



PAYCHECK PROTECTION PROGRAM EXPLAINED

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April 2020

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QUESTIONS?

You may ask your question in the questions box at any time. Any questions that we do not answer during the webinar will be posted on the compliance corner webpage in the coming weeks.

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TODAY'S PRESENTERS

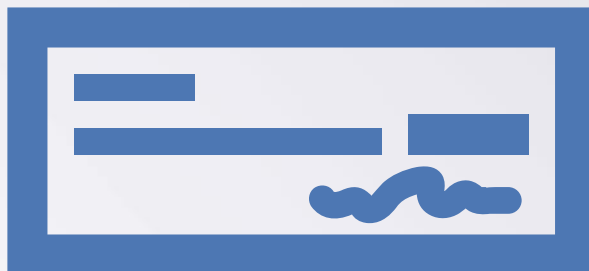
Jennifer Berman, JD, MBA

- CEO of MZQ Consulting, a company that provides a comprehensive suite of benefits compliance products to employers and brokers, including employer reporting and plan document services.
- Employee benefits attorney specializing in ERISA, COBRA, HIPAA, IRS code, the ACA, and other wellness plan rules and statutes.
- NAHU Roles:
 - Compliance Corner Committee
 - Employer Coverage Working Group
 - Legislative Chair, Maryland Association of Health Underwriters

Dan Martini, JD

- Vice President of Congressional Relations & Public Policy at the American Bankers Association (ABA)
- Previously worked at National Federation of Independent Business (NFIB), where he worked on a variety of issues, including labor, regulatory, healthcare and taxes.
- Seven years of experience on Capitol Hill as a Senior Legislative Assistant and Counsel

Paycheck Protection Program



Main Benefits

- Available for up to 250% of monthly payroll (or 10m, if less)
- Payments are differred for 6 months
- Fully forgivable if pre-crisis payroll is maintained/restored
- 100% federally guaranteed
- Interest rate will be 1%

Who is Eligible?



Entity operating and paying workers on February 15, 2020. Must be:

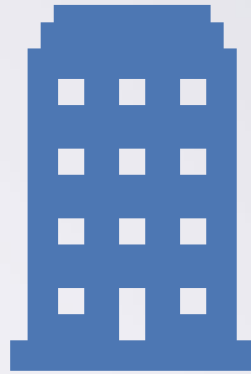
A “small business concern” under SBA laws	Have fewer than 500 employees; or	Have fewer than the SBA’s “small size” standard for the industry

TIP: FOR MOST INDUSTRIES, THE 500 EMPLOYEE THRESHOLD WILL APPLY. HIGHER THRESHOLD APPLIES FOR “HIGH COST” OPERATIONS LIKE CERTAIN TYPES OF MANUFACTURING.

Counting to 500 (The PPP Method)

- Include full-time, part-time, and “other basis’ employees
- Count employees of all US and foreign affiliates
- “Affiliates”
 - Based on ‘totality of the circumstances’ evaluations
 - Used to determine whether ‘control or ability to control’ exists
- Affiliation can arise through ownership, management or otherwise
- **KEY POINT** – The definition is **VERY** broad

Special Rule for Hotels, Food Services and Franchises



Affiliation Rules are waived for NAICS Industry Codes starting with “72”	Means those entities can count to 500 by location	Also waived for franchises under an SBA franchise identifier code

Qualifications Requirements



Borrower must certify in good-faith that:

Loan is needed to “support ongoing operations” during the COVID-19 emergency	Funds will be used to maintain payroll and benefits, and/or pay mortgage, lease and utilities; and	No other applications pending or received from SBA for the same purpose since February 15, 2020
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CAUTION: AN EMERGENCY ECONOMIC INJURY DISASTER LOAN (EIDL) COULD COMPLICATE THINGS...



Loans can be used for

- Any purpose SBA loans can already be used for (e.g., inventory, supplies, site improvements, etc.)
- Payroll costs up to \$100,000 per employee prorated for the covered period
 - Group health plan benefits
 - Retirement benefits
 - State and local payroll taxes
- Interest on mortgage obligations
- Rent
- Utilities
- Interest of loan obligations incurred before 2/15/2020

Loan Forgiveness

The following amounts paid within 8 weeks of loan origination:

Payroll Costs	Interest on mortgage obligations	Rent	Utilities

Forgivable amount is REDUCED based on reductions number of employees and/or payroll (*if payroll deduction > 25%*)

Reduction rules DO NOT apply is any reductions in workforce and/or payroll are restored by June 30, 2020

These rules look at changes made relative to: workforce size/payroll as of February 15, 2020 between February 15, 2020 and April 26, 2020

Additional Guidance to be issued by April 26, 2020

Getting a Loan

- Administered on SBA's behalf by commercial banks beginning April 3 for small business and sole proprietors (and April 10 for gig workers)
- Applicants WILL need to:
 - Establish payroll cost amounts;
 - Verify entity size;
 - Identify affiliates to which the SBA affiliation rules apply;
 - Assign the industry code of the entity; and
 - Verify that the business existed and paid workers on 2/15/2020
- **Still waiting on regulations, which will include information and details, required to be issued by 4/10/2020**
- **Contact your bank NOW if you intend to take advantage of this program**