



CARES ACT: Small Business Loans and Grants

April 17, 2020

Dear Client,

As a small business owner, we wanted to share information that you may find helpful as you consider your strategy for steadying your business operations through this difficult period and, in fact, thriving in ways perhaps others may not be considering.

SAGE Private Wealth Group is a learning organization. We stand ready to assist you in understanding your options for economic relief as a small business owner. Please contact your SAGE Wealth Advisor to learn more about resources available to you to better determine how you can benefit from the government's relief efforts. Please note, the rules and contingencies around the CARES Act are changing almost daily.

Passed on March 27, 2020, the CARES Act provides an estimated \$2 trillion in fiscal stimulus to combat the economic impact of COVID-19.

Inside the relief bill, Congress has appropriated \$349 billion in small business loans through the Small Business Administration (SBA) to help qualifying small businesses cover necessary business expenses, including payroll (from February 15 to June 30, 2020). This relief is intended to help small businesses stay open and allow them to keep paying their employees to be ready to go back to work when this pandemic ends.

To learn more about an SBA loan, visit [sba.gov](https://www.sba.gov).

Loan provisions

Small businesses are defined as having 500 or fewer employees. The loans are up to 2.5 times the average monthly payroll cost in 2019, or up to \$10 million. Annual employee compensation is capped at \$100,000 per employee for purposes of the loan calculation.

PPP loans

Paycheck Protection Program Loans, also known as PPP Loans, will charge interest at no more than 1% and will be administered by the Small Business Administration (SBA). Payment of interest, principal and fees will be deferred for at least six months. As the program's name implies, PPP Loans are designed to provide cash to small businesses, including sole proprietors and independent contractors to help cover payroll costs.

Loan forgiveness

Loans can be forgiven if used for payroll costs, mortgage payments, rent payments and utility payments. Loan forgiveness will also be excluded from taxation. Small businesses must have maintained the same number of employees through the end of June 2020, otherwise the forgivable loan portion may be

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reduced. Reductions in the amount forgiven will also be applied if employees who make less than \$100,000 have their compensation cut by more than 25%. Any layoffs that occurred prior to accepting the loan will not be subject penalties as long as those businesses rehire employees who were laid off after accepting the loan.

Other Economic Assistance Options

While the PPP is perhaps the most talked about economic assistance option for small businesses at the moment, there are other opportunities for tapping into economic relief. The CARES Act expands access to Economic Injury Disaster Loans under Section 7(b)(2) of the Small Business Act. Loans are available for reasons other than payroll costs. This also allows for emergency grants in the form of an immediate advance of up to \$10,000 if a business owner applies for a disaster loan, even if not approved for disaster loan.

Please pass this communication along with our contact information to others that are important to you and that you believe would benefit from this information. If you found this to be informative and useful, please let us know.

As always, we value your trust and relationship.

Kind Regards,

SAGE Private Wealth Group

Please note, changes in tax laws may occur at any time and could have a substantial impact upon each person's situation. While we are familiar with the tax provisions of the issues presented herein, as Financial Advisors of Raymond James, we are not qualified to render advice on tax or legal matters. You should discuss tax or legal matters with the appropriate professional. Content provided herein is based on our interpretation of the Care Act Stimulus and is not intended to be legal advice or provide a tax opinion. This document is a summary only and not meant to represent all provisions within the Care Act Stimulus.

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