

IMPORTANT COVID-19 UPDATE

HELP IS ON THE WAY

Senate and White House Reach Deal on Phase 3 of COVID-19 Response

Today, the Council of Insurance Agents and Brokers briefed Conner Strong & Buckelew's leadership team on Federal Relief efforts that will help our clients. All 3 phases of relief are outlined in the [powerpoint available here](#).

Although Congress is still preparing the language of the bills related to Phase III that will be voted on as early as tonight, here is a summary of available relief in Phase III:

- Recovery checks of \$1,200 for individuals with AGI up to \$75,000 or \$112,500 for those with a head of household filing. All joint filers, with AGI up to \$150,000 are eligible for \$2,400. Those amounts increase by \$500 for every child
- \$600 maximum unemployment benefit per week ("ensures laid-off workers receive full pay for 4 months")
- \$58 billion for airlines – prohibited from stock buybacks and CEO bonuses
- \$150 billion Marshall Plan for hospitals
- Additional \$349 billion in loans for small businesses to cover payroll and other expenses – bans stock buybacks for the term of the government assistance plus 1 year for any company receiving aid
- Retention tax credit for employers to encourage businesses to keep workers on their payrolls

- Waiving penalties for withdrawing as much as \$100,000 from retirement plans
- Technical corrections and other changes to 2017 tax overhaul
- Several modifications to the emergency leave programs in the second package
- Creates Treasury Department Special Inspector General for Pandemic Recovery

It is our understanding that the Small Business Loans will be administered through banks. Here is a summary of the relevant points:

- Allows SBA to provide federally-backed loans from February 15, 2020 to June 30, 2020 to eligible businesses to cover operational costs, including payroll, rent, health benefits (and **insurance premiums**), etc.
- No collateral, personal guarantees, or subsidy recoupment fees required (interest rate set at 2/15/20 level)
- Eligible businesses = 500 or fewer employees
 - Leeway for businesses with multiple “small” locations that provide accommodation and food services
 - Sole proprietors, independent contractors, and self-employed individuals are eligible
 - Some relief from SBA affiliation rules for certain businesses
- Two eligibility criteria = good-faith certification of need for the loan + agree to not fire workers
- The maximum loan amount is a multiplier (2.5x) of average monthly payroll costs up to \$10M cap
- Businesses can use loans for almost all operating costs (with limits on individual comp above \$100K, comp for non-U.S. workers, and “double dipping” for Families First paid leave wages already receiving credit)
- Debt forgiveness up to the principal loan amount for certain costs incurred during the covered period
 - Forgivable amounts = payroll costs; interest payments on loan obligations; rent; and utilities
 - Forgiveness amounts reduced for firing employees or cutting wages

Conner Strong & Buckelew will continue to provide updates as they become available.

Please visit our [COVID-19 Resource Center](#) for more information.

