 Payne Roll Protection Plan

Important

- Complete a 12-WEEK CASH PLAN (with and without PPP)
- Survey your employees to determine who would return to work, and who may opt to stay on unemployment
- Consider a separate bank account for PPP funds
- Do not spend these funds on any expenses that do not qualify

1. Loan Forgiveness via the FTE (Full Time Equivalent) Requirement

JUNE 30, 2020 is the important date in regards to the loan forgiveness. The FTE calculation will be based on the number of FTEs on that date versus the prior period.*

Example:
The FTE in the prior period = 20
You offer all 20 of your CURRENT team the opportunity to return to work**.
5 of the 20 people are earning more money on unemployment and do not want to come back to work at this time.

You accept the PPP loan. You reinstate 15 employees and pay them for 8 weeks.
On June 30, your FTE is 15  15 / 20 = 75%

According to the CARES Act criteria, you would only qualify for loan forgiveness equal to 75% of what you spent on payroll.

$100,000 received from PPP Loan = $75,000 spent on payroll

Loan Forgiveness = $56,250

Liability = $18,750 (assuming you did not spend the other $25,000 of the $100,000)

Payroll Tax Liability = 7.65% of Gross Wages

*The FTE calculation requirement should be verified by your accountant; and the timeframe for the calculation.

As of April 2, any loan amounts that do not qualify for forgiveness must be paid back within 24 months (6 months deferred). This loan has a maturity of 2 years and an interest rate of .5%.

All information contained in this document is subject to change.
2. **RETURN TO WORK**

Assuming your company is closed. Confirm that virtual work is acceptable.

*For example, weekly assignments pertaining to:*

- Virtual Brand Education
- Zoom Staff Meetings
- Zoom Professional Development Meetings (PDMs)
- Virtual Summit Education via SummitSalon365.com

3. **LOAN FORGIVENESS IN REGARDS TO 75% OF WAGES**

Be mindful that you are not reducing any employee’s wages more than 25% over Quarter 1 of 2020 (the timeframe is not clear) with the exception of employees earning more than $100,000 per year. *For example, a service provider who earned $30,000 in gross wages Quarter 1 of 2020 was on track to earn $120,000 in 2020. In this example, the company would cap the employee’s PPP payroll at $8,333 per month during the 8-week timeframe.*

4. **WHEN DOES THE 8-WEEK TIME PERIOD COMMENCE?**

Receive funds on 5/1 – the 8-week period starts on 5/1

You DO NOT have to start payroll on 5/1. If there is no work to do. You can wait to re-hire/commence the payroll.

If you’re requiring them to do virtual work, you would need to start payroll on 5/1.

Remember, you can’t REQUIRE any furloughed laid-off person to attend any virtual meeting.

You can wait until June 30 to hire them back. HOWEVER – please DO NOT USE the money for other expenses if you want to qualify for loan forgiveness.

If you’re not open. You may consider leaving employees on unemployment until you reopen in your physical space.

You have been paying your employees for 8 weeks to do virtual. It’s July 1, 2020 and you are still not open – if there are no other stimulus packages available, you would need to furlough or layoff your employees.

5. **IF YOU USE THE FUNDS ON RENT + UTILITIES ONLY**

Be careful. The FTE requirement applies to loan forgiveness. *This is a significant risk.*