



PrestigePEO

COVID-19

We Are Here For You

Today's Topics



- FFCRA Pay Codes
- Update on the CARES Act
- The SBA Paycheck Protection Program and the loan process
- Frequently Asked Questions
 - CARES Act
 - SBA Loan Process
 - FFCRA

❖ All participants are muted. Please type questions in the side navigation panel and we will try to address most questions.

FFCRA Pay Codes

- For employees unable to work, or telework due to a COVID-19 qualifying reason
- FFCRA Pay codes
 - COVIDSELF to be used when the employee is sick, under order of isolation/quarantine or has symptoms and is seeking a medical diagnosis
 - COVIDDEP to be used when the employee caring for someone that is under quarantine or a son/daughter whose school/daycare is closed, or any other substantially similar condition
 - COVIDFMLA to be used when the employee is caring for a son/daughter whose school/daycare is closed

CARES ACT

CARES Act Review

- Paycheck Protection Program loan
- Employee Retention Tax Credit
- FICA tax deferral

SBA Paycheck Protection Loan

Updates – Released by SBA on 4/6/2020

- SBA recognizes that eligible borrowers that use PEO's report wage data under the EIN of the PEO. A statement from the PEO stating the amount of wages paid is acceptable documentation as proof of payroll
- The time period for calculating the Average Monthly Payroll cost can now be either based on either:
 1. Calendar year 2019 or
 2. the most recent 12 months.

Prestige can provide a report for the twelve months ending March 31, 2020 for any clients that would like to use that instead.
- Costs for independent contractors are specifically excluded in the loan calculation
- The \$100,000 cap in the calculation is only applied to the salary portion
- Lenders are not required to replicate the borrower's calculations. The borrower will attest to the accuracy and the lender should perform a good faith review
- The employer share of FICA and Medicare on wages is specifically excluded

SBA Paycheck Protection Program Forgiveness

- After the loan is dispersed, the clock starts ticking
- Next 8 weeks are the “covered period”
- At the end of the covered period, need to provide proof of expenses for loan forgiveness
 - Non payroll costs limited to 25% of loan amount
 - Reduction in headcount from same period/prior year will reduce forgiveness
 - Reduction in salary for single employee will reduce forgiveness
- Balance not forgiven, 2 year loan, 1% interest

CARES ACT FAQs

The CARES Act

Q&A

- I applied for my loan using the 2019 average monthly payroll cost. The 12 month average ending March 31st is better for me. Do I have any options?
 - Yes. Lenders have the latitude to adjust loan amounts up until the time of disbursement. Contact your bank with the new updated report in response to the new guidance from SBA
- Are owner wages Included?
 - All wages reported on a W-2 are included in this calculation
- Are amounts reported on K-1's included?
 - This is a complicated question. K-1 amounts for owners of an S-corporation are not included. Partners or members of an LLC are more complicated. We are waiting on additional guidance from Treasury as partners and members of an LLC are considered self-employed

The CARES Act

Q&A

- The bank is asking for copies of 941 and 940. What do I give them?
 - Clients of PEO's do not receive individual tax returns
 - PEO certification letter has been prepared explaining the relationship
 - Client allocation report contains the same data as the Form 941
- Our 401k is not with Prestige. Should I add in the 401k match?
 - Yes. Add in any benefits that are not processed by Prestige
- I laid off all my employees. Can I apply for the loan and rehire them?
 - Yes. The intent of the legislation is to keep employees working for another 8 weeks

The CARES Act

Q&A

- Is loan forgiveness guaranteed to companies who continue business as usual with no layoffs?
 - Loan forgiveness is based on the criteria listed on the earlier slide
 - There are no guarantees in life
- Do 401k rules apply to IRA's as well?
 - These are rules for all qualified retirement plans, not just 401k's
- Is the Required Minimum Distribution (RMD) waiver at employee's discretion?
 - It is up to the employee if they want to take the distribution.
- For NY unemployment, is there a one week waiting period?
 - NY has waived the one week waiting period

The CARES Act & Misc

Q&A

- How fast can people get on unemployment? Is it retroactive?
 - Payments under the Pandemic Unemployment Assistance(PUA) program are retroactive back to January 27, 2020.
- Who qualifies for unemployment insurance?
 - Any individual whose ability to work has been affected by COVID-19
 - It is a 2-step process in NY. If denied for traditional UI, must apply for PUA.

FFCRA FAQs

Posting Notices

- Employers are not required to post the FFCRA notices in multiple languages, but that the Department of Labor (Department) is working to translate the notices into other languages. This remains the requirement on the DOL website.
- As of this morning, the DOL has started posting notices in different languages on the DOL website.
 - The FFCRA fact sheets for employees and employers are now available in Spanish
 - The Posting Notices for Employee Rights is now available in Spanish, Korean, Chinese among others
 - The Posting Notice for the Federal Employee Rights is now available in Spanish
- The posting notices can be found on the Prestige website or on the or directly through the DOL website

FFCRA

Q&A

- Can the EFMLA provision be taken on an intermittent basis?
 - The DOL has confirmed that employees can take both Emergency Paid Sick Leave & EFMLA intermittently while teleworking – if the employer agrees.
- If we shut down our office and furlough all of our employees, do we still have to pay for Emergency Paid Sick Leave & Emergency FMLA?
 - No, furloughed employees are not eligible for these benefits. In order to be eligible for the benefits, employees need to be working regardless of where they are classified as active or not.

FFCRA

Q&A

- What are the requirements around documentation for EPSL and EFMLA?
 - Document – Always!
 - Employees must give notice to their employers of the need to take leave and must provide supporting documentation for requests for EPSL and EFMLA.
- We are in NYS - if we are furloughing everyone immediately and closing our offices, do we have to offer our employees the option to take their five sick days, and have to pay them?
 - You do not have to offer the employees the time off, but if they request it, you should be giving it to them if you can afford it. In your communication to employees about furlough/temp layoff, assure them that their paid time off balances will be maintained, and that they are eligible to apply for unemployment without a waiting period.

FFCRA

Q&A

- Are we required to offer the new mandated 80 hours of sick leave if we already offer 80 hours of sick leave?
 - Yes! This is an additional allotment of sick leave mandated by the federal government related to only COVID-19 time off. PTO and Sick allotments would be treated as separate time off available to an employee.
- Is PTO different from the new 80 hours of sick leave?
 - Your existing paid time off, vacation, or sick policies are different from the new 80 hours of sick leave. The new 80 hours of sick leave is in addition any currently existing allotment of paid time off your company provides. The new 80 hour is strictly for COVID-19 related absence from work. It should be used prior to your existing paid time off allotments if the absence is COVID-19 related.

FFCRA

Q&A

- Who pays for Emergency Paid Sick Leave and EFMLA?
 - The employer pays for both the Emergency Paid Sick Leave & Emergency FMLA
- Is the EFMLA administered like the traditional FMLA or through the employer?
 - All FMLA is administered through the employer. Since EFMLA is included in “all FMLA” then yes, it will need to be administered through the employer

FFCRA

Q&A

- In a situation where my office is closed because of the government mandate, do we pay the sick leave automatically without employee's requesting?
 - No, EPSL only gets paid out if an employee is placed under a mandatory or precautionary quarantine/isolation order by a doctor, the department of health, or similar entity. This is not the same as government shutdowns and office closures.
- Does worker's compensation insurance cover sick leave for COVID-19?
 - If the employee is a health care worker or a first responder, the answer is likely yes. For other categories of employees, a compensable workers' compensation claim is possible, but the analysis would be very fact specific.
- How do the Emergency Paid Sick Leave & Emergency Family Medical Leave Act Interact?
 - The first 10 days of EFMLA is technically unpaid, however, employees may elect to fill that unpaid time off with the 80 hour allotment of Emergency Paid Sick Leave, then take the EFMLA

FFCRA

Q&A

- If an employer shuts down their business completely, do they still have to pay the NYS required 40 hours sick pay once the doors close?
 - If you are shutting down the business with no intention to reopen, you may need to pay any owed time off allotments to employees. If you plan to reopen and are furloughing your staff, you do not have to offer the employees their paid time off allowances, but if they request it, you should be giving it to them if you can afford it.
- If employee is out sick and then tests negative for COVID-19, is that a qualifying category for EFMLA purposes?
 - No, an employee can take EFMLA only for one reason and only if they do not have the ability/option to telework. EFMLA may only be taken for the care of a child with a school or daycare closure due to the COVID-19 Pandemic.

Questions



COVID-19 Communications

- Daily support from your HRBPs, Payroll, Benefits, Compliance, & Retirement specialists
- Weekly email updates
- **NEW** website, online resource center and [PrestigePEO.com/COVID-19](https://www.prestigepeo.com/COVID-19) web page
- **NEW** mobile app to link to your dedicated support team instantly



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