

KEEPING AMERICAN WORKERS PAID & EMPLOYED ACT

By Scott Kaup

I put together a list of answers to frequently asked questions about federal assistance under the KEEPING AMERICAN WORKERS PAID & EMPLOYED ACT passed by the House of Representatives on Friday, March 27th and expected to be signed by the president.

INDIVIDUALS AND FAMILIES

- **Will I get financial help from the government?**

Most Americans will get a check or direct deposit of \$1200 per individual, or \$2400 per married couple, with an additional \$500 per child (for incomes below \$75,000 per person or \$150,000 per couple).

- **How soon will I get my money?**

Payments will be sent out “as rapidly as possible.” The Treasury Secretary expects the payments to start going out in three weeks.

- **Do I have to pay income tax on this check?**

No.

- **I am on Social Security. Will I also get this payment in addition to my Social Security?**

Yes.

- **What about my IRA?**

There is a temporary suspension of required minimum distribution rules for older Americans. You can also withdraw IRA funds temporarily without penalty.

- **I have lost my job. Now what?**

Unemployment benefits have been significantly expanded, including for the self-employed and independent contractors. Unemployment benefits vary by state. The new stimulus bill increases unemployment in every state by **\$600 a week for up to four months.**

- **When are taxes due?**

Tax filing and payment are delayed until July 15.

- **Do I have other options besides unemployment benefits?**

Yes. One option is for your employer to take out a loan to pay your salary and benefits.

SMALL BUSINESS

- **How is the help for small business being delivered?**

The main program is an SBA-guaranteed loan with deferred interest and payments, plus loan forgiveness for employee retention.

- **How does the loan forgiveness component work?**

This applies to businesses that keep their employees on the payroll from February 15th through the end of June. The portion of the loan covering payroll costs, mortgage interest, rent, and utilities is forgiven for an eight-week period. There is flexibility for those employers who laid off workers and then re-hired them.

- **I am a business owner. Does loan forgiveness apply to my salary?**

Yes, within limits

- **Who is eligible?**

Businesses with fewer than 500 employees and private non-profits – 501(c)(3)s. Health care providers are also eligible, no matter how they are structured.

- **What is the loan limit?**

Loans can be as high as \$10 million.

- **How do I apply for these loans?**

Go to your bank or credit union. Your financial institution will primarily run the program, not the government. However, the [SBA.gov](https://www.sba.gov) website has a lot of good information.

- **Are contractors and sole proprietors included?**

Yes. You are eligible for the loan and the forgiveness portion of wages paid to yourself.

- **How long will the SBA loan review by my bank take?**

Due to the unique nature of this situation, the lender can process, close, and service the loan without an SBA review.

- **I am a farmer. How does an SBA loan help me?**

The bill includes a number of small business provisions designed to help farmers stay in business. This includes a provision that allows farmers to work with their trusted farm credit institutions for the purposes of securing payroll tax loans, along with 1-year deferrals, 100% guarantees, and low rates. There is also \$14 billion for supporting farm income and crop prices and \$9.5 billion for specific producers including specialty crops, dairy and livestock.

- **I don't want to take out a loan. Is there any other help I can get?**

Yes. Grants of up to \$10,000 will be available to cover small-business operating costs. The process will be announced shortly by the SBA.

- **What is the employee retention tax credit?**

Employers can temporarily receive a 50% tax credit on wages up to \$10,000 per employee for anyone kept on the payroll. Employers are eligible if their business was closed due to government shutdown or if they suffered a revenue loss of at least 50%.

- **Are taxes delayed?**

Yes. Payroll taxes are delayed until 2021. Tax filing and payment are delayed until July 15.

- **My credit score is not exactly stellar. Can I still get a loan?**

These are exceptional times and making sure you and your business stay afloat should be the most important priority. See your banker ASAP.

- **My business is doing fine right now, but I am worried about what will happen in the next weeks and months. What should I do?**

Go to your financial institution. Banks and credit unions are the primary portal through which loans will be released. You don't have to be idle right now. The intention of the legislation is to keep you working.

- **I have not been in business for a year. Can I still apply for the loan? Can I use it to hire someone?**

Yes.

- **Can my bank delay my existing loan payments?**

Yes.

HEALTH CARE

- **If I get coronavirus on the job, are my medical costs covered?**

Yes. Your medical care will be covered for coronavirus.

- **If I become unemployed, what happens to my health insurance benefits?**

Existing COBRA insurance rules still apply.

- **Will the loans my employer uses to keep me employed also cover health insurance costs?**

Yes.

- **Should I get tested?**

Testing is free. Contact your medical provider or state and local health department on if, when, and how to get tested.

- **Can my doctor treat me over the phone?**

Yes. The bill greatly expands the option of using telemedicine for health care treatment.

I hope you found this information helpful. If you need anything, my staff and I are here for you.

Sincerely,

Scott Kaup, CERTIFIED FINANCIAL PLANNER™

Scott Kaup is a Registered Representative offering securities through Cetera Advisor Networks LLC (doing insurance business in CA as CFGAN Insurance Agency LLC), member FINRA/SIPC. Advisory services offered through Summit Financial Group, Inc., a registered investment adviser. Summit and Cetera are affiliated and under separate ownership from any other named entity. CA Insurance License #0G00634

*PO Box 265
113 N Main Street
Stuart NE 68780
402-924-3607*

The opinions contained in this material are those of the author, and not a recommendation or solicitation to buy or sell investment products. This information is from sources believed to be reliable, but Cetera Advisor Networks LLC cannot guarantee or represent that it is accurate or complete. Kaup's Financial Advisors, Inc. is an independent firm. Cetera Advisors Networks LLC, or any of its representatives may not offer legal or tax advice. Any tax advice is offered solely through Kaup's Financial Advisors, Inc. The information in these articles are not intended as specific tax or legal advice, and it may not be relied on for the purpose of avoiding any federal tax penalties. You are encouraged to seek your specific tax or legal advice from an independent professional advisor. Information provided herein was obtained from www.irs.gov. This information is designed to be educational. This information covers selected tax issues that are condensed. The recipient is cautioned not to rely on these summaries in lieu of a full review of applicable statutes, regulations and authorities, affecting any specific tax issue or transaction. Consult with your tax preparer for more detailed information and how it may apply to you and your specific situation.