

## **Coronavirus Aid, Relief & Economic Security Act - CARES ACT FAQS for W-2 and 1099 CRNAs**

### **WHAT KIND OF FINANCIAL ASSISTANCE CAN THE CARES ACT PROVIDE FOR CRNAS AND THEIR FAMILIES?**

The CARES Act provides CRNAs who are U.S. residents a one-time cash stimulus payment of \$1,200 (individual) or \$2,400 (married). You are eligible for an additional \$500 per child under age 17. This stimulus payment is subject to the following restrictions:

- You must have a work-eligible Social Security number
- An adjusted gross income less than \$75,000 (individual) or \$150,000 (married)
- Not be a dependent of another taxpayer.

Unfortunately due to income restrictions, many CRNAs may not qualify. Rebate amounts are reduced by \$5 for each \$100 that your income exceeds the phase-out threshold. The stimulus payment is completely phased-out for CRNAs who file as individual with an income exceeding \$99,000, \$146,500 for head of household filers with one child, and \$198,000 for joint filers with no children.

For those CRNAs and SRNAs who are eligible, no action will be required in order to receive your stimulus payment as the IRS will use your 2019 tax return, if filed (or alternatively your 2018 return). If the IRS already has your bank account information, it will transfer your payment via direct deposit based on your most recent tax return. If you elected to receive a refund check for your 2019 (or 2018) tax return, you will receive a check in the mail.

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### **HELP, I'VE BEEN FURLOUGHED, LAID OFF OR AM CURRENTLY UNEMPLOYED!**

The CARES Act provides supplemental unemployment benefits to expand CRNAs' eligibility (including self-employed CRNAs as well as part-time CRNAs), increases benefit amounts, and lengthens the duration of benefit availability. If you are unemployed, are partially unemployed or cannot work for a wide variety of Coronavirus-related reasons, you are likely to receive benefits.

If you're a W-2 CRNA, we encourage you to visit your state's Department of Employment Security website to file an unemployment claim. However, 1099 CRNAs may be eligible for other options - read on to learn more.

### **How much will I receive in unemployment?**

- Under the CARES Act, eligible CRNAs will receive up to 13 weeks of extended state unemployment benefits.
- On top of existing state benefits, CRNAs who are eligible will also be provided up to an additional \$600/wk. in federal unemployment benefits (for up to four months covering weeks of unemployment ending July 31).
- Self-employed CRNAs will also be eligible for the additional \$600 weekly benefit provided by the federal government.

## WHAT IF I AM A 1099 CRNA OR OWN A CRNA GROUP?

The CARES Act was designed to distribute capital quickly and broadly to small businesses – including CRNAs. It provides assistance to CRNA small business owners through SBA Economic Injury Disaster Loans (EIDL), the Paycheck Protection Program, as well as the Employee Retention Credit.

### **SBA Economic Injury Disaster Loans (EIDL)**

For immediate access to capital, the CARES Act temporarily expands eligibility for SBA Economic Injury Disaster Loans (EIDL) by providing emergency cash advances (within 3 days of successful application). Designed for CRNAs business owners harmed by COVID-19, these forgivable loans are available for up to \$10,000. CRNA groups with 500 or fewer employees, CRNA sole proprietorships (with or without employees), independent contract CRNAs and cooperatives/employee-owned CRNA businesses are qualified to apply for the EIDL.

You can apply for an EIDL immediately by visiting: <https://www.sba.gov/page/disaster-loan-applications>. The loan does not need to be repaid under any circumstance, and may be used to keep employees on payroll, to pay for sick leave, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent, and mortgage payments.

### **The Paycheck Protection Program**

The CARES Act also establishes the Paycheck Protection Program which provides 100% federally guaranteed loans (possibly forgivable – read below) for CRNA small business owners (with fewer than 500 employees), self-employed CRNAs, sole proprietors, and freelance CRNAs who have trouble covering payroll and operating expenses as a result of the COVID-19 pandemic. It authorizes up to \$349 billion in government loans through the Small Business Administration's (SBA) 7(a) program and waives rules requiring recipients to pay certain fees or provide collateral.

The Paycheck Protection Program allows CRNA small businesses (including CRNA sole proprietors, independent contractors, or self-employed CRNAs) to seek zero fee loans for up to 2.5x the borrower's average monthly payroll costs, not to exceed \$10 million. Interest rates are capped at 4%, and loan payments will be deferred for 6 - 12 months (but if used for certain expenses; may be forgivable).

CRNA recipients of these loans are eligible for loan forgiveness equal to the amount the spent during the eight week period beginning on the date of the origination of the loan for the following expenses -

- Payroll costs (excluding costs for any individual employee's compensation above \$100,000/yr. or \$8333.33/mo.)
- Interest payment on any mortgage
- Rent on any lease agreement
- Utility payments

If all employees are kept on payroll for eight weeks, the SBA will forgive the portion of the loan used for payroll, rent, mortgage interest, or utilities. Up to 100% of the loan is forgivable, and loan forgiveness cannot exceed the principal.

The loan program is available to CRNA business owners harmed by COVID-19 from February 15, 2020 (to assist in rehiring employees previously laid off) through June 30, 2020. To apply, business owners should consult their local lender to see if they are enrolled in the program. While the Paycheck Protection Program funds are not yet available, lenders may begin processing loan applications as soon as Friday, April 3, 2020.

Ask your lender for an application, or to download a sample application visit:

<https://www.sba.gov/document/sba-form--paycheck-protection-program-ppp-sample-application-form>

## The Employee Retention Credit

The CARES Act also established the Employee Retention Credit for employers whose operations were fully or partially suspended as a result of the Coronavirus. It provides businesses with a refundable credit against its 6.2% (Social Security and Railroad Retirement) employer portion of the payroll tax equal to 50% of qualified wages (up to \$10,000 in wages) for each employee (including health benefits). The credit is available to employers:

- Whose operations were fully or partially shut down by government order limiting commerce, travel, or group meetings due to Coronavirus, or
- Whose quarterly receipts are less than 50% for the same quarter in the prior year.

Wages paid to employees during which they are furloughed or otherwise not working (due to reduced hours) as a result of their employer's closure or economic hardship are eligible for the credit. However, for employers with 100 or fewer employees, all employee wages qualify for the credit, regardless of whether they are furloughed or face reduced hours.

*Note: To prevent double dipping, employers that receive Small Business interruption loans are not eligible for the credit. Additionally, wages that qualify for the required paid leave credit are not eligible for the credit.*

The credit is for wages paid by eligible employers from March 13, 2020 through December 31, 2020.

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## WHAT OPTIONS DO I HAVE IF I NEED TO MAKE AN EMERGENCY WITHDRAWAL FROM MY RETIREMENT PLAN?

The CARES Act provides CRNAs tax relief for retirement plan and IRA "Coronavirus-related" distributions taken between January 1 and December 31, 2020.

This legislation allows CRNAs to withdraw up to \$100,000 from an IRA as a "Coronavirus-related" distribution, and the distribution amount may be repaid any time within three years from the date taken with no federal income tax consequences (applies to withdrawals after January 1, 2020 and before December 31, 2020). The Act provides CRNAs with an exemption to the 10% early withdrawal penalty as well as waives mandatory tax withholding requirements. There are no limitations on how the funds may be used during the three-year window. As long as you recontribute the entire amount within the three-year period, the distribution is treated as a tax-free IRA rollover transaction (or a series of tax-free rollover transactions). If you aren't able to repay the distribution amount within the three year window, you won't be responsible for paying the 10% early withdrawal penalty even if you are under age 59½.

If your retirement savings is in a workplace retirement plan, the CARES Act allows you to withdraw twice the usual loan amount. Typically retirement plan loans are limited to the lesser of \$50,000 or half your balance, but that rule is temporarily suspended. For 180 days after the bill passes, with certification that you've been affected by the pandemic, you'll be able to take out a retirement plan loan of up to \$100,000.

To be a "Coronavirus-related" distribution, a distribution must be made to an individual:

- *Who is diagnosed with Coronavirus by a test approved by the CDC,*
- *Whose spouse or dependent (as defined in section 152 of the Internal Revenue Code of 1986) is diagnosed with such virus by such a test, or*
- *Who experiences adverse financial consequences as a result of being quarantined, furloughed or laid off or having work hours reduced due to such virus, being unable to work due to lack of child care due to such virus, closing or reducing hours of a business owned or operated by the individual due to such virus, or other factors as determined by the Secretary of the Treasury*

## AM I STILL REQUIRED TO TAKE MY REQUIRED MINIMUM DISTRIBUTIONS?

The CARES Act waives all required minimum distributions (RMDs) for CRNAs in 2020 regardless of retirement plan type (including IRAs, 401(k), 403(b), and governmental 457(b) plans). If you don't need the money now, you can let the investments sit and you won't be forced to sell investments that may have fallen in value, which would lock in losses.

Also included are Beneficiary RMDs, Inherited Roth IRA RMDs, as well as RMDs due in 2020, but attributable to 2019. You will not need to make up your missed distribution next year. In certain circumstances, such as trust beneficiaries, the entirety of the account must be withdrawn within five years of the owner's death. However, under the CARES Act, these beneficiaries may choose to skip this year's RMD and are provided an additional year to draw down the account balance (provided the accounts were inherited after 2014).

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## FURTHER READING AND SOURCES:

Coronavirus Aid, Relief, and Economic Security Act: What Small Businesses Need to Know:  
<https://www.uschamber.com/co/start/strategy/cares-act-small-business-guide>

Coronavirus (COVID-19): Small Business Guidance & Loan Resources:  
<https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>

Coronavirus (COVID-19) - SBA Disaster Assistance in Response to the Coronavirus:  
<https://www.sba.gov/disaster-assistance/coronavirus-covid-19>

CORONAVIRUS Emergency Loans Small Business Guide and Checklist:  
[https://www.uschamber.com/sites/default/files/023595\\_comm\\_corona\\_virus\\_smallbiz\\_loan\\_final.pdf](https://www.uschamber.com/sites/default/files/023595_comm_corona_virus_smallbiz_loan_final.pdf)

Coronavirus stimulus-package tax relief: Withdraw \$100K from your IRA — and repay in 3 years with zero tax liability:  
<https://www.marketwatch.com/story/coronavirus-stimulus-package-tax-relief-withdraw-100k-from-your-ira-and-repay-in-3-years-with-zero-tax-liability-2020-03-27>

Direct Payments to Individuals:  
<https://www.schatz.senate.gov/coronavirus/direct-payments>

Everything You Need to Know about Coronavirus Federal Small Business Stimulus Aid Programs:  
<https://www.uschamber.com/co/start/strategy/federal-small-business-stimulus-aid-programs-guide>

Expanded Unemployment Insurance  
<https://www.schatz.senate.gov/coronavirus/unemployment-insurance>

F.A.Q. on Stimulus Checks, Unemployment and the Coronavirus Plan:  
<https://www.nytimes.com/article/coronavirus-stimulus-package-questions-answers.html>

Getting Cash for Your Small Business through the CARES Act:  
<https://www.forbes.com/sites/brianthompson1/2020/03/29/getting-cash-for-your-small-business-through-the-cares-act/#6df5dced43a0>

Inherited an IRA? You can skip your distribution for 2020:  
<https://www.cnbc.com/2020/03/30/inherited-an-ira-you-can-skip-your-distribution-for-2020.html>

Resources for Hawai'i during the Coronavirus Pandemic:  
<https://www.schatz.senate.gov/coronavirus>

Supporting Small Businesses:  
<https://www.schatz.senate.gov/coronavirus/small-businesses>

Paycheck Protection Program FAQs for Small Businesses:  
[https://www.rubio.senate.gov/public/\\_cache/files/ac3081f6-14ae-4e6f-9197-172ede28badd/71AB6CB05A08E369E0D488A80B3874A5\\_faqs---paycheck-protection-program-faqs-for-small-businesses.pdf](https://www.rubio.senate.gov/public/_cache/files/ac3081f6-14ae-4e6f-9197-172ede28badd/71AB6CB05A08E369E0D488A80B3874A5_faqs---paycheck-protection-program-faqs-for-small-businesses.pdf)

Small Businesses Will Get Help Paying Workers, if They Can Wait: <https://www.nytimes.com/2020/03/26/business/coronavirus-stimulus-small-business.html>

The CARES Act Has Passed: Here Are the Highlights:  
<https://www.forbes.com/sites/leonlabrecque/2020/03/29/the-cares-act-has-passed-here-are-the-highlights/#3466073368cd>

Your Guide To The Federal Stimulus Package:  
<https://www.forbes.com/sites/advisor/2020/03/27/your-guide-to-the-federal-stimulus-package/#a061e672711e>

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