



Dear Clients and Friends,

The federal government enacted far reaching measures last week in an attempt to provide financial relief to the American people and businesses from the Covid-19 crisis.

There are many provisions within the various programs, but we attempt to summarize those aspects that we believe are most important to our clients:

1. Forgivable loans to small businesses – The Coronavirus Aid, Relief and Economic Security (CARES) Act includes the Paycheck Protection Program which provides businesses with fewer than 500 employees access to \$350 billion in loans. Loans are limited to the lesser of \$10 million or 2.5 times average total monthly payroll costs (with a few limitations). The term of the loans can be up to 10 years and the interest rate cannot exceed 4.0%. ***Importantly, if the loan proceeds are used for payroll, utilities, and rent/mortgage interest during the first eight weeks after the loan is issued and pre-crisis employment levels are maintained, then the loan can be forgiven on a tax-free basis.*** The loans will be processed through the Small Business Administration (SBA) 7(a) loan program and administered by the banks. The SBA is expected to provide additional details this week on the loan application process.

2. Expansion in unemployment benefits – The CARES Act also provides \$250 billion to expand the eligibility and amount of unemployment benefits. Workers will receive an additional \$600.00 per week for up to four months in addition to the amount they receive from their states. Further, self-employed workers and independent contractors are now eligible to receive unemployment benefits.

3. Extension of 2019 tax filing date to July 15 – The U.S. Treasury has extended the deadline for filing 2019 tax returns to July 15 from April 15. This change also applies to the deadline for making 2019 contributions to IRAs and Health Savings Accounts.

4. Waiver of RMDs for 2020 – The CARES Act includes a provision that eliminates the requirement to take minimum distributions during 2020 from retirement accounts. This waiver also applies to account owners who turned 70 ½ last year and are required to take their 2019 distribution by April 1. This waiver will allow those account owners who do not need the money to avoid taking a distribution from their accounts and incurring the ordinary income tax burden.

In the fog of war, intelligence is a scarce but valuable asset. We have summarized just some of the major pieces of this massive new legislation. As they say... "The devil is in the details."

Please let us know how we can help you learn more about these provisions along with any other aspects of the various government relief provisions. We are here to help our clients and their families and friends.

We hope you and your family remain well!

Your team at the BRAVE