YOUR BUSINESS BANKING MARKET LETTER

THE BUSINESS BANKING BRIEF

From Lisa Smith, Business Banker · Example Bank

NOVEMBER 2026

BANK PRIME RATE	10-YEAR TREASURY	3-MONTH TREASURY	30-YEAR MORTGAGE AVG.
7.00%	5.10%	4.32%	7.11%
Base rate for many business loans	▲ Up 1.08 pts from a year earlier	▲ Up 0.44 pts from a year earlier	▲ Up 0.87 pts from a year earlier
November 12, 2026	November 12, 2026	November 12, 2026	November 12, 2026

Market snapshot. Sources: Federal Reserve H.15 (bank prime loan rate); U.S. Treasury yield curve (U.S. Department of the Treasury; Federal Reserve H.15); Freddie Mac Primary Mortgage Market Survey (weekly national averages, not an offer of credit).

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01 SBA 7(a) Loans: The Workhorse of Small-Business Credit

When clients ask us about "an SBA loan," they usually mean a 7(a). It's the program the SBA itself calls its primary business loan program.

How it works. You don't borrow from the SBA. You apply through a lender, and the SBA guarantees part of the loan, which gives the lender room to say yes to a deal it might otherwise pass on.

What it can pay for. The list is broad: buying, refinancing or improving real estate and buildings, short- and long-term working capital, refinancing current business debt, machinery and equipment, furniture and fixtures, and changes of ownership.

How big. The maximum 7(a) loan is $5 million.

Who qualifies. The business has to be operating, for profit, located in the U.S. and small under SBA size standards. It also has to be creditworthy, show a reasonable ability to repay, and be unable to get the credit it needs on reasonable terms from other non-government sources.

We'd rather talk early than late. Bring us your recent financial statements and what you're trying to accomplish, and we'll tell you plainly whether a 7(a) fits.

02 Hiring Seasonal Help? Two Forms Come First

The holiday rush means extra hands for a lot of businesses. Temporary or not, every new hire comes with paperwork, and two forms matter from day one.

Form I-9. All U.S. employers must complete Form I-9 for every person they hire, citizens and noncitizens alike. You examine the employee's documents and record them on the form.

The three-day clock. You must complete and sign Section 2 within 3 business days of the first day of work for pay. If an employee starts on a Monday, Section 2 is due by Thursday. If the job lasts less than 3 days, Section 2 is due no later than the first day of work for pay.

Form W-4. Ask every new employee for a signed Form W-4 when they start, and make it effective with the first paycheck. If a new employee doesn't give you one, the IRS says to withhold as if the employee is single.

Names and numbers. You need each employee's name and Social Security number for Form W-2, and the IRS says not to accept an ITIN in place of a Social Security number.

Adding staff for the season? Talk to us about payroll and cash flow so wages go out smoothly through your busiest weeks.

03 What the Federal Reserve Actually Does

The Federal Reserve comes up in almost every conversation about rates. It's worth knowing what it actually is, because it does a lot more than set interest rates.

What it is. The Fed is the U.S. central bank, created by the Federal Reserve Act of 1913. It's made up of the Board of Governors, a federal agency in Washington, D.C., and 12 Federal Reserve Banks around the country.

Its five jobs. The Fed conducts the nation's monetary policy, promotes the stability of the financial system, supervises and regulates financial institutions, keeps the payment system safe and efficient, and promotes consumer protection and community development.

The two goals. Congress has assigned the Fed to run monetary policy to support maximum employment and stable prices. Those two goals are known as the Fed's "dual mandate."

What "stable prices" means. The Fed's rate-setting committee judges that inflation of 2 percent over the longer run, measured by the annual change in the price index for personal consumption expenditures, is most consistent with stable prices.

Who answers for it. The Board is run by 7 governors serving staggered 14-year terms. They're nominated by the President and confirmed by the Senate, and the Board reports to Congress.

When the Fed makes news, we'll tell you in plain language what it means for your plans. If you'd like that conversation sooner, just call.

04 PUTTING FAMILY ON THE PAYROLL: HOW THE TAX RULES DIFFER

Hiring a son, daughter or parent can be a perk of owning a business. The IRS notes that employment tax rules for family employees can differ, and your business structure decides a lot.

Your child, your sole proprietorship. If a child works in a parent's sole proprietorship, or in a partnership where each partner is the child's parent, wages are subject to income tax withholding at any age. Pay to a child under 18 isn't subject to Social Security and Medicare taxes, and pay to a child under 21 isn't subject to FUTA tax.

Your child, your corporation. If the business is a corporation, or a partnership with a partner who isn't the child's parent, the child's wages are subject to income tax withholding, Social Security, Medicare and FUTA taxes at any age.

Your parent on the payroll. In a child's sole proprietorship, a parent's wages are subject to income tax withholding, Social Security and Medicare taxes, but not FUTA. In a corporation or a partnership, all of those taxes apply.

Spouses are their own topic. A married couple in business together can be set up several ways, each with different tax treatment.

Get the details right. The IRS points employers to Publication 15, the Employer's Tax Guide.

If family joins the payroll in the new year, let's set up the accounts cleanly and bring your accountant in early.

05 HOLIDAY GIFTS FOR EMPLOYEES AND CLIENTS: WHAT THE IRS SAYS

Year-end thank-yous are good business. A few IRS rules decide whether they end up on a W-2.

Small gifts can stay tax-free. The IRS lists holiday gifts, other than cash, with a low fair market value among the de minimis benefits an employer can leave out of wages. Occasional parties for employees and their guests qualify too.

Gift cards don't. Cash and cash equivalents, such as gift certificates and gift cards, are never excludable as a de minimis benefit, no matter how little they're worth.

Too big means all of it. If a benefit is too large to count as de minimis, its entire value is taxable to the employee, not just the excess. In one case, the IRS ruled that items worth more than $100 could not be considered de minimis, even under unusual circumstances.

Bonuses are wages. The IRS treats bonuses as supplemental wages. Taxable gifts go in wages on the employee's Form W-2 and are subject to income tax withholding, plus Social Security and Medicare withholding for covered employees.

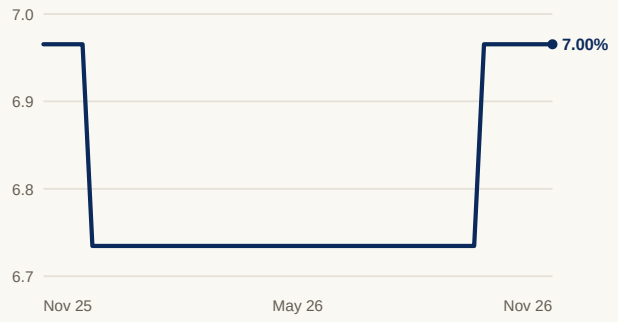
Client gifts have a cap. You can deduct no more than $25 for business gifts to each person in a tax year, and a gift to a customer's family member generally counts as a gift to the customer.

Planning year-end bonuses? Let's check your cash flow together, and run the details by your accountant.

06 BY THE NUMBERS

The prime rate over the past year

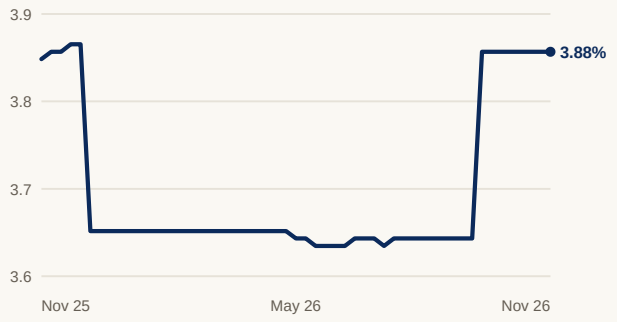
Bank prime loan rate, weekly averages (%)



Federal Reserve Board, H.15 Selected Interest Rates, bank prime loan rate, weekly averages for weeks ending Nov. 12, 2025 to Nov. 11, 2026. The rate posted by a majority of the top 25 U.S.-chartered commercial banks.

The fed funds rate over the past year

Federal funds effective rate, weekly averages (%)



Federal Reserve Board, H.15 Selected Interest Rates, federal funds effective rate, weekly averages for weeks ending Nov. 12, 2025 to Nov. 11, 2026.

Questions about anything in this issue? We'd love to hear from you.

Lisa Smith

Business Banker · Example Bank

555-555-0100 · lisa@example.com · example.com

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