

CARES Act:

One simple chart to explain relief for businesses



The Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 was part of an unprecedented wave of federal stimulus legislation during the COVID-19 emergency. Requirements for its programs vary, and some can't be used in combination with others.

Find more information at the [Small Business Administration \(SBA\) website](#).

1. Read this quick overview for baseline information.
2. Then find which program works best for you with our [decision tree on principal.com](#).
3. Finally, use [this calculator](#) to help estimate which programs might help you out the most.

Quick explainer	The details	Who's eligible	Business size	Deadline	Limitations	Interest rate and payoff terms	Dollar limits	Use with other programs
Paycheck Protection Program (PPP) Loans (Act Section 1102)								
A potentially forgivable loan for businesses to continue paying employees	For small- to medium-sized businesses; payments deferred for six months; no collateral and no guarantee.	For-profit companies, nonprofits, sole proprietors (with or without employees), independent contractors, and self-employed individuals	500 or fewer employees	Apply by June 30, 2020.	One loan per business.	1% over two years	2 1/2 times monthly payroll, up to \$10 million	Payroll tax relief initiatives affect PPP availability and forgiveness to varying degrees (see below). Can be combined with Economic Injury Disaster Loans (EIDLs) or Economic Injury Grants (EIGs) and Small Business Association (SBA) Debt Relief, and other SBA loan programs—if all are used for different expenses.
PPP Loan forgiveness (Act Section 1106)								
Forgiveness of some or all PPP loan (plus interest) when you keep employees working ¹	Loan forgiveness is available for qualifying costs incurred during the first eight weeks after receiving the loan.	For-profit companies, and nonprofits, sole proprietors, independent contractors, and the self-employed	500 or fewer employees	Take loan by June 30, 2020.	Qualifying expenses include payroll, ² lease or rent, mortgage interest, and utilities during the eight weeks following date of loan. At least 75% of expenses must be spent on payroll.	N/A	Determined by qualifying expenses, head count, and salary levels	Payroll tax relief initiatives affect PPP availability and forgiveness to varying degrees (see below). Can be combined with Economic Injury Disaster Loans (EIDLs) or Economic Injury Grants (EIGs) and Small Business Association (SBA) Debt Relief, and other SBA loan programs—if all are used for different expenses.
Economic Injury Disaster Loans (Act Section 1110)								
For businesses that have experienced substantial economic injury due to COVID-19	Low-interest loans cover payroll, sick leave, increased production costs due to supply chain interruptions, lease, mortgage, and debts. Requires collateral for loans over \$25,000 and guarantee for loans over \$200,000.	For-profit and nonprofit businesses, sole proprietors, independent contractors, and the self-employed.	500 or fewer employees (no size requirement for nonprofits)	Apply by December 31, 2020.	Must have suffered substantial economic injury due to the declared disaster.	Up to 3.75% (or 2.75% for nonprofits) for up to 30 years	Up to \$2 million	Can be combined with PPP, PPP loan relief, certain EIGs and SBA Debt Relief—if all are used for different expenses. EIDL loan can be refinanced into a PPP loan.

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Emergency Economic Injury Grant (Act Section 1110)								
An added grant for EIDL borrowers	Can request a grant of \$1,000 per employee, up to \$10,000. Doesn't require repayment.	For-profit companies, ESOPs, and nonprofits. Includes sole proprietors, independent contractors, and the self-employed.	500 or fewer employees	Apply by December 31, 2020.	Must demonstrate substantial economic injury due to a declared disaster.	N/A	\$1,000 per employee, up to \$10,000	Can be combined with PPP and other SBA relief—if it's used for different expenses (but the grant reduces PPP forgiveness amount).
Small Business Debt Relief (Act Section 1112)								
Temporarily relieves small business owners of loan payments	Covers all loan payments, fees, and interest for six months for existing or potential non-disaster SBA loan payments for 7(a) loans, microloans, and 504 loans.	All businesses with existing and new 7(a) loans (other than PPP loans) taken before September 27, 2020	Any business with SBA 7(a) loan, microloan, or 504 loan	Apply for new loans before September 27, 2020.	For existing (non-disaster) borrowers and new loans taken through September 27, 2020	N/A	N/A	Can be combined with PPP loan and PPP loan forgiveness, but this debt relief does not apply to a PPP loan.
Express Loans (Act Section 1102)								
SBA loan that's processed more quickly but with standard payoff terms	Temporary increase in limit for express loans, from \$350,000 to \$1 million. No collateral for first \$25,000.	For-profit businesses at least two years old	500 or fewer employees, or other eligible small business ³	Apply by December 31, 2020.	Borrowers subject to same eligibility requirements as other 7(a) loans. Must demonstrate that other sources of credit are unavailable.	Negotiated interest up to SBA maximum; up to seven years	Up to \$1 million	Can be combined with PPP and other SBA relief—if it's used for different expenses.
Economic Stabilization Loans (Act Section 4003(b)(4))								
Funding for Federal Reserve loan programs	Includes a special program for mid-sized to large businesses with no interest or principal for the first six months.	For-profit businesses and nonprofits	501 to 10,000 employees	TBD by U.S. Treasury and Federal Reserve	Businesses that need loan to support ongoing operations. Must use to retain and restore at least 90% of workforce. Credit must not be reasonably available elsewhere.	Up to 2% for up to five years for the special program		Loans not forgivable. Restrictions include executive compensation limitations, no buybacks of stock (if publicly traded) or payment of dividends.
Delay of Employer Payroll Taxes (Act Section 2302)								
A deferral of a portion of payroll taxes that can help with cashflow	Employer can delay paying employer share of Social Security payroll tax payments for 2020 and pay in two installments: half in December 2021 and half in December 2022.	Businesses and nonprofits, including self-employed individuals	At least one employee	March 27, 2020, through December 31, 2020	Available through the date lender issues decision to forgive PPP loan.	N/A	N/A	Can use it with a PPP loan, but it can't be used after a PPP loan has been forgiven.

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Employee Retention Credit (Act Section 2301)								
A payroll tax credit for businesses not taking a PPP loan	Credit against payroll taxes equal to 50% of wages of up to \$10,000 per employee. Designed to encourage businesses to retain their employees.	Businesses and nonprofits not taking a PPP loan	More than 100 employees: available only for employees being paid but not working. Under 100 employees: available whether employees working or not.	December 31, 2020	Must have experienced a full or partial shutdown as result of governmental order during COVID-19, or more than 50% reduction in quarterly gross receipts.	N/A	Maximum \$5,000 per employee	Unavailable for businesses receiving a PPP loan or for government entities.
Payroll credit for Families First Sick Pay and Leave (Act Section 3606)								
Payroll tax credit for sick pay and family leave paid to employees affected by COVID-19 illness	Makes previous payroll credit for paid sick leave and family medical leave under Families First Coronavirus Response Act refundable when you pay the employee benefit.	Businesses and nonprofits	500 or fewer employees	December 31, 2020	Payroll credit available for certain sick leave and family medical leave payments mandated by Families First Coronavirus Response Act.	N/A	N/A (but based on amount of benefits paid)	Wages eligible for this credit will not be included as eligible expenses for PPP loan.

¹ 75% of the loan must be spent on payroll. You will have to repay any amount used for expenses other than payroll, mortgage interest, rent, and utilities. Less of your loan will be forgiven if you lay people off or cut their wages. To be exact, it will decrease according to how many employees you lay off (by percentage). And if you trim salaries and wages by more than 25% for employees making less than \$100,000, the loan will be cut accordingly. (You have until June 30, 2020, to restore full-time employment or salary for workers affected between February 15, 2020, and April 26, 2020.)

² “Payroll,” for purposes of the PPP loan and forgiveness, means: salary, wages, commissions, or tips (capped at \$100,000 on an annualized basis for each employee); payments for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments required for the provisions of group health care benefits, including insurance premiums; payment of any retirement benefit; and state and local taxes assessed on compensation.

³ Most businesses are eligible as long as they have 500 or fewer employees (whether they’re full-time or part-time)—including sole proprietorships, self-employed individuals, independent contractors, not-for-profit and veterans’ organizations, and Tribal business concerns. Accommodations and food service companies must have less than 500 employees per location and less than \$500 million in revenue. Even some larger businesses may be eligible if they meet the SBA size standard for the number of employees for that industry—refer to [this resource](#). Note: The Act provides further guidance regarding “affiliated” entities (including investors) and eligibility. It’s important to consult your attorney and lender to clarify whether affiliation rules apply to you.

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For program qualification details, please see the [Small Business Administration \(SBA\) website](#).



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