLA Tax Credit
6. Unemployment Expansion
7. Resources
8. Next Steps

# Employee Status



	FURLOUGH / UNPAID LOA	REDUCED HOURS	LAYOFF
EMPLOYMENT STATUS	Remains an "inactive" W-2 employee	Ongoing employment relationship	Employment relationship ends

# Employee Relations Considerations



## CARES Act Loan and Tax Credit Programs

**Wage and Hour  
Rules and Payroll  
Continuation**

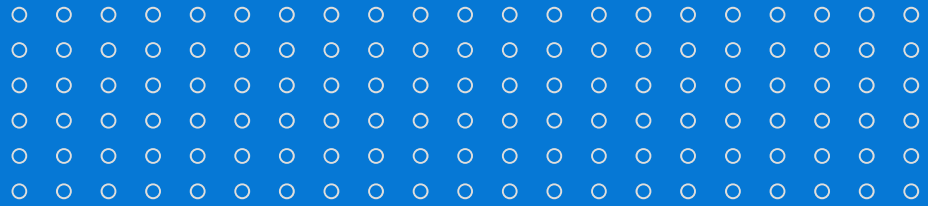
**Employee  
Benefits  
Premiums**

**Wage  
Replacement  
Benefits**

# Fair Labor Standards Act (FLSA)



EXEMPT	NON-EXEMPT
<p>Must receive guaranteed salary of at least \$684 each week <i>(may vary by state)</i></p> <ul style="list-style-type: none"><li>○ May be paid bi-weekly, semi-monthly, or monthly</li><li>○ May not reduce pay based on hours worked</li><li>○ May reduce annualized salary</li></ul>	<p>Paid for work actually performed Minimum Wage: \$7.25 <i>(may vary by state)</i></p> <ul style="list-style-type: none"><li>○ Tipped Workers: \$5.12</li><li>○ Government: \$10.80</li></ul> <p><b>Overtime compensation</b></p> <ul style="list-style-type: none"><li>○ Time-and-one-half for all hours in excess of 40 in a work week (may vary by state)</li></ul>



# Employer Financial Assistance

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# Paycheck Protection Program: SBA 7(a) Loan Program

- Emergency lending vehicle – incentive to retain employees
- Administered by the SBA
- Covers operating expenses during the worst of the crisis
- Employers with less 500 employees
- Up to 250% of average monthly payroll expenses or \$10 mm – whichever is less
- Loan forgiveness – dollars spent on covered expenses during the first eight-weeks post loan-origination
- Employers must:
  - Maintain pre-crisis level of FTEs
  - Or face reduction of loan forgiveness
  - May rehire through June 30 to get to necessary level for full forgiveness
- Union organizing “neutrality” requirement
- Not the same as Economic Injury Disaster Loans (EIDLs)



# Paycheck Protection Program: Covered Expenses

<p><b>Payroll</b> (employee/sole proprietor/independent contractor compensation up to annualized compensation of \$100,000; paid leave; severance; group health benefits, including insurance premiums; retirement benefits; and state and local payroll taxes)</p>	<p><b>Health Care Benefits</b> (paid sick, medical leave, and certain insurance premiums)</p>	<p><b>Mortgage Interest</b></p>
<p><b>Rent</b></p>	<p><b>Utility Payments</b></p>	<p><b>Interest on debt incurred prior to February 15, 2020</b></p>

# Employee Retention Tax Credit Program

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- Eligible employers may receive a refundable payroll tax credit equal to 50% of qualified paid wages.
- The maximum eligible wages for each employee is \$10,000 resulting in a maximum credit of \$5,000 for each employee.
- Wages also includes the amount of the employer's health plan expenses that are properly allocable to relevant wages, as determined by Treasury.
- Applies to wages paid from **March 13, 2020 through December 31, 2020**
- May not take advantage of other programs such as PPP

# Emergency Sick Leave Expanded Family and Medical Leave



- The credits covers 100% of up to ten days of the Emergency Paid Sick Leave wages and up to ten weeks of the qualified Emergency Family & Medical Leave Act wages
- Retain of all federal employment taxes equal to the amount of the qualified leave wages paid, plus the allocable qualified health plan expenses and the amount of the employer's share of Medicare tax imposed on those wages, rather than depositing them with the IRS
- The federal employment taxes include:
  - Federal income taxes withheld from employees,
  - Employees' share of social security and Medicare taxes
  - Employer's share of social security and Medicare taxes with respect to all employees

## **IRS FAQs:**

<https://www.irs.gov/newsroom/covid-19-related-tax-credits-for-required-paid-leave-provided-by-small-and-midsize-businesses-faqs>

# Temporary Pandemic Unemployment Assistance Program

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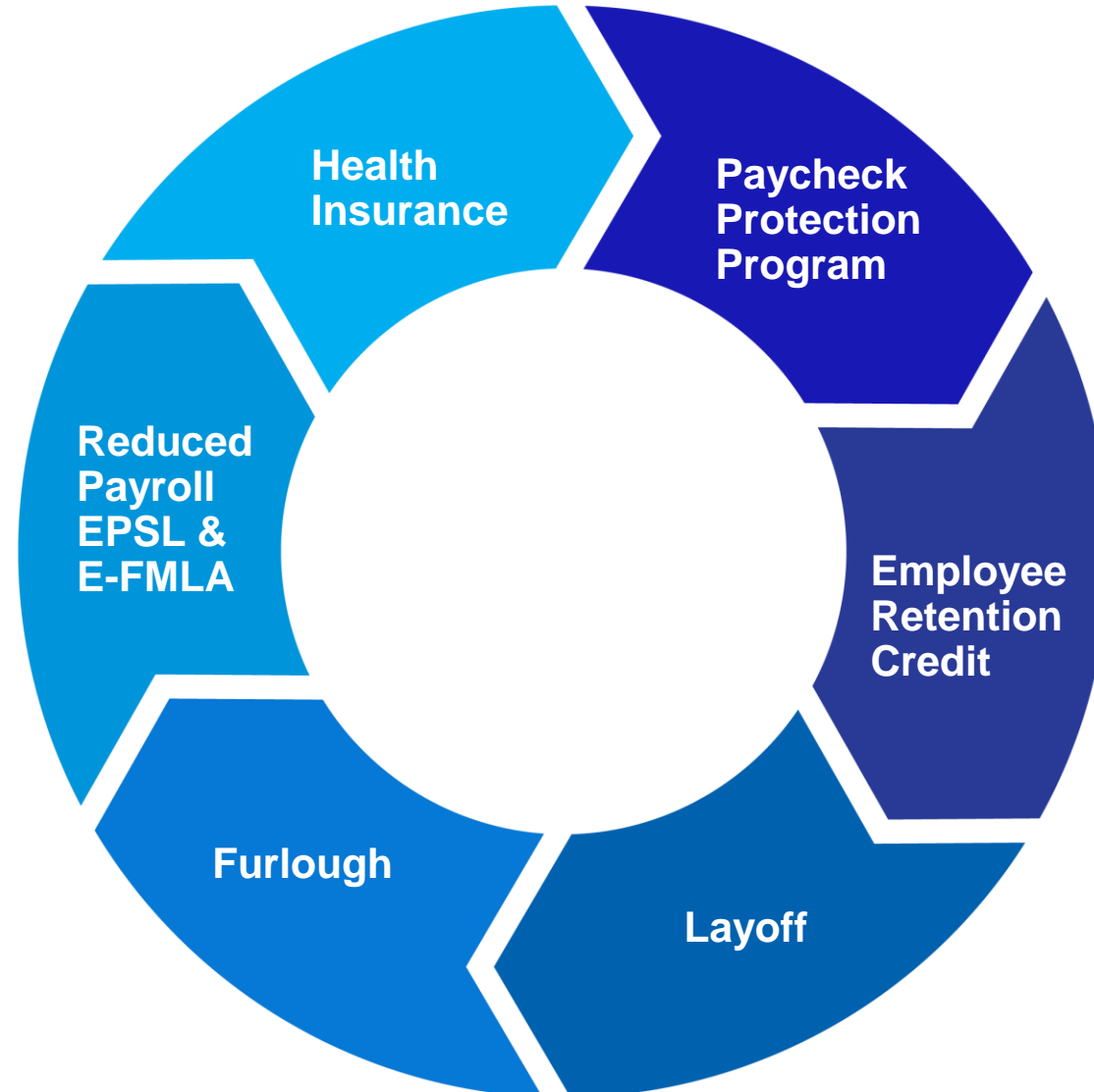
- Payments to those would **not normally be eligible** for or who have exhausted regular unemployment compensation **and**
- Who are unemployed, partially unemployed, or unable to work as a direct result of the COVID-19 public health emergency.
- Increased and extended payments to individuals who are eligible for regular unemployment compensation, as well as increased federal funding for state unemployment benefit programs
- State unemployment plus additional \$600 weekly payment until July 31, 2020 (i.e., four months maximum).
- Available through **December 31, 2020**

# Pandemic Unemployment Compensation

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- Extended to employees who are **currently eligible** for state UI program
- State must enter an agreement with the Secretary of Labor and abide to satisfy certain requirements before expansion of UI benefits.
- Enhanced UI benefits commence once agreement is entered through **July 31,2020**.
- New UI benefit would be state weekly benefit, plus \$600 per week

# Closing the Loop



# Helpful Links

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## **Small Business Administration: Guidance and Loan Resources**

<https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>

## **Treasury Department CARES Act Website (For More on Loan Programs)**

<https://home.treasury.gov/cares>

## **IRS Coronavirus Website (For Paid Leave Tax Credits)**

<https://www.irs.gov/coronavirus>

## **Department of Labor Coronavirus Website (Workplace Safety; Wage, Hours, and Leave; Unemployment Insurance; etc.)**

<https://www.dol.gov/coronavirus>

# Next Steps



April 3, 2020	April 10, 2020	April 26, 2020
<p>Loan availability for <b>small businesses and sole proprietorships</b> dates through existing SBA lenders and other federally-insured banks and credit unions.</p>	<p>Loans available for <b>independent contractors and self-employed individuals</b>.</p> <p>SBA to issue regulations implementing the paycheck protection loan program – will likely be sooner.</p>	<p>SBA to issue specific guidance on the loan payment deferment relief and the loan forgiveness provisions – may be released sooner</p>





# Upcoming Webinar

The CARES Act:  
What Retirement Plan Sponsors Need to Know  
Tuesday, April 7@ 11a.m. CT

**Thank you.**