



THE FINANCIAL GUIDE
TO SURVIVAL FOR

HEALTH

P R O F E S S I O N A L S

SMALL BUSINESS GUIDE
BY KRISTIN BODNAR
FINANCIAL ASSOCIATE

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FIRST THINGS FIRST – STIMULUS BILL & WHAT YOU NEED TO KNOW NOW!

Following the declaration of a national emergency to combat the Coronavirus (COVID-19) pandemic, the Small Business Administration (SBA) launched the Economic Injury Disaster Loan Assistance (EIDL) program for small business owners in all US states, Washington D.C., and other US territories. EIDL loans are now available.

On March 27th, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act, a stimulus bill that includes a loan program to keep small businesses afloat during mandated COVID-19-related closures.

The CARES Act includes a Paycheck Protection Program (PPP) which authorizes up to \$349 billion of federally guaranteed loans to qualifying small businesses. This new loan program is based on the architecture of the SBA's existing 7(a) loan program and will make forgivable loans of up to \$10 million available to qualifying small businesses.

Please note that businesses cannot get both EIDL and PPP loans at the same time. You can apply for the EIDL loan now and the PPP loan when it becomes available. If you qualify and accept the EIDL loan, and you subsequently qualify for the PPP loan, you can re-finance the EIDL loan with the PPP loan, OR you can apply for both loans and decide which one you take if you qualify for both.

Loans are limited to one per Taxpayer Identification Number.

The table below compares the terms of the EIDL and PPP loans:

EIDL	PPP
<i>Who is the lender?</i>	
The SBA	A Bank that does SBA 7(a) Loans, underwritten by the SBA
<i>What is the maximum amount of the loan?</i>	

The maximum loan size is \$2 million. Applicants who apply for this loan may request an advance of up to \$10,000 from the SBA. The advance will be distributed within 3 days. Applicants are not required to repay this advance *if* they are subsequently denied a loan.

The maximum loan size is \$10 million. The calculation is as follows:

- 2.5x the average monthly “payroll” costs, measured over the 12 months preceding the loan origination date. Seasonal business may use the period February 15, 2019 – June 30, 2019 or March 1, 2019 – June 30, 2019 to calculate the average payroll
- If you took out the EIDL loan between February 15, 2020 and June 30, 2020 and you want to refinance that loan into a PPP loan, you would add the outstanding loan amount to the “payroll” sum.
- Payroll includes salaries, commissions, tips, certain employee benefits (including health insurance and retirement benefits), state and local taxes and certain types of compensation to sole proprietors or independent contractors. Payroll costs specifically exclude compensation of an individual employee in excess of an annual salary of \$100,000, foreign employees, FICA and income tax withholdings

What is the annual interest rate?

3.75% for businesses, 2.75% for non-profits

Not to exceed 4%

What Is the term of the loan?

Up to 30 years

10 years

When is the first loan payment due?

One year after the loan origination date (interest is accrued during the deferment)

At least six months after the loan origination date (interest is accrued during the deferment)

What can we use the loan for?

Financial obligations and operating expenses that could have been met had the disaster not occurred	Payroll costs (as defined above), group healthcare benefits, insurance premiums, and interest (but not principal) on mortgages or other debt incurred prior to February 15, 2020, rent on any lease in force prior to February 15, 2020 and utility payments
<i>What collateral is required?</i>	
The SBA will place a UCC lien against the assets of the business	No collateral is required from either the business or its owners
<i>Is a personal guarantee required?</i>	
Yes, for loans > \$200,000, owners of > 20% of the business, managing members of LLCs, managing partners of LPs. However, no liens will be taken against real estate owned by the guarantor	No
<i>Is there a loan forgiveness program?</i>	
No	Yes – calculated as the amount spent by the borrower during an 8-week period after the origination date of the loan on: payroll costs (as defined above), interest payment on any mortgage incurred prior to February 15, 2020, payment of rent on any lease in force prior to February 15, 2020, and payment on any utility for which service began before February 15, 2020. Payroll costs are subject to the same exclusions as noted above
<i>What reduces the forgiveness?</i>	

N/A	<p>The amount forgiven is reduced based on failure to maintain the average number of full-time equivalent employees versus the period from either February 15, 2019, through June 30, 2019, or January 1, 2020, through February 29, 2020, as selected by the borrower. The amount forgiven is also reduced to the extent that compensation for any individual making less than \$100,000 per year is reduced by more than 25% measured against the most recent full quarter. Reductions in the number of employees or compensation occurring between February 15, 2020, and 30 days after enactment of the CARES Act will generally be ignored to the extent that reductions are reversed by June 30, 2020. Forgiven amounts will not constitute cancellation of indebtedness income for federal tax purposes.</p>
<p><i>Do I need to have filed my 2019 Taxes to apply?</i></p>	
<p>No, 2019 Taxes do not have to be filed prior to applying for the loan. However, businesses will be asked to submit IRS form 4506T, which provides the SBA with access to historical tax returns</p>	<p>Will depend on the lender</p>
<p><i>How long will the loan application take?</i></p>	
<p>2-3 weeks plus an additional 5 days for funding</p>	<p>Unknown at this stage</p>
<p><i>Can I apply now?</i></p>	

<p>Yes, the application process is live, and loans are available now. There is no obligation to accept the loan if you qualify. The SBA typically allows 60 days to accept the loan offer, but you can always extend this if needed. Therefore, it is better to apply ASAP</p>	<p>No. Now that the CARE Act is law, the SBA will give their loan guidelines to the banks. The banks will then prepare their loan application process. We expect this to take at least two weeks</p>
<p><i>What businesses/entities can apply and what are the affiliation rules?</i></p>	
<p>Small businesses. There are several standards the SBA uses to define a small business, and it varies by industry. As a general guide, less than 500 employees and \$35 million in revenue would typically qualify. Applicants for SBA loan programs typically must include their affiliates when applying size tests to determine eligibility. This means that employees of other businesses under common control would count toward the maximum number of permitted employees</p>	<ul style="list-style-type: none"> • Businesses and entities must have been in operation on February 15, 2020 and have 500 or fewer employees. There are some exceptions based on industry – see below • Individuals who operate a sole proprietorship or as an independent contractor and eligible self-employed individuals. • Any business concern that employs not more than 500 employees per physical location of the business concern and that is assigned a NAICS code beginning with 72 (Accommodation and Food Services companies) • Affiliation rules are also waived for franchises with codes assigned by the SBA, as reflected on the SBA franchise registry and businesses that receive financial assistance from one or more small business investment companies (SBIC)

Note – This information is supplied to inform our clients and partners. However, the exact terms of loans are determined solely by the lender(s) and Kristin Bodnar or Thrivent Financial can make no representation as to the accuracy or completeness of any information contained herein.

If you have any questions regarding the Economic Injury Disaster Loan Assistance (EIDL) program or Paycheck Protection Program (PPP), please contact us directly at 331-248-1389.

If you need help figuring out what might be right for you, please don't guess, reach out to a professional you trust or us. We are happy to help!

Sources:

<https://disasterloan.sba.gov/>

<https://www.congress.gov/bill/116th-congress/senate-bill/3548/text#toc-id40c30dd4a08343e7b83eefd391b45c4e>

[Download:The Economic Injury Disaster Loan \(EIDL\) Program vs The Paycheck Protection Program \(PPP\)](#)

PERSONAL STIMULUS CHECKS, HOW MUCH WILL I GET?

This is the most helpful calculator we have seen; you will be able to enter your info and get a pretty accurate estimate of the check you will receive:

<https://www.washingtonpost.com/graphics/business/coronavirus-stimulus-check-calculator/>

How does the U.S. government know where to send the money?

If you have already filed a 2019 tax return (that's the one most people are working on now), the Internal Revenue Service will use the direct deposit information on your 2019 return to send your payment to your bank account. If you don't provide the IRS with your direct deposit details or you closed that account, then the IRS will mail you a check.

If you have yet to file a 2019 tax return, the IRS will see if you have filed a 2018 tax return and use that information to determine whether you meet the qualifications for a check and to find your bank details or mailing address.

Are the checks taxable? No, they are not taxable.

What's the cutoff date to file my 2019 tax return and get a check? You should file ASAP if you can. The IRS has not said when they will start processing the checks, but it is likely to be soon. Filing a 2019 return is especially important for people who need to update their direct deposit information or for people who would not qualify for a check based on their 2018 tax return but would qualify based on their 2019 information.

What happens to people who earned too much in 2018 and 2019 but now lost their job? This is a really tough situation. Unfortunately, these workers are not eligible for \$1,200 checks right away. They would get the rebate when they file their 2020 taxes next year. Treasury may create a program to get these people money sooner, but nothing has been announced yet.

If I owe past taxes, will my check be reduced? No. The only reason a check would be reduced is if past child support payments are due and the amount has been reported to the federal government. See the link above for more answered questions on Social Security, etc.

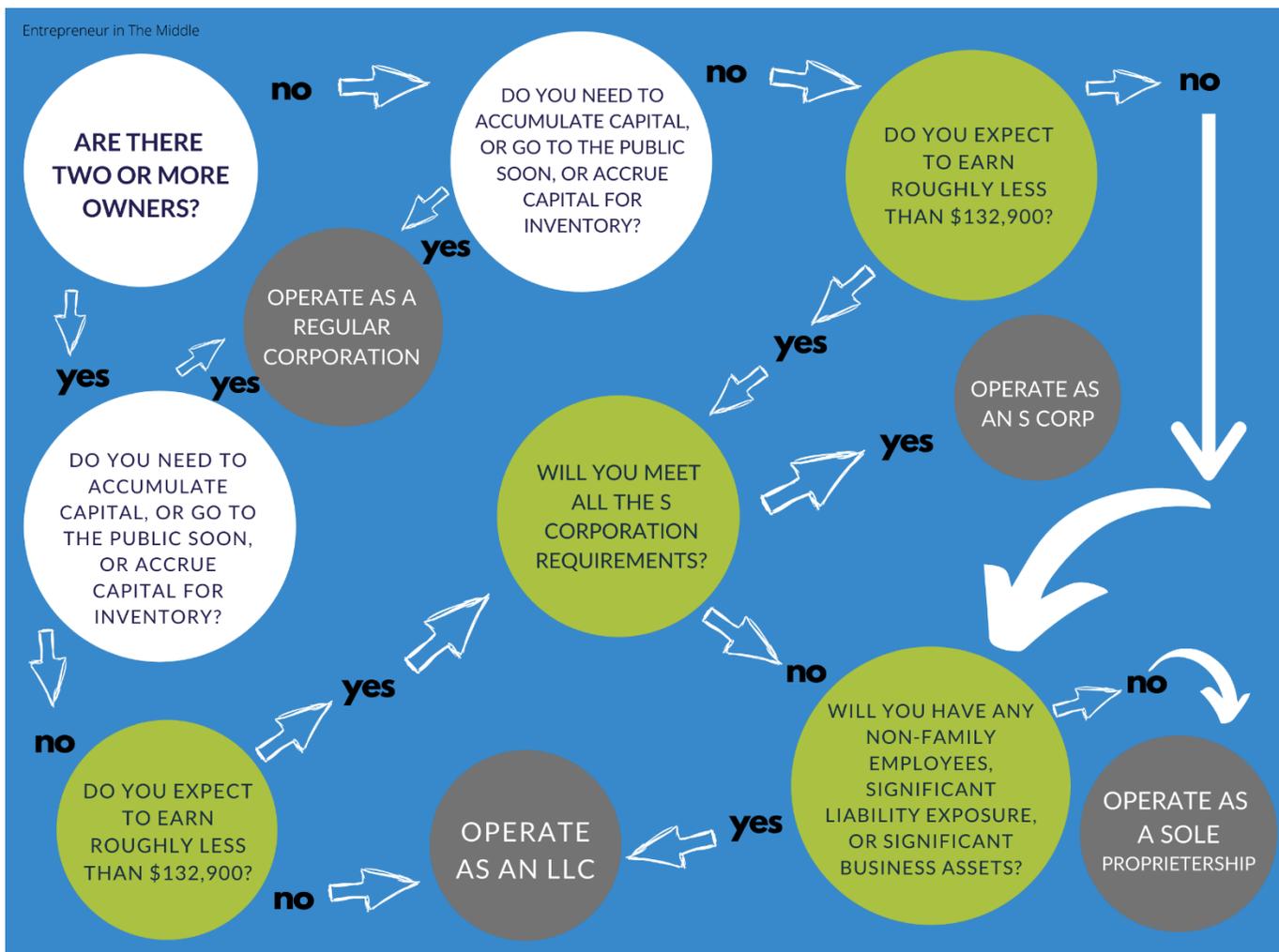
Saving taxes this year could help you save thousands and possibly your business.

Is your entity registered correctly?

Making sure you are registered correctly as an **Entity** to protect yourself and your business is not only key to protection for liability reasons but for being Tax Efficient and saving money in places you probably are not aware of. If you want to be sure you are registered correctly, go through the flow chart. If you have questions on tax savings, please reach out to a Tax Professional (not a tax preparer) these are two very different things.

- A Tax Planner or Professional should be planning with you in an ongoing basis for you to truly maximum savings each year
- Tax Preparers simply prepare taxes for you and yes, that's it. You're probably missing a lot here if you are working solely with this person and not a planning pro.

Refer to the Entity decision flow chart, and please contact us if you have questions.



STUDENT LOANS & WHAT YOU NEED TO KNOW!

Congress is set to suspend all federally held student loan payments and interest until September 30, 2020.

Most borrowers with FFEL loans, Health Professions loans, and private loans will not receive any relief.

We are sad about this as well, unfortunately Congress did not do something for everyone and missed out on a large slice of people.

But one key provision that was agitated for behind the scenes looks like it will be included in the final bill.

As of right now, all suspended payments during this 6-month period will qualify for PSLF, PAYE, REPAYE, IBR, and any forgiveness program you would have normally qualified for.

Even if you didn't lose your job, you would get \$0 a month payments until September that would count towards whatever forgiveness program you're working towards.

You won't be able to do anything to "sign up for this." It will happen automatically (the bill's language says "the Secretary SHALL suspend, not MAY suspend).

Again, most borrowers will not need to take any action or do anything at all to qualify for this.

It's part of the \$2 trillion stimulus that the Senate is about to pass, which looks highly likely to become law.

NEED HELP ON A PERSONAL LEVEL?

We realize this is an uncertain time for both personal & business. There is a lot of uncertainty and that is what we can help you plan for. Our goal is to help put you in a stronger financial situation.

Our Team is ready and willing to walk you through this time. We have reserved time to answer any questions you have personally or business wise. It would be our pleasure to do a complimentary financial review with you, answer questions on today's economy, market volatility or anything else you are concerned about.

There is no requirement to have a certain amount of assets or savings to connect with us, and there will be no check writing to us for our time. This is our way of serving our community and being there for one another. Please reach out to us if you have any questions!



FINANCIAL GUIDANCE

Planning for your Wise With Money Journey requires a financial strategy that reflects your unique needs, goals and values. Teaming up with a Thrivent Financial professional can help you build a firm foundation – and then map out a path that's right for you.

Working together, we'll seek to help you:

- **PROTECT YOUR FUTURE:** To build a solid foundation for a more stable financial future, we can help you explore ways to strengthen your financial position and protect against setbacks.
- **SAVE FOR YOUR GOALS:** We'll help you develop strategies to accumulate the money you'll need to realize your dreams.
- **LIVE IN RETIREMENT:** When you're ready to retire, we'll help you determine how to distribute the savings you've built up – so they last as long as you need them.
- **PLAN YOUR LEGACY:** We'll help you determine how you can share your blessings with the people, communities and causes you care most about.

SCHEDULE TIME TO CHECK IN AND GET A COMPLIMENTARY PULSE UPDATE!

TO SCHEDULE A 20 MINUTE PHONE CALL WITH KRISTIN PLEASE FIND A TIME THAT WORKS FOR BY CLICKING OUR CALENDAR LINK:

<https://KristinBodnarThriventCalendar.as.me/?appointmentType=12995387>

For More Information Please Go to my Website:

<https://connect.thrivent.com/kristin-bodnar/>

Or Like us on Facebook for Live Webinar Events:

<https://www.facebook.com/kristin.bodnar.thrivent/>

For more info on Planning please click the link:

<https://www.thriventfinancial.com/products-services/fee-based-financial-planning/>

Lastly, here is an article we put together for small business owners including women and stay at home mothers. I also share some advice that can be passed to spouses, friends and family who may be working from home, link here for that resource:

<https://drive.google.com/file/d/11LS7IR9eqbjEr9C300OaBPxsYlHp5qm6/view?usp=sharing>



Kristin Bodnar is a Financial Associate for Thrivent Financial

She holds her Series 7 & 66 Licenses in both IL & WI.

She is also licensed in Life & Health in both IL & WI.

Disclosure: The Information given here is not intended to be a recommendation of any kind and does not voice the opinions of Kristin or Thrivent Financial. But is intended to simply inform on the changes in our economy in the last few weeks dates as of (3/31/2020), any action taken on your own behalf is of your own accord and you should always consult with a professional about your own personal circumstances or situation before making a big decision.

Email: Kristin.bodnar@thrivent.com

Phone: 331-248-1389