

CARES Act: Relief for Small Businesses

In recent weeks, COVID-19 has emerged as a global pandemic as defined by the World Health Organization. With “social distancing” measures in place, many businesses have closed, and a record number of Americans have lost their jobs. The longer businesses are closed, and people remain unemployed, the more of a toll it takes on our economy. To help fill this void, the Federal Reserve has taken drastic steps in monetary policy to keep the financial system stable. On March 27th, Congress passed the largest economic stimulus package in our country’s history, the “Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020.”

The CARES Act is an estimated \$2 Trillion stimulus package, including nearly \$500 billion in individual rebate checks to Americans, another \$500 billion in support for several severely damaged industries, nearly \$400 billion in tax credits for wages and payroll tax relief, over \$300 billion of support for state and local governments, and almost \$180 billion for various initiatives to support hospitals and the health care system.

Krilogy’s Wealth Intelligence Group has highlighted details specific to small business relief programs offered under the CARES Act to keep you informed of how this may impact you.

Paycheck Protection Program Loans & Loan Forgiveness

- These are forgivable SBA loans of approx. 2.5 months’ payroll up to \$10M to help small businesses cover:
 - Payroll
 - Lease/mortgage expense
 - Utilities expenses
- Loans may be **forgiven** based on employee retention and payroll paid through the crisis
- For more details, see Krilogy’s Wealth Intelligence Report titled, “Paycheck Protection Program Loans.”

Small Business Debt Relief Program

- This program provides loan payments (principal, interest and fees) for 6 months on SBA loans, including 7(a) loans (excludes Paycheck Protection Program), 504 loans, and microloans.
- This applies to existing SBA loans as well as new loans created within 6 months of the CARES Act.

Economic Injury Disaster Loans and Grants

- These are low interest rate loans of up to \$2M from the Small Business Association with payment deferral to pay for expenses during disasters.
- The CARES Act has provided for a \$10,000 cash advance that must be paid.
- Although the funds cannot be used for the same purpose, there are instances where these loans can be utilized in conjunction with Paycheck Protection Program loans.

Small Business Tax Provisions

- **Payroll Taxes** – Employers not utilizing the Paycheck Protection Program will have the ability to defer the employer portion of certain payroll taxes through the end of 2020, with payments due in installments at the end of 2021 and end of 2022.
- **Employee Retention credit** – For certain employers not utilizing the Paycheck Protection Program, there are tax credits available for up to 50% of wages paid during the COVID-19 crisis. For more details, see “The Small Business Owner’s Guide to the CARES Act.”

Please contact your Krilogy advisor or advisory team to discuss how this applies to your unique financial planning situation.

To read the bill yourself and see how this may apply to your unique situation, it can be found here:

<https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf>

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