

The \$2T Stimulus Package

Ted Jenkin CFP®[®], CMFC®[®], AAMS®[®], AWMA®[®], CRPC®[®], CRPS®[®] CEO
oXYGen Financial

www.oxygenfinancial.com

What Does The CARES Act Mean To Your Business/Your Family?



Individual Recovery Rebate

\$1,200 per single individual making under \$75,000 (phase out at \$99,000)

\$2,400 per married couple making under \$150,000 (phase out at \$198,000)—although Senate reported \$218,000

Head of Household at \$112,500

Children 16 and under an additional \$500 per child

IRR -What About Adult Children

Children 17 years and older who are still a dependent will not qualify for the \$500 (even though we know they are more expensive)

Currently, the stipend is based off the 2018 tax return unless you have already filed the 2019 tax return.

You may want to consider having your 17+ children file a 2019 tax return and consider dependency status

All payments (supposedly) will arrive in three weeks

Unemployment

Unemployment benefits will now be extended from the original 26 weeks to a maximum of 39 weeks.

There will be an additional \$600 stimulus paid per week for four months on top of the normal state unemployment benefit.

Maximum in Georgia (our understanding) is \$365 per week, which would mean you could get a maximum of \$965 per week.

Part-time workers are eligible, but case by case...

Student Loans

The Government had already waived two months of student loan payments before this Stimulus Phase 3

If you borrowed money from a direct loan from the Government, you will be eligible for Stimulus Phase 3

Loans will be suspended until September 30th, with NO accrument of additional interest. (You should double check and log in)

Companies paying money will NOT count as taxable income

401(k) Plans- \$100,000 Pyramid

Loans will move from 50% or \$50,000 to 100% or \$100,000 you can borrow. Check loan rates with your 401(k) vendor

If you qualify (COVID-19 rules), you can withdraw up to \$100,000. There will be no IRS under 59 ½ 10% penalty.

Tax can be spread over three years on the \$100,000 or you can choose to pay it all back in three years and skip the tax now. This means you can replace the money or pay full tax in three years.

Tax Loss Harvesting (portfolios)

Did your advisor say....”Stay The Course”

Will you be holding the same position for the long term?

Wash sales rules: Your loss is disallowed if, within 30 days of selling the investment (either before or after) you or even your spouse invests in something that is identical (the same stock or fund) or, in the IRS’ words, “substantially similar” to the one you sold. Been a lot of ‘discussion’ about ETF to ETF swap ---i.e. swap VWO for EEM

Charitable Contributions

Even if you file with the standard deduction, you can deduct up to \$300 of cash you give to a qualify charity going forward. This would be retroactive to January 1, so keep receipts. Donor advised funds do not qualify.

For those that itemize, you can deduct up to 100% of your cash contributions given to public charities (not donor advised funds) here in 2020. So if you had \$1,000,000 of income- you could give \$1,000,000 of cash to a public charity and get the full write off.

What About Small Businesses

Phase 1: It was a rounding error of quick relief which allowed emergency grants of \$10,000 and it was a \$10 billion dollar fund.

Phase 2: It was relief for existing SBA loanholders for six months to cover their payments and this was a \$17 billion dollar fund. SBA Express Bridge Loan of \$25,000

Phase 3: Articles covering this differently- but a \$350 billion dollar (possibly up to \$370b) fund to help small business with payroll, rent, utilities, etc. with loans available up to \$10,000,000 per business.

The Paycheck Protection Act- Loan Forgiveness

Who Qualifies: (General) Businesses with less than 500 employees (non profits included). Sole proprietors included.

When Can You Start Applying: Friday (You should be in touch with your banker already) More than 1,800 lenders <https://www.sba7a.loans/finding-an-sba-7a-lender>

Loan Amount: Up to 2.5x your average monthly payroll costs to cap out at \$10,000,000 (one year-varies by seasonal/non seasonal). Payroll costs include everything from salaries, bonuses, retirement benefits, health care. Salaries \$100k and above excluded.

The Paycheck Protection Act- Loan Forgiveness

Length of Loan: 8 weeks. Interest rate .5%. First payment deferred for six months.

Do you have to pay it back?: Maybe. Borrowed money used for expenses relating to payroll, mortgage interest, rent, or utilities in the eight weeks following the the date of origination can be forgiven. Decisions are made 60 days after the period end for the loans (to determine if it really turns into a grant)

What's the key to the money being forgiven: Don't let people go from your company and use it for intended expenses. Document like you have never documented before.

SBA Website- Get Your Application In

SBA Website EIDL Disaster Relief: Not much- but could be another \$10,000 quick loan, but should prepare everyone for Phase 4 (and possibly Phase 5)

<https://covid19relief.sba.gov/#/>

Online Application should take you about 10 minutes at the most.

Maximum loans up to \$2,000,000---(3.75% interest rate) - no collateral up to \$200,000.

The Employee Retention Tax Credit

- Businesses and nonprofits that retain workers during the coronavirus health crisis can get a refundable payroll tax credit.
- The credit, available through 2020 to ailing businesses, is equal to 50% of quarterly employee wages (\$10,000 of wages) so (\$5,000 per employee). (It's not available for businesses that also get a loan through the Paycheck Protection Program.)
- The credit can be claimed against quarterly payroll taxes. The Treasury can make advance payments of the tax credit and waive penalties for employers who don't pay applicable payroll taxes in anticipation of receiving the credit.
- <https://www.irs.gov/newsroom/faqs-employee-retention-credit-under-the-cares-act>

Should You Defer Payroll Tax?

- The CARES Act bill will permit small businesses to defer their share of Social Security payroll taxes in 2020. Payroll taxes are shared by workers and their employers, so that each pays 6.2% toward Social Security and 1.45% toward Medicare.
- Sole proprietorships would also qualify.
- Firms that defer their Social Security payroll taxes will have until the end of 2021 to pay the first half of the deferred levies. The remaining tax liability will be due by Dec. 31, 2022.

What Does It Mean To You If You Own A Business

- The CARES Act gives companies a five-year carryback period for NOLs arising in the 2018, 2019, and 2020 tax years. Under the timing rules of the Internal Revenue Code (“IRC”) Section 172 and the promulgated Treasury Regulations, the carried back NOLs are carried to the earliest of the tax years to which the loss may be carried.
- Additionally, the CARES Act suspends the 80% of taxable income limitation on the use of NOLs for tax years beginning before January 1, 2021. The TCJA imposed the 80% of taxable income limitation on the use of NOLs, which applied to years beginning after December 31, 2017. As a result of the CARES Act, corporate taxpayers may use NOLs to fully offset taxable income in the 2018, 2019, and 2020 tax years.
- As a result of the changes to federal NOL provisions, corporate taxpayers may be able to amend prior year returns to offset pre-2018 income that was taxed at higher tax rates of up to 35% (the TCJA changed the corporate income tax rate to 21%). This will generate a current year refund for companies and provide them with additional cash flow and liquidity

What If You Want Help?

- Go to www.oxygenfinancial.net for more resources or e-mail me at ted@oxygenfinancial.net
- I work FEE only for advice or FEE for managing assets.
- My clients are business owners.

Small Business Covid-19 Resource List

[U.S. Small Business Administration \(SBA\)](#)

[Disaster Loan Assistance Program](#)

Repayable Loan

Economic Injury Disaster Loans up to 4% interest on up to \$2 million. Open to Small Business, Small agricultural cooperative, most private nonprofit organizations that have suffered substantial economic injury. Loans can be amortized up to 30 years. Applicants can not currently be receiving federal grants/funding and ineligible for commercial loans without creating financial hardship.

[JP Morgan Chase](#)

Repayable Loan

\$50 million global philanthropic commitment to address the immediate public health and long-term economic challenges from the COVID-19 global pandemic. Of the initial \$15 million released, the firm will promptly deploy \$8 million, \$5 million in the U.S., to support vulnerable and underserved Black, Hispanic and Asian Pacific Islander owned small businesses that may struggle to access capital and keep their doors open.

[JP Morgan Chase](#)

Grant

\$50 million global philanthropic commitment to address the immediate public health and long-term economic challenges from the COVID-19 global pandemic. The firm will provide \$2 million to existing nonprofit partners who are facing new challenges supporting vulnerable populations in response to COVID-19. The funds will go towards helping these partners maintain operational capacity as they adjust their programming and provide resources to support their remote working capabilities, resiliency planning, fundraising and communications.

[Invest Atlanta--Business Continuity Loan Fund \(BCLF\)](#)

Repayable Loan

To ensure the viability of city businesses and to help sustain employment, Invest Atlanta has established a Business Continuity Loan Fund (BCLF) with \$1.5 million of funding from the City of Atlanta. The fund will offer small businesses 0% interest loans to address a lack of working capital and cash flows as a result of reduced consumer demand, the ability to fulfill product or service orders and other economic conditions. Loan terms include option for 6-12 month deferred interest with 5 years to repay loan.

[Greater Atlanta COVID-19 Response and Recovery Fund \(Community Foundation for Greater Atlanta/United Way of Greater Atlanta\)](#)

Undefined

\$11,500,000+ fund will go to nonprofit organizations and agencies focused on providing crucial services to people directly or indirectly affected by the pandemic including children who receive free or reduced lunch, older residents, families in need of childcare, homeowners and renters at risk for eviction and hourly or low-wage workers

[Facebook Small Business Grants Program](#)

Grant

Facebook is offering \$100M in cash grants and ad credits for up to 30,000 eligible small businesses in over 30 countries where we operate. We'll share more details as they become available.

Small Business Covid-19 Resource List

Truist

Grants

A pledge of \$25 million in philanthropic support will provide aid for basic needs, medical supplies, and financial hardship across the nation. \$20 million will be given as grants to Truist's community partners to support and expand technology initiatives and programs for youth, seniors, small businesses and people to rebuild, restore and create thriving communities. The programs will include partnering with organizations that provide financial support and/or technical assistance to small businesses that are disrupted. Providing payment relief assistance for clients on consumer loans, personal credit cards, business credit cards and business loans. Including deferring payments for 90 days no questions asked for current borrowers.

Invest Atlanta--Creative Industries Loan Fund

Repayable Loan

A joint pilot program of the Mayor's Office of Film and Entertainment and Invest Atlanta to assist our city's independent content creators and creative entrepreneurs. The program offers loans with low interest rates and flexible repayment terms for local creative entrepreneurs to use for production, post-production, distribution, marketing outreach, touring, prototype development, product development and sales and attraction for their creative projects.

Recording Academy Grammy Awards--MusiCares COVID-19 Relief Fund

Grant

The Recording Academy and its affiliated charitable foundation MusiCares have established the COVID-19 Relief Fund to help people in the music industry affected by the coronavirus disease (COVID-19) outbreak and subsequent cancellation of multiple music events. Music industry professionals may apply for basic living assistance (rent or mortgage). Initial grant requests can be made up to \$1000 to compensate for cancelled work that was scheduled and lost.

Facebook

Technical Assistance

Resources for managing through and building resilience during the COVID-19 outbreak.

SCORE

Technical Assistance

Due to the coronavirus outbreak, SCORE mentors will meet with clients remotely. Mentors are available to participate in remote mentoring sessions via phone, email, and video. If you already have a SCORE mentor, ask them if you can use a remote mentoring method for your sessions.

The Giving Kitchen

Grant

Support food service workers with compassion and care by providing financial assistance to those in crisis due to an unexpected illness, injury, death of an immediate family member or housing disaster in Georgia.