

Paycheck Protection Program Flexibility Act of 2020

Developed as a bi-partisan effort in Congress, the Paycheck Protection Program Flexibility Act (PPPFA) was signed into law on June 5, 2020. This law implements substantial loosening of restrictions on forgiveness of Paycheck Protection Program Loans offered by the Small Business Association (SBA) as part of the CARES Act Congress signed into law on March 27, 2020.

Krilogy's Wealth Intelligence Committee has highlighted some of the key changes the PPPFA has brought to the original Paycheck Protection Program to keep you informed of how this may impact you.

Covered Period

- The period in which funds must be used in order to qualify for loan forgiveness
- **Was:** 8 Weeks from date of PPP loan
- **Now:** 24 Weeks or December 31, 2020 (whichever is earlier)

Payroll Costs %

- **Was:** 75% of funds must be used for payroll expenses for loan to be considered for forgiveness
- **Now:** 60% of funds must be used for payroll expenses for loan forgiveness

Other Forgivable Expenses

- **Was:** 25% of funds used for other forgivable expenses
- **Now:** 40% of funds can be used for other forgivable expenses
- **Other Forgivable Expenses (No Change)** – Mortgage Interest Payments, Rent Payments, Utility Payments (as accrued – pre-payment not allowed)

Employee Headcount

- **Was:** Pro-rata reduction in loan forgiveness for any employees laid off or not rehired
- **Now:** No longer penalized if headcount is reduced due to one of three reasons:
 1. An inability to rehire individuals who were employees prior to 2/15/20
 2. An inability to rehire similarly qualified individuals for unfilled positions prior to 12/31/20

Unable to return to the same level of business activity due to social distancing and other safety requirements as set forth by various agencies

Loan Payment Terms

- **Was:** 2 Years @ 1%
- **Now:** 5 Years @ 1%

As always, please contact your Krilogy Wealth Advisor or Advisory Team to discuss the above article and how it applies to your unique financial planning situation.

To read the Act yourself and see how this may apply to your unique situation, go here: <https://www.congress.gov/bill/116th-congress/house-bill/7010/text>

Important Disclosures

Investment Advisory Services offered through Krilogy®, an SEC Registered Investment Advisor. Please review Krilogy's Form ADV 2A carefully prior to investing.

All expressions of opinion are subject to change. This information is distributed for educational purposes only. It should not be construed as individualized advice or recommendations suitable for the reader.