

gusto

Finding Immediate Relief as a Wellness Entrepreneur

April 2020



Thank you for trusting Gusto!



vagaro

Welcome!

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What you can expect to find today:

- 1. The current U.S. Business landscape:** How Wellness Professionals are seeking a different kind of advice to offset the existential threat.
- 2. Navigating now & the way forward:** Working your way through the relief that is available to your business, your personal life & in your industry.
- 3. Live Q&A:** Ask questions or have a discussion about anything that we have covered in this virtual consulting session.



Our people are our greatest asset.

Who we are on a “normal” day

Get the right tools and services for your business and teams. We're always here to help.



Full-service
payroll



Medical,
dental, vision



Certified HR
experts



Time
tracking



Compliance
help



Employee
finance tools

Who we are in the “new normal”

We have been entirely focused on helping SMBs and Accountants survive the crisis.

18+

Is the amount of new COVID-19 related tools and bulk tools we have created to support small business owners and accountants who rely on Gusto

- 1 In-App COVID-19 Resource Center
- 2 Account Pause / Deferred Payments Options
- 3 Employee Dismissal and Furlough Features
- 4 Emergency Paid Sick Leave and FMLA Support
- 5 PPP Reporting and Forgiveness Tools
- 6 Tax Credit and SS Tax Deferral options
- 7 COVID Resource Hub with Step-by-Step Guides



The U.S. Business Landscape

The current U.S. business landscape

You've been working really hard through an existential threat.



94%+

of the U.S. population is living under some sort of shelter-in-place or stay-at-home order with almost all of SMBs closed.

26,000,000

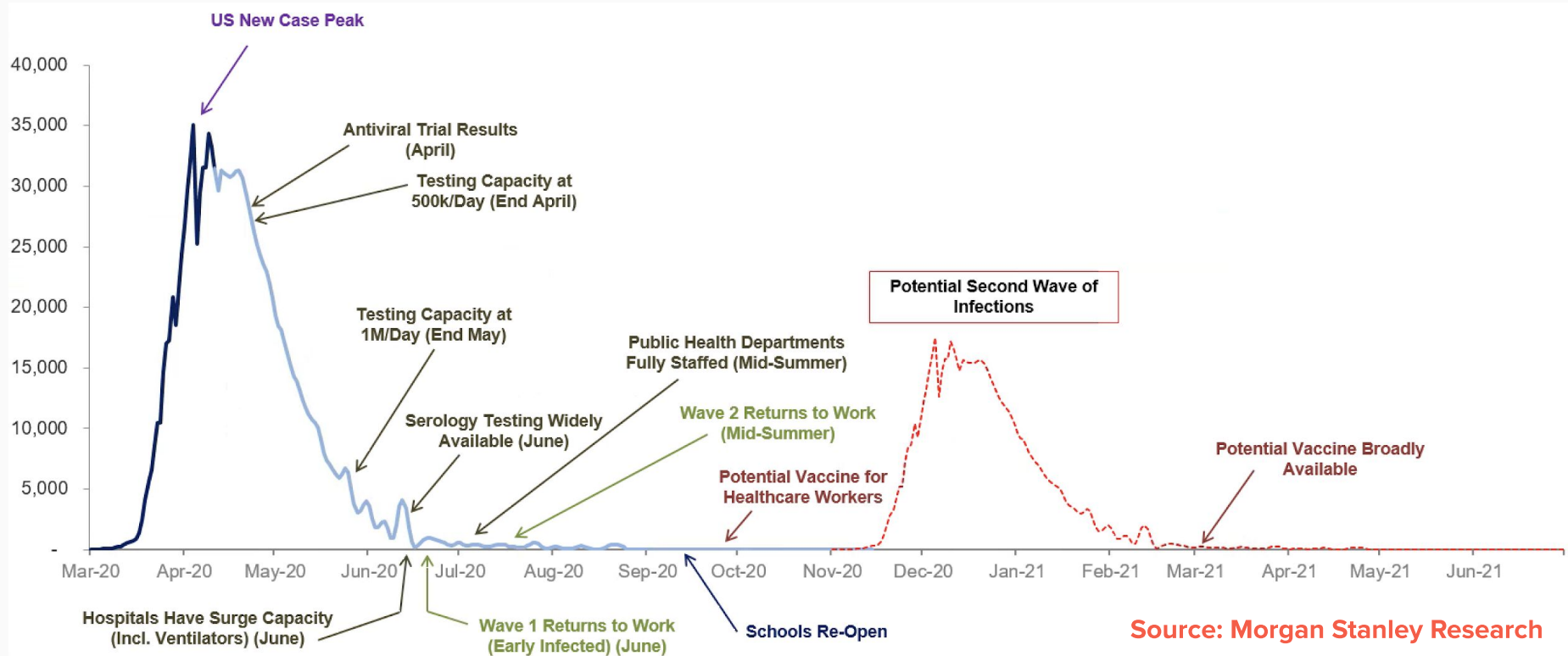
people have filed initial claims for unemployment insurance, suggesting that the unemployment rate is already above 20%.

2

is the average number of months of cash on hand that a small business has in order to deal with business shocks.

The timeline to the “new normal”

As you look ahead to “opening up,” it’ll feel like starting a new business all over again.



Manage 1 day at a time.

Here are some recommendations from us to manage your day to day.

1

Stay thoughtful

Research has shown that people are more likely to make mistakes when they are cash strapped and primed to think about financial stressors.

2

Recognize habits

Almost all of your lives are different now than it was 1 and 3 months ago, so analyze if you've developed new habits right now that will help short-long term goals.

3

Find relief now

If you've able to access PPP/EIDL funds, terrific, but there are tough times accessing these funding. Work through it, be patient, and keep close to your banking partner.

4

Be realistic

After you've searched for creative solutions and given yourself time to plan, you're likely going to need to make some hard decisions now and later.



Navigating Now and The Way Forward

2 Areas to Navigate Now and Later

It's important to understand your business and personal life has access to relief.

- 1 Relief for business owners
- 2 Relief for individuals

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Wellness Industry Relief

Beauty Changes Lives. Student & Professional \$1,000 relief grants for licensed & future professionals in cosmetology, esthetics, makeup, massage, nail technicians & barbering.

<https://beautychangeslives.org/covid-19-resource-center/>

The “Give-Back” Sweepstakes. Weekly awards a lucky pro up to \$1,000 to help pay for salon expenses, like rent costs or booth rental fees or even salon utilities.

<https://www.joico.com/covid19-support/>

PBA COVID-19 Relief Fund. Provides \$500 to licensed beauty professionals who are unable to work due to COVID-19. Meant for short-term immediate needs such as food and bills.

<https://www.probeauty.org/covid-relief-fund-application>



Wellness Industry Relief

Freelancer COVID-19 Emergency Fund. Funds creative freelancers who have been adversely affected by the crisis. Includes unexpected child care expenses, client cancelled and you're unable to pay basic living expenses.

<https://freelancecoop.org/emergencyfund/>

Cosmetology Scholarship Programs. A second round of grants will be accepted through May 4, 2020.

<https://beautychangeslives.org/cosmetology-student/>

- Moroccanoil - Courage to Dream
- Moroccanoil - Cultivating Confidence
- Sydell & Arnold Miller - Find-a-Way
- Sydell & Arnold Miller - Art of Haircutting
- Sydell & Arnold Miller - Art of Hairdressing
- Sydell & Arnold Miller - Art of Haircoloring
- CosmoProf - Licensed to Create



Hoping for resilience



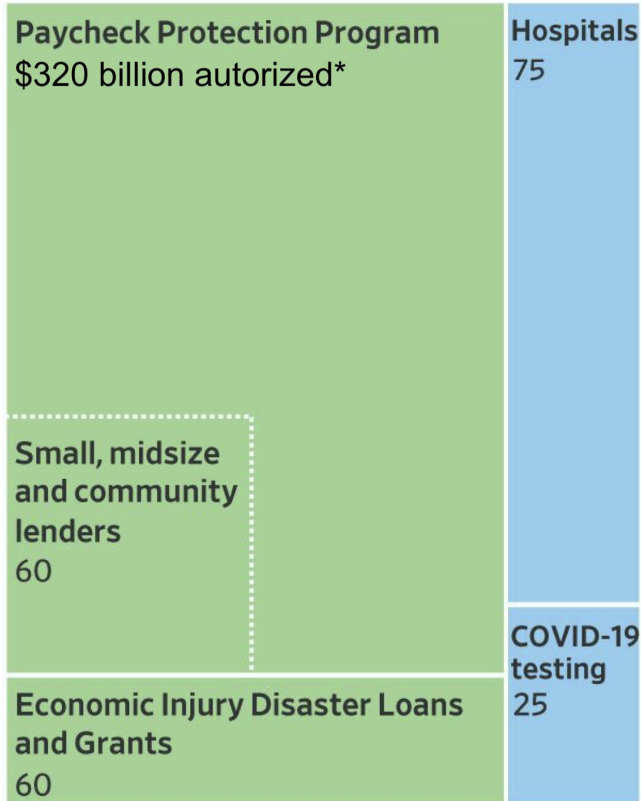
What is the Federal CARES Act?

The Coronavirus Aid, Relief, and Economic Security (CARES) Act is the second major piece of legislation enacted in response to the COVID-19 outbreak.

It provides \$2 trillion in economic relief to families and businesses, becoming the largest stimulus act in US history. The bill hopes to put money in the hands of people and businesses as quickly as possible through a variety of relief and lending programs.

Inside the CARES Act includes individual and business relief.

Federal PPP



The Paycheck Protection Program (PPP) is a new SBA loan program enacted by the CARES Act initially funding \$349 billion. It will allow certain finance businesses, like banks and payroll providers, to act as SBA approved lenders to companies adversely affected by COVID-19.

The loans are also eligible for forgiveness.

Federal PPP

Can be used for:

- Payroll costs
- Interest on debt
- Health insurance premiums
- Other

Loan maximums:

- 2.5 times the average monthly payroll costs; or
- \$10 million

Timing:

The covered period is February 15, 2020 through June 30, 2020.

Who it's good for:

Business owners with fewer than 500 employees who need up to \$10 million and aren't on a short timeline.



Federal PPP

Loan forgiveness for PPP

Under the CARES Act, Paycheck Protection loans are eligible for “forgiveness”—which means that the lender can release the borrower from the obligation of repaying the balance.

The amount that can be forgiven is limited to how much the lender reasonably expects the borrower to spend during the covered period on:

- Payroll costs (capped at \$100,000 annualized, per employee)
- Interest for mortgages signed prior to February 15, 2020
- Rent obligations from before February 15, 2020
- Utility payments
- Additional wages to account for reduction in tips



Federal PPP

If loans aren't forgiven:

- They will have a fixed interest rate of 1.0%.
- Lenders CANNOT charge or request the following:
 - guarantee fee
 - yearly fee
 - prepayment penalty
 - personal guarantee or collateral
- Lenders have to provide payment deferment for at least six months (but not more than one year) for borrowers who were:
 - in operation as of Feb 15, 2020
 - approved or pending approval for a SBA loan
 - adversely affected by COVID-19 (which is presumed)



How to Apply for PPP Loans

What you'll need to fill out the PPP application

- Complete the PPP loan application, and include
 - **Business Details**
 - **Payroll Reports:** showing the costs and calcs
 - **Accounting Information:** from your accounting software to compile your financial activities,
 - **Tax Forms** for your specific bank or lender
 - 2019 and 2020 IRS Form 941s
 - 2019 IRS Form 940 FUTA
 - 2019 IRS Form 944 (small employers)
 - 2019 IRS Form W-3, employee wages
 - 2019 IRS Form 1099-MISC



Generate your PPP Report

COVID-19 resources and updates

Federal and state governments are rapidly implementing new legislation to provide relief to small businesses and their employees. We'll update you with info about new legislation and product changes we're making to help you access relief and stay compliant.

Actions you can take today

- Paycheck Protection Program report** New
Get up to \$129,703 in relief for your payroll and more. Download your report to apply for the PPP — these funds are first come, first served.
[Get started](#)
- Defer unemployment tax payments**
Employers may request an extension in CA.
[Contact us](#)
- Tax credit for emergency sick leave**
Get credit for employees' paid sick leave during a public health emergency.
[Learn more](#)

Latest info

- Mar 30, 2020 11:30
[COVID-19 Tax Relief for Every State](#)
- Mar 30, 2020 4:15
[What Is the Earned Income Tax Credit?](#)
- Mar 27, 2020 9:51
[How to Emotionally Support Your Team During a Crisis](#)
- Mar 27, 2020 4:21
[How to Protect Your Business from COVID-19 Scams](#)

Feature attributes

- Our reporting tool allows users to download payroll reports to streamline the PPP application process.

How to Apply for PPP Forgiveness

In its application for loan forgiveness, a borrower must document:

- **The number of full-time employees and pay rates for the lookback period including:**
 - Payroll tax filings with the IRS
 - State income, payroll, and unemployment insurance filings
- **Proof of payment**, including cancelled checks, receipts, and other documentation that verifies payments for mortgage and lease obligations, as well as utility payments
- **A certification by the borrower** that all the above information is accurate and that the amounts were used to retain employees, make rent, mortgage, or utility payments



COMING SOON: PPP FORGIVENESS REPORT

Gusto is developing a report to help you track payroll expenses to submit to your lender for PPP forgiveness. Stay tuned for more information next week or check back in the COVID-19 Hub.

Federal PPP

PPP Loans for 1099 Independent Contractors:

- **Max loan size is up to 2.5 times your avg monthly 1099-MISC or net Self-Employment income for the past 12 months.**
 - Interest rate is fixed at 1% and terms set to 2 years
 - Loan payments will be deferred for 6 months
 - No collateral or personal guarantees are required.
- **All amounts spent during the first 8 weeks of the loan term are 100% forgivable:**
 - Replace your 1099-MISC income or net SE Income (capped at \$100K per individual)
 - Interest on business mortgages before 02/15
 - Business rent under leased in force before 02/15
 - Business utilities that began before 02/15
- **Docs you need ready:**
 - 2019 Form 1099-MISC
 - Income and expense reports for 2019 and/or 2020
 - ID Verification



Federal PPP

PPP Loans for 1099 Independent Contractors:

- **Who is eligible?**
 - You were in operation on or before February 15, 2020
 - You were an individual w/ SE Income
 - Your principal place of residence was the United States
 - You filed a 1040 Schedule C for 2019
 - This includes gig workers, too.
- **How do you apply?**
 - Complete the PPP loan application
 - Payroll tax filings that you've reports to the IRS (some lenders are requesting state returns, too)
 - Records of your income and expenses,
 - A bank statement to show you were operating on February 15, 2020
 - Form 1040 Schedule-C for 2019,
 - Form 1099-MISC for 2019,



Federal EIDL

Economic Injury Disaster Loans (EIDL) are low-interest loans provided by the SBA to help borrowers recover from declared disasters.

Currently, small businesses in all 50 states are eligible to apply for EIDLs due to the coronavirus crisis. The CARES Act waives many of the requirements and makes additional changes to EIDL terms.



Federal EIDL

Can be used for:

- Sick leave
- Payroll
- Materials
- Rent or mortgage payments
- Obligations that cannot be met due to revenue losses

Loan maximums:

Up to \$2,000,000

Timing:

The covered period is January 31, 2020 through December 31, 2020.

Who it's good for:

Small employers with less than 500 employees who need \$10,000 or less in a hurry **(including sole prop, independent contractors, and self-employed persons).**



Federal EIDL

What's new under CARES?

Under the CARES Act, EIDLs can be approved based solely on an applicant's credit score and do not require them to submit tax returns, look for credit elsewhere, or make a personal guarantee.

The borrower must have been in operation as of January 31, 2020, but doesn't need to have been in business for one year prior to the disaster (as the previous criteria stated).



Federal EIDL

\$10,000 cash advance

When you apply for an EIDL, you can request an advance of up to \$10,000 from your loan within three days of your application being received. If the advance is granted, it will be included in the total approved loan amount.

Note: An EIDL cannot be used for the same purposes as a PPP loan in the same period.



How to Apply for EIDL Loans

The SBA recommends borrowers apply online for Economic Injury Disaster Loans. Here's what the process looks like:

1. Complete the streamlined EIDL application online.
2. The SBA reviews your credit and requests additional documentation. A loan officer may contact you via the online portal, phone, or email.
3. If approved, accept or decline your loan. If you approve, you receive initial disbursement within five days of signing.
4. Repayments start 11 months later.



<https://disasterloanassistance.sba.gov/s/>

Other IMPORTANT Federal Relief

Employee Retention Credits

Eligible employers can receive a retention credit for up to 50% of the first \$10,000 of qualified wages for each employee paid between March 12, 2020 and January 1, 2021.

Social Security Payroll Tax Relief

Employers and self-employed folks can defer the 6.2% Social Security payroll tax from the date of enactment through December 31, 2020, with 50% of the deferred amount due by December 31, 2021 and the remaining 50% due by December 31, 2022.



2 Areas to Navigate Now and Later

It's important to understand your business and personal life has access to relief.

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Individual Relief

Refundable tax credits

Individuals, other than non-residents and individuals claimed as dependents, who earn \$75,000 or less are eligible for a one-time refundable federal income tax credit. The tax credit amounts to:

- \$1,200 for individuals
- \$2,400 for individuals filing jointly on a tax return
- **Plus** an additional \$500 for each eligible dependent



Individual Relief

Pandemic unemployment assistance

Individuals who are not eligible or have exhausted other state or federal unemployment programs can get the following coverage:

- Unemployment assistance between January 27, 2020, and December 31, 2020, up to a total of 39 weeks
- Funds equal to the state's authorized weekly benefit amount, and no less than the Federal Pandemic Unemployment Compensation
- No waiting periods

Note: This coverage doesn't extend to folks who can telework or are receiving paid sick leave.



Individual Relief

Retirement Hardship disbursement

Individuals who have been impacted by COVID-19 are allowed to take up to \$100,000 out of their retirement accounts without penalty during this emergency. This counts for distributions made on or after January 1, 2020, until December 31, 2020.

For a three-year period after distribution, individuals can make contributions back to their retirement account, so long as they don't exceed the amount from the disbursement.



Individual Relief

Student Loan Relief: the following measures are meant to ease the financial burden of student expenses.

- **Deferral of student loan payments:** The Secretary is suspending all payments due for loans through September 30, 2020, without interest. Non-payment during this time will not affect credit reports, and all collections processes will be paused.
- **Loan cancellation:** If students have to withdraw from courses because of the COVID-19 emergency, their associated federal loans will be canceled for that period.
- **Grant expansion:** Institutions of higher education can waive the need calculation requirement and award emergency financial aid grants to help students with unexpected expenses.
- **Employer assistance:** Employers are allowed to contribute up to \$5,250 tax-free annually to assist their employees with student loan payments.



Individual Relief

Charitable Contributions

In this time of need, the CARES Act also expands the charitable contribution deduction. You can receive the deduction if donations are made in cash during 2020 to an IRS confirmed 501(c)(3) charity or organizations that support other charities and donor-advised funds.

The expansion includes the following:

- An immediate \$300 “above-the-line” deduction for taxpayers who take the standard deduction and don’t itemize
- An increase of the 60% AGI limitation to 100% of AGI for qualified contributions
- An increase of the 10% taxable income limitation for corporations to 25% of taxable income for qualified contributions
- An increase of the charitable deduction for C corporations from 15% of their corporate income to 25%





Q&A

