

April 23, 2020

Federal stimulus during coronavirus

The latest on emergency relief for business cash flow



Principal® is dedicated to helping businesses handle the impact of COVID-19 and a challenging economy in the months ahead.

Welcome



Jerry Patterson

Senior vice president,
Retirement & Income Solutions

Principal **remains by your side**
in this crisis.

.....

We're offering **relief** to
customers and clients in
uncertain times.

Today's presenters

From **Principal**



Lance Schoening

Director,
Federal government relations



Mark West

National vice president,
Business Solutions

From *Inc. Magazine* and **Inc.com**



Kimberly Weisul

Editor-at-large

What we'll cover

- ✓ Overall government approach to help businesses *stay* in business
- ✓ Clarify the rules for specific stimulus programs
- ✓ Update which programs remain active and may help your business *most*
- ✓ Q&A and poll



A multi-pronged plan to help protect business cash flow

▼
Focused on payroll, sick or medical leave, and more

▼
Nearly \$1 trillion for loans (some forgivable) to businesses (of various sizes) and other organizations

▼
Immediate tax credits available

Federal stimulus

CARES Act: Where we stand today

First \$350 billion from the Paycheck Protection Program (PPP) has been claimed.

Applicants "processed on a first-come first-served basis."

Businesses still have many questions.

Loan count

1,661,367¹

Net approved dollars

\$342,277,999,103

Lender count

4,975

¹ Small Business Administration data from April 16.



More help on the way

The administration and Congress are working on additional funding for:



PPP and Economic Injury
Disaster Loans (EIDLs)



Healthcare
providers



Coronavirus
testing

- U.S. Senate and House action expected this week
- Federal Reserve added **\$600 billion** to Main Street Lending Program

CARES Act business loans



Paycheck Protection Program (PPP)

- Available to for-profit and nonprofit alike
- 500 or fewer employees (with exceptions)
- Loan amount: 2.5 x average monthly “payroll costs” for prior year—or \$10 million, whichever is less
- No SBA fees, no personal guarantees, defers payments

Key questions

- What about that 500-employee cap?
- Exactly what qualifies as payroll costs?

The image shows a sample of the Paycheck Protection Program Borrower Application Form (SBA Form 2482). The form is titled "Paycheck Protection Program Borrower Application Form" and includes a "Check One" section with radio buttons for different borrower types: Individual proprietor, Independent contractor, Sole proprietor, Self-employed individual, SBA 7(a) program, SBA 504(c)(2) return investment, and Other. It also has fields for business name, address, and contact information. A section for "Average Monthly Payroll" includes fields for the amount and the number of employees. The form also contains a "List all owners of 20% or more of the equity of the Applicant" table and a series of questions regarding the applicant's status, business operations, and compliance with the program's requirements.

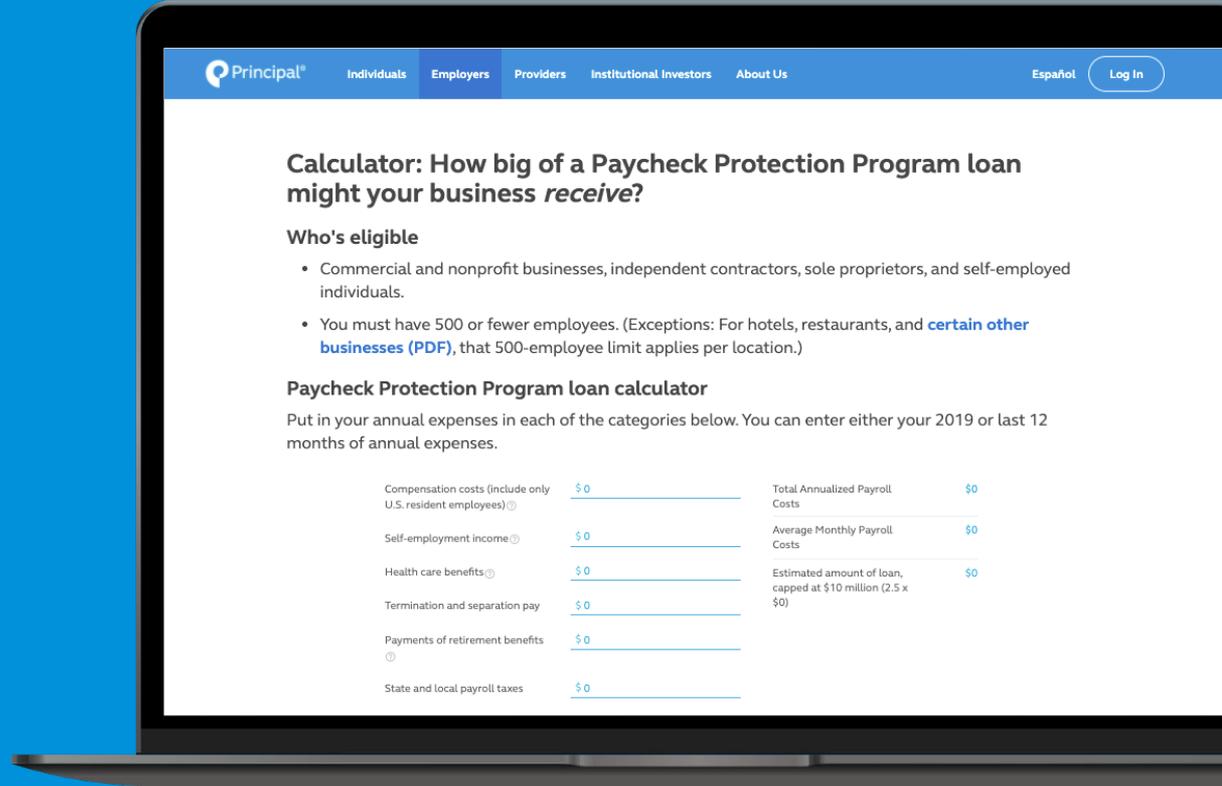
Loan forgiveness for PPP

- ▶ What's eligible: any amount used for payroll, mortgage interest, rent, and utility payments in the first eight weeks.
- ▶ Amount forgiven is reduced according to any staffing reduction, or salary cuts beyond 25%.
- ▶ PPP loan forgiveness is tax free.

Key questions

- What if my loan or a portion of it isn't forgiven?
- What if I've already laid off employees?
- What about new SBA guidance?

Calculate your own PPP loan and forgiveness at principal.com



Additional loan programs

➤ Economic Injury Disaster Loan (EIDL)

- Available to businesses < 500 employees, non-profits, veterans organizations
- Loans up to \$2 million (grant up to \$10,000)

➤ Main Street Lending Program

- Available to businesses < 10,000 employees and < \$2.5 billion revenue in 2019
- Loans \$1 million to \$25 million on a four-year term

Key questions

- Can I use these programs in addition to PPP?
- What if I need a Main Street loan of less than \$1 million?

CARES Act payroll tax relief



Employee Retention Credit for shuttered businesses

- ▶ Credit against payroll taxes for half of wages paid to employees March 13–December 31, 2020
- ▶ Limited to \$10,000 per employee (max credit \$5,000)
- ▶ Business must have full or partial shutdown due to COVID-19

Key questions

- Can I take advantage of this and PPP?
- How do I claim the credit?

Delay paying payroll taxes

- Businesses and self-employed individuals can defer the employer share of Social Security tax for 2020, until the date they receive PPP loan forgiveness.
- Half of the deferred amount must be paid by end of 2021, and the second half by end of 2022.

Payroll tax credit for required sick leave under Families First Coronavirus Response Act

- Credit received the same quarter payments are made
- No wait for reimbursement when 2020 tax return filed
- Keep in mind wages eligible for the credit reduce the PPP loan amount available to you.

More resources for your business at principal.com

-  Get more detailed information on [federal stimulus](#) and ideas to maintain business [cash flow](#).
-  Use our [calculator](#) to estimate your CARES Act loan amount and compare it to tax credits.
-  Use [our decision guide](#) that narrows down your cash flow options from the CARES Act based on your unique business situation.
-  Learn more about [relief we're offering](#) our customers and clients coping with COVID-19.

Questions?

Thank you.

Reach out with any questions.

For specific information and facts regarding these federal stimulus programs please see [sba.gov](https://www.sba.gov).

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