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Spotlight on Sussex County: Supply chains, Keep Sussex Local, and summer prospects

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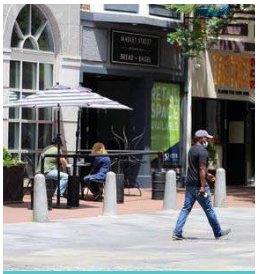

Downtown businesses face another hurdle: People still WFH

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9 Questions with Downtown Developer Rob Buccini

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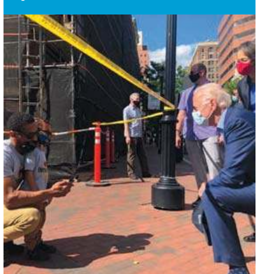

Voices: Logan Herring and Mark Shafer

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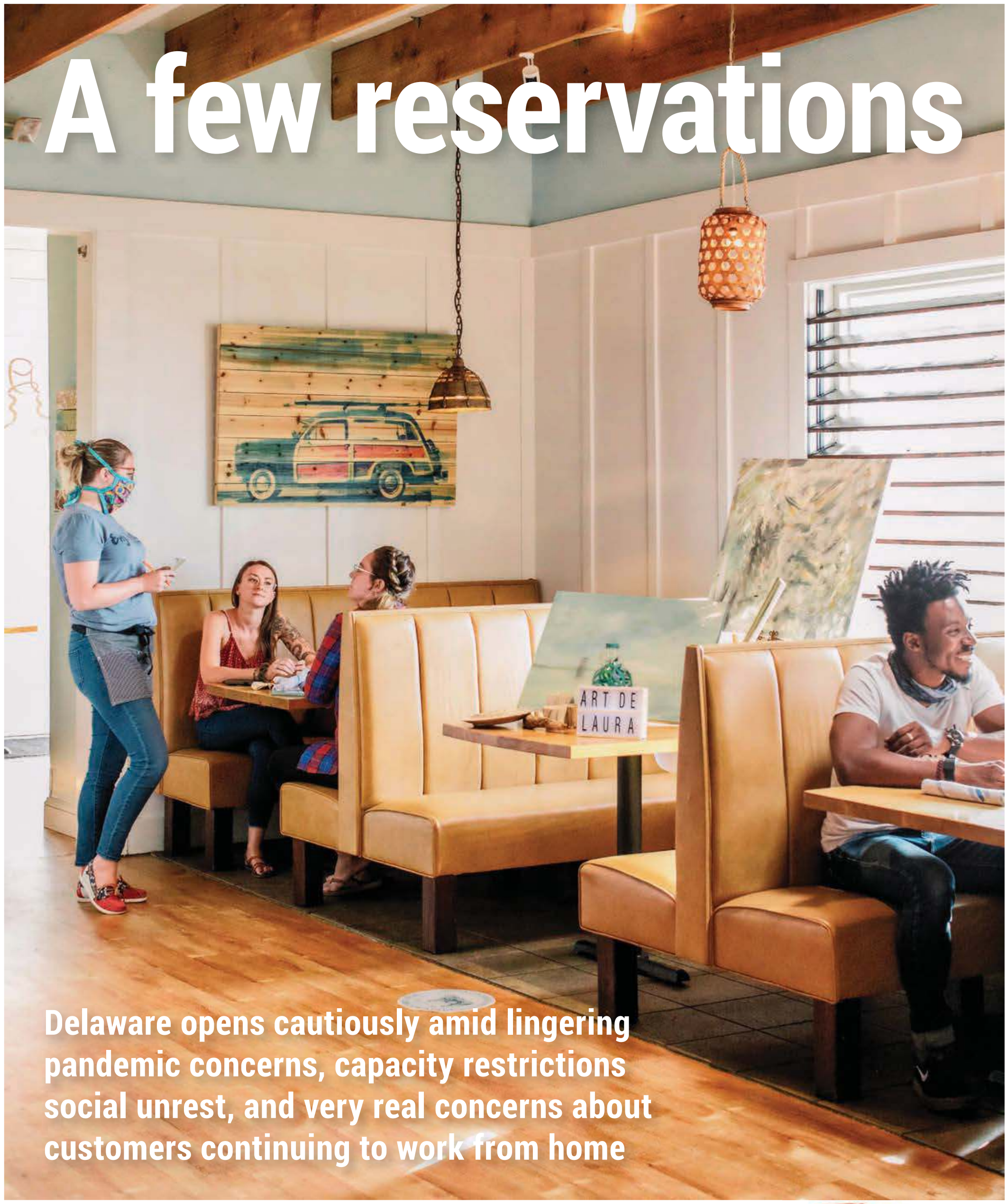

A few reservations

Delaware opens cautiously amid lingering pandemic concerns, capacity restrictions social unrest, and very real concerns about customers continuing to work from home

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Educator Perspectives on Racism

Presidents from five Delaware universities and Leadership Delaware's Terry Strine reflect on recent events and the path forward

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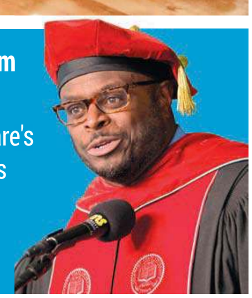

Coons seeks to prioritize smallest business with staggered PPP window

BY KATIE TABELING

WASHINGTON D.C. — Right after the U.S. Senate passed a bill that makes sweeping changes to the Small Business Administration's Paycheck Protection Program (PPP), Senator Chris Coons says he wants to add more funding to it.

This time, Coons said he wanted the final round of funding to prioritize the smallest businesses first with a staggered application window. In theory, this would put businesses with 10 employees or less in the first week, companies with 50 employees or less in the second week and so on.

"The smallest businesses who have seen the greatest loss in revenue are the ones that I wanted to make sure were able to get another round of PPP," he said.

The senator spent the afternoon of June 3 on a webinar with Delaware business leaders as they discussed their successes and struggles with the program. With the state reopening, many on the call were concerned about the year ahead.

The Senate's sweeping changes to PPP included extending the time when the loan can be spent to 24 weeks; the terms of unforgiveness from two to five years; giving businesses more time to rehire; and more. It also expanded the 25% cap on non-payroll expenses, such as rent, mortgage interest and utilities to 40% of the total loan.

Leroy Tice, a Wilmington attorney, said his long-standing relationship with TD Bank helped get his personal injury firm the SBA money it needed. But many in his own circle were not as successful, he said. Even then, his firm's future for the next year is uncertain with no new clients in the past few weeks.

"To be frank, I do expect we will struggle for a year, year and a half because cases weren't in the pipeline. SBA loan forgiveness options were right for me in the sense that I could maintain my employment," Tice said.

Autumn Arch Brewery owner Jimmy Vennard said that the PPP money helped since the business has taken out a seven-year loan. But when his brewery was cut off from serving in the tap room, 80% of incoming revenue dried up.

"It was a recognition of how fragile our little businesses are," he said. "We shifted our model for canning and take out, but if we're doing this a year from now, it's not going to be good for the longevity of businesses."

Parthiban Jayaraman, owner of the Greene Turtle in Dover and seven Dunkin' Donuts in New Castle County, said the SBA funding was a lifesaver but that reopening faster and customer's comfort were going to be key moving forward.

"On my darkest day, we had to let 140 people go and now 60% are back," Jayaraman said. "We have to set up restaurants in a way that people feel safe. The slow ramping up of sales and how much debt we have is going to determine whether we will be able to survive in the long run or not."

With elective surgeries put off, Dr. Fady Gerges said the business at Green Clinics Laboratory dropped to 5% and layoffs happened as well but the SBA funding saved him from paying thousands in overhead.

> **"Business is still suffering, but we've picked up some from employers that require staff to have a negative test."**
>
> **DR. FADY GERGES**
> *Green Clinics Laboratory*

"Business is still suffering, but we've picked up some from employers that require staff to have a negative test," Gerges said. ■

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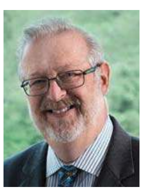
CARES Act waived required minimum distribution for 2020



JORDON ROSEN
Guest Columnist

When the CARES Act was passed to help support and restart the economy, the stimulus checks sent to individuals along with the paycheck protection loan program got the spotlight. Both programs got money into the hands of individuals and small businesses who were getting slammed by the COVID-19 pandemic. Also contained in the Act is a provision that waives the required minimum distribution (RMD) for 2020, providing several planning opportunities. Here is what you need to know now.

With certain exceptions, individuals must begin taking distributions from their retirement accounts in the year they turn 70-1/2. This would include employer defined contribution plans such as 401(k) and 403(b) plans, along with IRAs. For individuals who turned 70-1/2 in 2019, the first year's distribution (for 2019) could be deferred until no later than April 1, 2020, which would then be in addition to taking their normal 2020 RMD by December 31, 2020. The RMD rules also apply to inherited qualified employer plan assets and IRAs. Roth IRAs are only subject to the RMD rules after the death of the owner.

When the stock market began to plunge, Congress provided a waiver of RMDs for 2020. In short, this means that you get a pass on having to take funds out of your retirement plan(s) during 2020, which hopefully will allow them to recover losses suffered at the hands of the pandemic. The waiver applies to your own account as well as inherited accounts.

The waiver also applies to individuals who turned 70-1/2 in 2019 and needed to take their first RMD by April 1, 2020 and would also have to take their regular 2020 RMD by the end of 2020, resulting in a doubling-up of income. In other words, you get a free pass for 2020 with no required make-up provision. Come 2021, you simply begin taking your regular annual RMD for that year. In addition, since the RMD requirement for 2020 is waived, an individual who turns age 72 during 2020 and chooses to defer taking the distribution, would not be required to take the RMD by the April 1, 2021 required beginning date (but would have to take their regular 2021 RMD by December 31, 2021).

By not having to take an RMD, your income could be substantially lower than originally anticipated. If you make quarterly tax estimates, consider recalculating your remaining payments. However, even if you aren't taking the RMD this year but were having taxes withheld as a way to get your taxes paid in for 2020, you will need to increase or begin making estimated payments to avoid a penalty for underpaying your taxes when you file your 2020 tax return. Also consider the following points:

• **You haven't yet taken your 2020 RMD**: If you don't need the funds and can live off of your non-qualified account assets, contact the plan administrator and tell them not to send you your 2020 RMD and restart it again in 2021. Overall, you should save considerable taxes, but be careful if you need to sell other assets outside of your qualified plan that generate a capital gain in order to raise cash for living expenses.

• **You have received some, but not all, of your 2020 RMD**: Think about stopping the remainder of the 2020 RMD payments and decide if you are eligible and want to "roll over" (return) the funds you have already received (continue reading for rules and limitations).

By waiving RMDs for 2020, any amount taken out of your retirement plan or IRA in 2020 is now simply a regular distribution, similar to a distribution which can be taken starting at age 59-1/2 and before the RMD rules kick in at age 70-1/2. And although RMDs cannot be rolled over, non-RMD distributions can be rolled back into the account from where they came (or any other qualified plan) on a tax-free basis if done so within 60 days of the distribution. If this is the case, consider whether you are within the 60-day window and want to recontribute the funds back into the qualified plan account. The rollover does not have to be to the same account, so a distribution from a 401(k) can be rolled over to an IRA if done within 60 days. (Note: several professional organizations have asked Congress and the IRS to waive the 60-day rollover rule for all plan distributions made in 2020 to allow for amounts that have already been taken but fall outside of the 60-day window.)

• **Only one rollover in a 12-month period.** This is a big deal. Other than for trustee-to-trustee transfers, you are only permitted one "rollover" of funds within a rolling 12-month period, beginning on the date of the first distribution that was rolled over (not the date of the rollover). Therefore, if you received an IRA distribution payment on 1st day of January, February, March, and April of 2020, you can't roll over January's distribution since it is outside of the 60-day window (as of the date of this article), but you could roll over one of the other distributions (but not more than one of them) as long as it is done within 60 days.

• **Taxes withheld from distributions**. If you have federal (or state) taxes withheld from your RMD and decide to roll over the distribution, (1) you can't get your withheld taxes back, but they will still be available as a credit on your 2020 tax return, and (2) if you only roll over the after-tax amount of the RMD into another qualified account, the amount withheld will still be considered as a distribution and subject to tax (albeit you withheld the entire amount in taxes). Therefore, in order to roll over the entire amount of the RMD, you will have to add an amount equal to the taxes withheld to the amount being rolled over.

You should be sure to consult with your tax advisor about the potential tax benefits and cash flow impact before deciding whether to take a retirement plan distribution or do a rollover. ■

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