
PrestigePEO

May 20, 2020

COVID-19

We Are Here For You

Today's Presenters



Jason Flinn
Today's Moderator
and Director of
PrestigePEO Client
Services



Andrew Lubash
Founder and
Principal of
PrestigePEO



Seth Perretta
Principal
Groom Law Group



Carol Sawyer
Tax Manager at
PrestigePEO

Today's Topics



- Introduction by Andrew Lubash, PrestigePEO Founder and Principal
- PPP Loan Forgiveness presented by Seth Perretta, Principal Groom Law Group
- PPP Loan Forgiveness Application Reports presented by Carol Sawyer, PrestigePEO Tax Manager
- Return to Work Packet update, presented by Jason Flinn

- ❖ Webinar Forum
 - All participants are muted.
 - Please type questions in the side navigation panel and we will try to address most questions.
 - Today's presentation will be posted prestigepeo.com/covid-19.

Welcome Update Presented by Andrew Lubash



- Andrew (Andy) Lubash is Founder and Principal of Prestige Employee Administrators.
- Andy currently holds several positions at the National Association of Professional Employer Organizations (NAPEO);
 - Chairman of the Board of Directors
 - Member of the Federal Government Affairs Committee
 - Member of the Healthcare Committee
- Previously, Andy was Chairman of the State Government Affairs Committee for five years.

PPP Loan Forgiveness Presented by Seth Perretta



- Seth Perretta is Principal at Groom Law Group, where he focuses his practice on employee benefit matters
- Based out of Washington, D.C., Seth interfaces regularly with regulators at the federal agencies and has been carefully following the federal legislative and regulatory developments
- Seth is outside counsel to NAPEO, the organization that represents the PEO industry, as well as American Benefits Council (ABC).
- Seth is a graduate of NYU School of Law and Cornell University

PPP Loan Forgiveness Presented by Seth Perretta



Today's Discussion

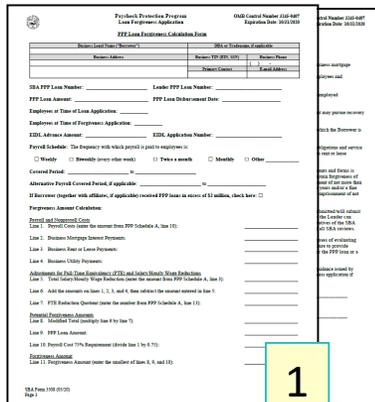
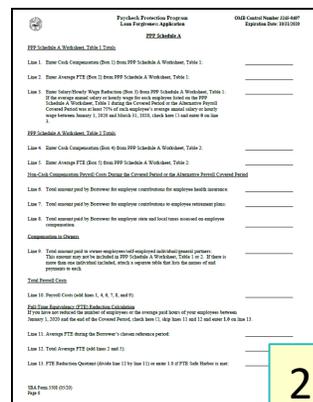
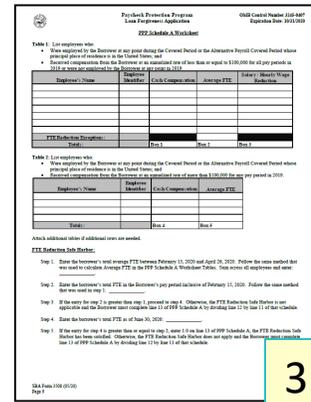
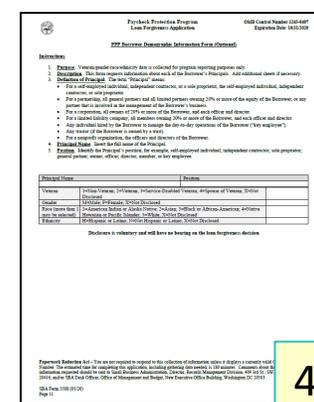
- PPP Loan Forgiveness Application
 - Application components
 - What supporting documents need to be provided
 - What documents need to be retained
- How to complete the application and supporting documents, and determine eligible payroll and non-payroll expenses
- How to apply the reduction factors & safe harbors/exceptions
 - Salary/Hourly Wage Reduction
 - FTE Reduction Quotient and Safe Harbor

PPP Loan Forgiveness Application Presented by Seth Perretta



Application components

- There are four components to the loan application (however, only items 1 and 2 need to be submitted):
1. PPP Loan Forgiveness Calculation Form
 2. PPP Schedule A
 3. PPP Schedule A Worksheet (must be retained for 6 years)
 4. PPP Borrower Demographic Information Form (optional for submission)

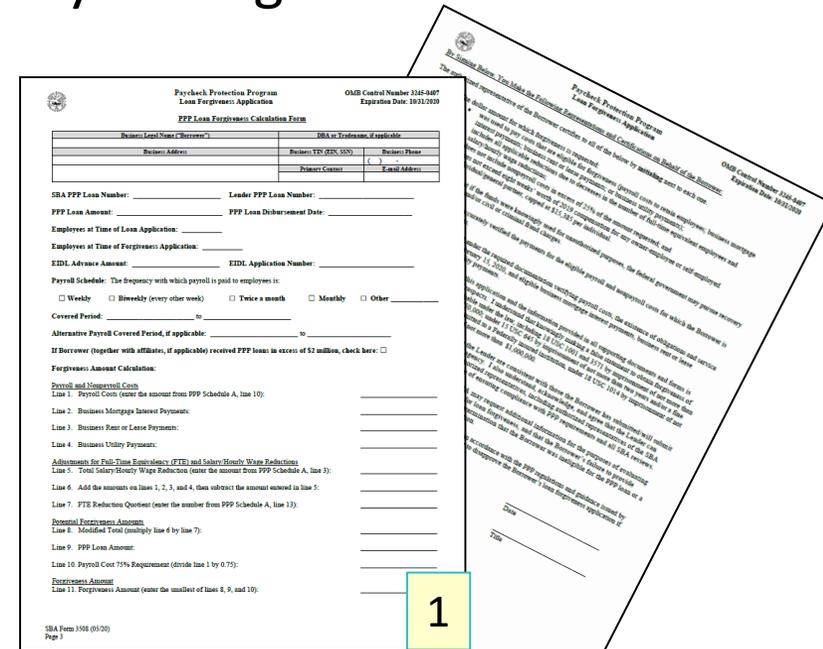
PPP Loan Forgiveness Application Presented by Seth Perretta



- Application Components

- Borrowers who received PPP loans in excess of \$2 million must indicate on the application by checking a box. Applies by adding up all loans disbursed to borrower and affiliates

- Note: The \$2 million threshold based on amount of loan that was disbursed – i.e., cannot avoid audit/notice requirement by repaying portion of \$2+ million loan to get below \$2 million threshold**



The image shows a screenshot of the 'Paycheck Protection Program Loan Forgiveness Application' form, specifically the 'PPP Loan Forgiveness Calculation Form'. A red box with the number '1' is placed over the bottom right corner of the form. The form includes sections for borrower information, loan details, payroll schedule, and a calculation of the forgiveness amount. The calculation section includes lines for Payroll Costs, Business Mortgage Interest Payments, Business Rent or Lease Payments, Business Utility Payments, FTE Reductions, and the final Forgiveness Amount.

PPP Loan Forgiveness Application Presented by Seth Perretta



- To guide today's discussion, we are going to use a case study as an example
- Company: **ACME Co.**
- Owner-Employee: **Birx N. Stock**
- Employee Roster:
 - **Paul P. Phillips**
 - **Cora Novirus**
 - **Phau Chi**
 - **Noah Swab**
 - **Ciro Logee (Termed 4/1/20)**
- PPP loan amount: **\$90,000**
- PPP disbursement date: **April 15, 2020**
- Payroll period: **Bi-weekly**

**** PREVIEW ONLY ****

PPP Loan Forgiveness Application Presented by Seth Perretta



- Certain documentation must be submitted in support of **Schedule A** information:

- **“Payroll” information**

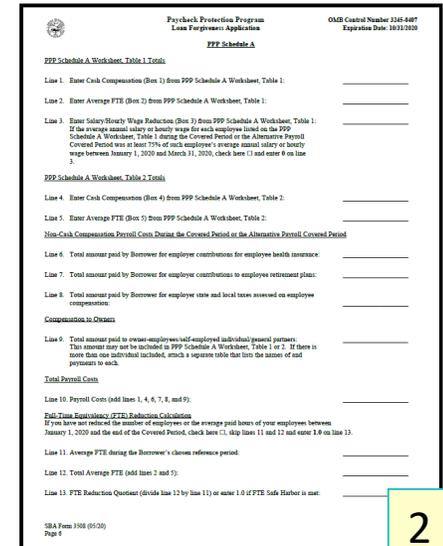
- Bank account statements or “third-party payroll service provider reports” documenting cash compensation paid to employees
- “Tax forms (or equivalent third-party payroll service provider reports)” for the relevant eight-week period
- Payment receipts, cancelled checks, or account statements documenting employer contributions to employee health insurance and retirement plans included in the forgiveness amount.

- **“Nonpayroll” information**

- For business mortgage interest payments: copy of lender amortization schedule and receipts or cancelled checks verifying eligible payments were made.
- For business rent or lease payments: copy of current lease agreement and receipts of cancelled checks verifying eligible payments were made.
- For business utility payments: copy of invoices from February 2020 and those paid during the covered period, and receipts and cancelled checks or account statements verifying eligible payments were made.

- **“FTE” information**

- Documentation showing the average number of FTE employees on payroll for the relevant periods of time
 - States that “[d]ocuments may include payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941) and state quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state.”



PPP Loan Forgiveness Application Presented by Seth Perretta



- Other documents that **must be retained by the borrower** —
 - PPP Schedule A Worksheet “or its equivalent”
 - Documentation supporting the listing of each individual employee in PPP Schedule A Worksheet Table 1, including the “Salary/Hourly Wage Reduction” calculation, if necessary
 - Documentation supporting the listing of each individual employee in PPP Schedule A Worksheet Table 2; specifically, that each listed employee received during any single pay period in 2019 compensation at an annualized rate of more than \$100,000
 - Documentation regarding any employee job offers and refusals, firings for cause, voluntary resignations, and written requests by any employee for reductions in work schedule
 - Documentation supporting the PPP Schedule A Worksheet “FTE Reduction Safe Harbor”

PPP Loan Forgiveness Application Presented by Seth Perretta



- **Additionally, all of the following documents must be retained by the borrower for six years after the date the loan is forgiven or repaid in full:**
 - Documentation submitted with PPP loan application
 - Documentation supporting certification of necessity of loan request and eligibility for a PPP loan
 - Documentation supporting loan forgiveness application
 - Documentation demonstrating borrower’s material compliance with PPP requirements
- **“[The borrower must] permit authorized representatives of SBA, including representatives of its Office of Inspector General, to access such files upon request”**

PPP Loan Forgiveness Data Presented by Seth Perretta



Additional *employment* data/detail needed to complete the application

- **Annualized 2019 compensation** for employees who were paid/worked during the default covered period (or if the borrower elects, the “Alternative Payroll Covered Period”)
- **Hours worked/paid data** for all individuals employed at any time during several unique periods of time
 - **Default covered period** (56-day period beginning on loan disbursement date) or “**Alternative Payroll Covered Period**” (for eligible employer, the 56-day period beginning on first day of first payroll period after loan disbursement date)
 - **Historical reference period** (either (1) February 15, 2019 to June 30, 2019, or (2) January 1, 2020 to February 29, 2020)
 - **FTE Reduction Safe Harbor Period** (February 15, 2020 to April 26, 2020)
- **Cash and non-cash compensation** amounts that were paid to employees during the default covered period (or if the borrower elects, the “Alternative Payroll Covered Period”)
- **Certain employment information related to rehire offers, misconduct terminations, voluntary resignations, and requests for reduced hours**, for purposes of maximizing/claiming FTE reduction factor exceptions

PPP Loan Forgiveness Data Presented by Seth Perretta



Additional ***business expense*** data/detail needed to complete the application

- **Qualifying business mortgage interest expenses** incurred or paid during the default covered period
- **Qualifying business rent or lease expenses** incurred or paid during the default covered period
- **Qualifying business utility expenses** incurred or paid during the default covered period

PPP Loan Forgiveness Points Presented by Seth Perretta



Some Decision Points To Be Considered/Made

- If you use a payroll period that is bi-weekly (or more frequent), **whether to elect to use the “Alternative Covered Payroll Period”**
 - Default covered period – 56-day period beginning on loan disbursement date
 - “Alternative Payroll Covered Period” – for eligible employer, the 56-day period beginning on first day of first payroll period after loan disbursement date
- **Which historical reference period to use** for determining the FTE reduction factor
 - *Either* (1) February 15, 2019 to June 30, 2019, or (2) January 1, 2020 to February 29, 2020)
- **Whether to wait to seek forgiveness until after June 30, 2020** to try to claim the FTE Reduction Safe Harbor
 - FTE Safe Harbor Reduction looks at whether the borrower has established pre-pandemic headcount levels as of June 30, 2020

PPP Loan Forgiveness Points Presented by Seth Perretta



Additional things to keep in mind

- **There is no need to rush** your PPP Loan Forgiveness Application; there is no expiration date or “race to the dollar” – like the saying goes, “slow and steady wins the race” here
- **The process of completing the application is time intensive** and will require you to work with Prestige (and probably your accountant) to collect all of the necessary payroll, employment, and business expense data), so prepare yourself!
- Before starting the Worksheet, **make sure your lender is NOT going to require use of a different form** – so that you make sure you are collecting the right data and information!
- **Expect the lender to request additional and supporting detail;**
- Make sure you **always looks at the relevant time period** when collecting and reporting the data
- **And check your math!!**

PPP Loan Forgiveness
Presented by Seth Perretta



Final Thoughts....

**“To err is human-
to forgive, divine”**

– Alexander Pope

Loan Forgiveness Reports

PPP Loan Forgiveness Presented by Carol Sawyer



Application Reports

1. FTE Calculation Report – Look back periods

This report is being rewritten to comply with the calculation in the forgiveness application instructions.

2. Schedule A Worksheet Reports

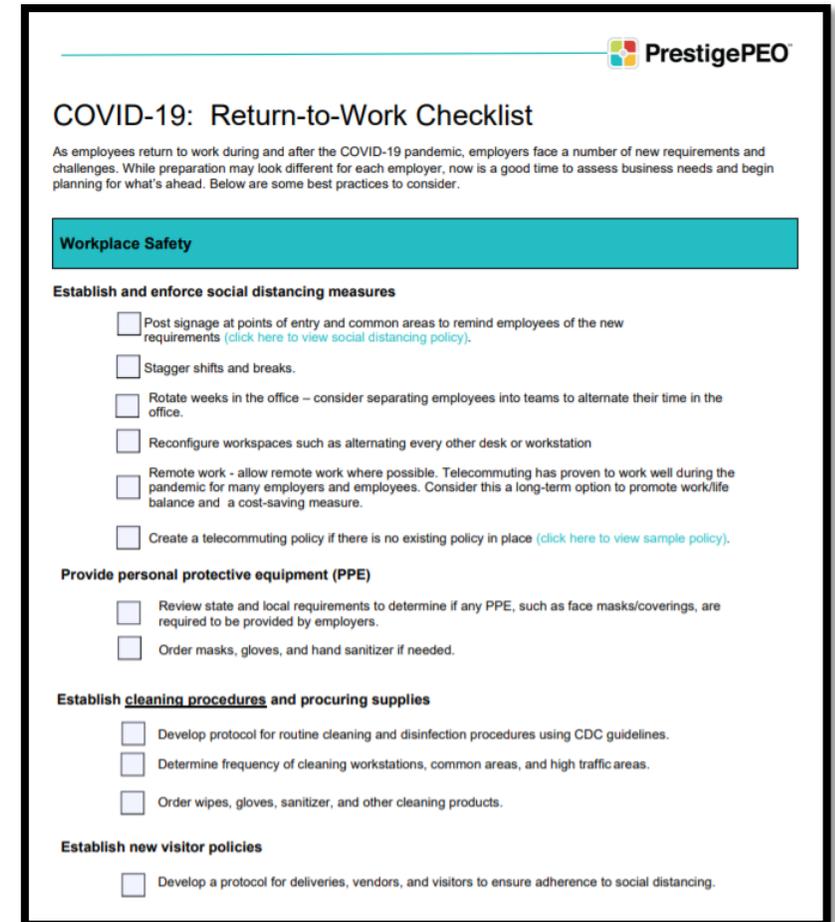
- Table 1 & 2
- Lines 6, 7, & 8
- Line 9

Returning to Work

Return to Work Packet

Presented by Jason Flinn

- Return-to-Work Checklist
- Sample Policies & Guidelines
 - FMLA Leave Expansion & Emergency Paid Leave Policy
 - Social Distancing Policy
 - Telecommuting Policy
- Sample Notices
 - Notice of Workplace Exposure to a Communicable Disease
 - Notice of Recall
 - Request for Sick Leave



 **PrestigePEO**

COVID-19: Return-to-Work Checklist

As employees return to work during and after the COVID-19 pandemic, employers face a number of new requirements and challenges. While preparation may look different for each employer, now is a good time to assess business needs and begin planning for what's ahead. Below are some best practices to consider.

Workplace Safety

Establish and enforce social distancing measures

- Post signage at points of entry and common areas to remind employees of the new requirements ([click here to view social distancing policy](#)).
- Stagger shifts and breaks.
- Rotate weeks in the office – consider separating employees into teams to alternate their time in the office.
- Reconfigure workspaces such as alternating every other desk or workstation
- Remote work - allow remote work where possible. Telecommuting has proven to work well during the pandemic for many employers and employees. Consider this a long-term option to promote work/life balance and a cost-saving measure.
- Create a telecommuting policy if there is no existing policy in place ([click here to view sample policy](#)).

Provide personal protective equipment (PPE)

- Review state and local requirements to determine if any PPE, such as face masks/coverings, are required to be provided by employers.
- Order masks, gloves, and hand sanitizer if needed.

Establish cleaning procedures and procuring supplies

- Develop protocol for routine cleaning and disinfection procedures using CDC guidelines.
- Determine frequency of cleaning workstations, common areas, and high traffic areas.
- Order wipes, gloves, sanitizer, and other cleaning products.

Establish new visitor policies

- Develop a protocol for deliveries, vendors, and visitors to ensure adherence to social distancing.

Returning to Work



The COVID-19 pandemic has been challenging. However, as many states and cities begin to re-open for business, we are beginning to see some light at the end of the tunnel. While this is good news, it is imperative that employers ensure they are prepared and taking appropriate measures for employees to safely return to work.

With this in mind, Prestige has developed a comprehensive checklist to assist with this process. There are key details and issues employers need to take into consideration and prepare for. While this process may differ for each employer, it's a good time to begin preparing now.

[View Checklist](#)

Sample Policies & Guidelines:

- FMLA Leave Expansion and Emergency Paid Leave Policy
- Social Distancing Policy
- Telecommuting Policy

Sample Notices:

- Notice of Workplace Exposure to a Communicable Disease
- Notice of Recall
- Request for Sick Leave

COVID-19 Client Communications

COVID-19 Communications

- Today's presentation will be posted on our COVID-19 resource center located at [PrestigePEO.com/COVID-19](https://www.prestigepeo.com/COVID-19)
- The weekly COVID-19 email update will deploy later this week
- Stay tuned for an invitation to next weeks webinar “[How to Guide You Through Completing the Loan Worksheet](#)”

COVID-19 Client Support



- Daily support from your HRBPs, Payroll, Benefits, Compliance, Workers' Comp & Retirement Specialists
- Try the new PrestigeGO mobile app to link directly to your dedicated support teams
- Visit our [PrestigePEO.com/COVID-19](https://www.prestigepeo.com/COVID-19) resource center for all things COVID-19



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