

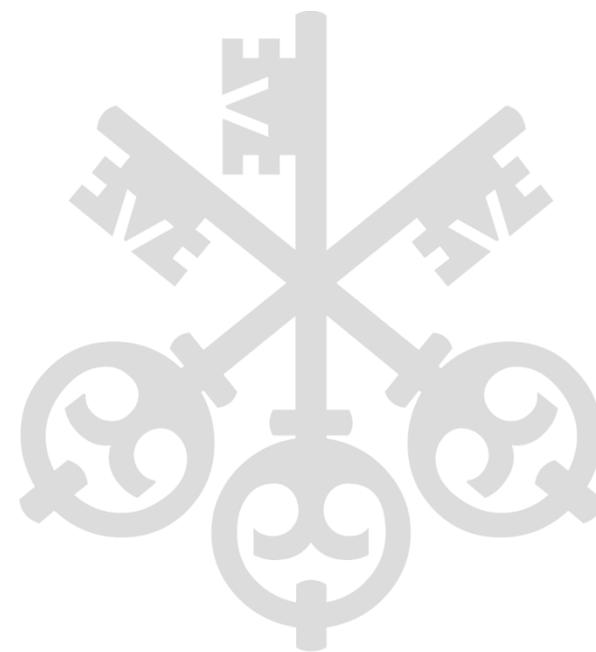


Public

# Business Owner Town Hall

UBS Wealth Management USA

April 28, 2020



# James Jack

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## James Jack – Head of UBS Business Owner Client Segment



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James is the Head of the Business Owner Client Segment within the Strategic Client Segments team, taking the role at its creation in 2018. James has been with UBS since 2006 where he has worked in the WMA Banking Group to build banking, cash and lending solutions that meet the needs of High Net Worth and Ultra High Net Worth individuals and the Financial Advisors that support them. James has driven and executed strategies to expand securities based lending, develop a proprietary credit card tailored to UBS's unique client base, and from 2016-2018, helped to manage UBS's more than \$60 billion deposit platform. As the Head of the Business Owner Segment, James focuses on assisting Financial Advisors on bringing the resources and capabilities of UBS to bear in order to provide comprehensive services and advice to business owners.

James holds a BS in Finance and Economics from New York University's Stern School of Business.

Outside of UBS, James recently joined the board of directors for the Bronx Academy of Letters Foundation, supporting a public grammar school in the poorest congressional district in the US, and enjoys experiencing travel and cultures different from his own. He also holds FINRA Series 7 license and Certified Exit Planning Advisor (CEPA®) designation.

# PPP Loan Forgiveness Illustrative Example (1/2)

## The scenario

- Loan amount: **\$100,000**
- Avg. monthly payroll: \$40,000
- Business grew in employees over the last year from 10 to 11 employees, but, after COVID-19, implemented temporary furloughs for 5 FTEs, leaving it with 6 FTEs
- The new avg. monthly payroll with 6 FTEs is \$30,000 (**\$60,000 over 8 weeks**)
- While it also implemented some reduction in salaries, **it did not decrease non-furloughed FTEs by more than 25%**

- **Determine the average number of Full Time Equivalents (FTEs)** for three time periods

**a** 8 week period after loan funding: **6**

**b** Feb 15 – June 30, 2019: **10**

**c** Jan 1 – Feb 29, 2020: **11**

*NOTE: If seasonal employer, only do (a) and (b)*

- Businesses are given an option between (b) and (c) above. It is recommended to choose the smaller figure to maximize forgiveness

## Part 1: Determine the maximum loan forgiveness

- Ideally, the business would like to get its entire \$100,000 loan forgiven
- Loan forgiveness is reduced based on two factors:
  1. Proportionally based on FTEs; less
  2. On a dollar for dollar basis for any reduction in wages exceeding a 25% reduction for those who made \$100,000 or less pro-rated
- Figures in (1) and (2) causing reductions in loan forgiveness can be eliminated by rehiring employees/restoring wages **by June 30, 2020**

1. Based on the figures to the *left*

$$\frac{\text{a}}{\text{Lesser of b or c}} \times \text{Loan Amount}$$

$$\frac{6}{\text{Lesser of (10, 11)}} \times \$100,000 = \$60,000$$

2. \$0 in reductions exceeding 25%

**i** Max loan forgiveness if no one is re-hired by June 30, 2020, then (a) remains at 6:  
\$60,000 - \$0 = **\$60,000**

**ii** If 2 FTEs are re-hired by June 30, then (a) would become 8, allowing \$80,000

**iii** If 4 or 5 FTEs are re-hired, then (a) would become 10 or 11, allowing \$100,000

# PPP Loan Forgiveness Illustrative Example (2/2)

## The scenario

- Loan amount: **\$100,000**
  - Avg. monthly **payroll: \$40,000**
  - Business grew in employees over the last year from 10 to 11 employees, but, after COVID-19, implemented temporary furloughs for 5 FTEs, leaving it with 6 FTEs
  - The new avg. monthly payroll with 6 FTEs is \$30,000 (**\$60,000 over 8 weeks**)
  - While it also implemented some reduction in salaries, **it did not decrease non-furloughed FTEs by more than 25%**
  - **Determine the average number of Full Time Equivalents (FTEs)** for three time periods
    - a) 8 week period after loan funding: **6**
    - b) Feb 15 – June 30, 2019: **10**
    - c) Jan 1 – Feb 29, 2020: **11**
- NOTE: If seasonal employer, only do (a) and (b)*
- Businesses are given an option between (b) and (c) above. It is recommended to choose the smaller figure to maximize forgiveness

## Part 2: Determine if payroll is 75% or more of loan forgiveness amount

- Regardless of the calculation in Part 1, 75% of whatever is forgiven must be used for payroll expenses

$$\frac{\text{Payroll}}{0.75} = \text{Total Allowable Forgiveness}$$

$$\frac{\$60,000}{0.75} = \$80,000$$

- Based on the three scenarios on the previous page:

i <b>\$60,000 max forgiveness</b>	ii <b>\$80,000 max forgiveness</b>	iii <b>\$100,000 max forgiveness</b>
Amount forgiven is \$60,000	Amount forgiven is \$80,000	Amount forgiven is <b>\$80,000 because payroll costs were not at least 75%</b>
Amount for Payroll = \$60,000	Amount for Payroll = \$60,000	Amount for Payroll = \$60,000
Amount for Rent + Utilities + Mortgage Interest = \$0	Amount for Rent + Utilities + Mortgage Interest = \$20,000	Amount for Rent + Utilities + Mortgage Interest = \$20,000
Loan @ 1% over 2 years is \$40,000	Loan @ 1% over 2 years is \$20,000	Loan @ 1% over 2 years is \$20,000

Note: Loan = Loan Amount – Amount Forgiven

# PPP Loan Forgiveness Takeaways

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- Only employees who were laid off or whose wages were reduced from February 15 – April 26, 2020 can be re-hired by June 30<sup>th</sup> to eliminate any reductions in loan forgiveness
- Document how you use your loan proceeds and maintain copies of bills, contracts, payroll information, and bank records. You will need to provide these to your bank
- For the purposes of payroll, remember salaries are limited up to \$100,000 pro-rated (\$15,384.62 in total for 8 weeks)
- Considerations to help increase payroll to 75% threshold:
  - Are there semi-regular bonuses that you could move up into these 8 weeks (i.e., move some year-end bonuses to now), remembering that bonus count towards the \$100,000 annualized salary cap?
  - Are your employees on the front-line and perhaps deserve a hazard pay bonus?
  - Do you make semi-regular contributions for 401k and other retirement programs that could be moved up?
  - Could you restore a furloughed worker sooner, even if part time to start with the intention of restoring wages in full by June 30<sup>th</sup>?
- We still don't have final rules from the SBA, which makes planning challenging, particularly around the specifics of re-hiring employees

# Seth Carpenter

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## Seth Carpenter – US Chief Economist of UBS Investment Bank



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Seth Carpenter is the US Chief Economist at UBS. Before joining UBS, he was Head of US Research at Rokos Capital Management.

Prior to this position, he had a long career in the public sector. Seth was at the United States Department of Treasury for 2-1/2 years, where he was nominated by President Obama to be Assistant Secretary for Financial Markets after being Deputy Assistant Secretary for Macroeconomic Analysis.

Prior to Treasury, Seth worked for 15 years at the Board of Governors of the Federal Reserve System. He joined as a research economist, rising to the level of Deputy Director of the Division of Monetary Affairs. Seth is a member of the Congressional Budget Office Panel of Economic Advisors and a member of Council on Foreign Relations.

# Paul Crisci

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## Paul Crisci – Global Head of Private Financing Markets and Co-Head of TMT Investment Banking



Paul has been with UBS for 4 years and he is the Global Co-Head of TMT Investment Banking and Global Head of Private Financing Markets

Previously, he was the Global Joint Head of Technology investment banking at Jefferies. He has 21 years combined experience at Broadview Intl. and Jefferies LLC (Broadview acquired by Jefferies in 2003)

Paul holds a Master in Business Administration from Harvard Business School and a Bachelor of Science from University of Maryland College Park

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# Brad Dillon

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## Brad Dillon –UBS Senior Wealth Strategist, Advanced Planning



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Brad works with ultra-high net worth families, helping them achieve their tax, estate planning, and philanthropic objectives. Brad focuses on developing and implementing creative and comprehensive wealth transfer strategies that align with clients' wishes. He reviews clients' tax and estate planning documents to ensure that each plan accurately and holistically reflects the family's philosophy and needs while maximizing tax efficiency.

Prior to joining UBS in January 2020, Brad worked at Brown Brothers Harriman, where he advised families on their tax and estate planning objectives. Brad began his career in private legal practice, most recently at Milbank in New York City, where he practiced in the firm's trusts and estates department. Brad is an adjunct professor at Fordham Law School, where he teaches courses on trusts and estates.

Brad earned a B.A. in mathematics and philosophy from Indiana University (summa cum laude), a J.D. from UCLA School of Law, where he was an editor of the UCLA Law Review, and an LL.M. (Master of Laws) in Taxation from NYU School of Law.

Brad is a frequent lecturer and author. He has published several articles on tax and estate planning in industry-leading journals, such as Journal of Taxation, Estate Planning, and Trusts & Estates Magazine. He has given dozens of lectures to lawyer and non-lawyer audiences throughout the United States, including for the American Bar Association, the New York Bar Association, and various tax conferences. In addition, Brad is regularly quoted on tax and estate planning issues in the news media, including Bloomberg, CNBC, and Barron's.

Q+A

Thank You  
and Be Well

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