





Today's Presenters

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



Founder and
Principal of
PrestigePEO



Seth Perretta
Principal
Groom Law Group











Today's Topics

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- Introduction by Andrew Lubash, PrestigePEO Founder and Principal
- Legislative developments and PPP loan forgiveness application series, presented by Seth Perretta, Principal Groom Law Group

- 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/co vid-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

- Update on potential legislative developments
- When to apply for forgiveness
- Part 1 of 3 part series
 - Part 1 Completing Schedule A Worksheet
 - Part 2 Completing Schedule A
 - Part 3 Completing the Loan Forgiveness Application













Potential Legislative Developments Presented by Seth Perretta

Paycheck Protection Program Flexibility Act (House)

- Sponsored by Reps. Chip Roy (R-TX) and Dean Phillips (D-MN).
 House likely to vote on it this week.
- Eliminates requirement that 75% of "forgivable amount" be used on payroll costs
- Extends "covered period" after origination of loan from eight to twenty-four weeks
- Extends exemption from FTE reduction factor if business can demonstrate inability to hire qualified employees on or before December 31, 2020
- Allows employers to utilize deferral of payment of Social Security Acts under the CARES Act, even if a PPP loan is forgiven











Potential Legislative Developments Presented by Seth Perretta

Paycheck Protection Program Expansion Act (Senate)

- Bipartisan bill that Senate tried to pass last week- will revisit in June
- Extends deadline to apply for PPP to December 31, 2020
- Extends "covered period" from eight to sixteen weeks (employers that maintained payroll for eight weeks would not be negatively impacted)
- Allows borrowers to use loan funds to purchase PPE for employees and to pay for adaptive investments needed to reopen safely
- Clarifies that the current lender hold-harmless provision relates to all SBA/Treasury guidance regarding PPP loans











When to Apply for PPP Loan Forgiveness Presented by Seth Perretta

- There is no need to race to submit your application
- Unlike with the initial PPP loan application, you do not need to worry about money running out when filing for forgiveness
- Given the complexity of the forgiveness application, you should be careful and deliberate – think "slow and steady wins the race" here
- There are at least three additional reasons why not to rush:
 - 1. If you have had a headcount reduction, there may be value in waiting until after June 30, 2020, or at least until you can restore FTEs to pre-pandemic levels
 - Future legislation, if enacted, may liberalize the rules, which could allow for increased forgiveness amounts
 - 3. Many questions remain unclear/unanswered and further clarifying guidance may be forthcoming









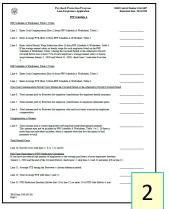
Presented by Seth Perretta

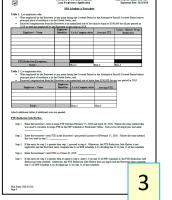
Application components

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

Borrower must also submit and retain specified supporting documentation























PPP Loan Forgiveness Application Presented by Seth Perretta

- Must complete and submit Schedule A
- But must first complete "PPP Schedule A Worksheet" or lender's equivalent prior to completing Schedule A

			rotection Program iveness Application		OMB Control Number 3245-04 Expiration Date: 10/31/20
4000		PPP	Schedule A Workshe	et	
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	Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary / Hourly Wage Reduction
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	Totals:		Box 1	Box 2	Box 3
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	Paycheck Protection Program Loan Forgiveness Application	MB Control Number 3245-040 Expiration Date: 10/31/202
- Mile	PPP Schedule A	
PPP Scl	hedule A Worksheet, Table 1 Totals	
Line 1.	Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1:	
Line 2.	Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1:	
Line 3.	Enter Salary/Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1: If the average annual salary or hourly wage for each employee listed on the PPP Schedule A Worksheet, Table 1 during the Covered Period or the Alternative Pyroll Covered Period was at least 75% of such employee's average annual salary or hourly wage between January 1, 2020 and March 31, 2020, check here \square and enter 0 on line 3.	
PPP Scl	nedule A Worksheet, Table 2 Totals	
Line 4.	Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2:	
Line 5.	Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2:	
Non-Ca	sh Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period	<u>eriod</u>
Line 6.	Total amount paid by Borrower for employer contributions for employee health insurance:	
Line 7.	Total amount paid by Borrower for employer contributions to employee retirement plans:	
Line 8.	$\label{thm:continuous} Total\ amount\ paid\ by\ Borrower\ for\ employer\ state\ and\ local\ taxes\ assessed\ on\ employee\ compensation:$	
Compe	asstion to Owners	
Line 9.	Total amount paid to owner-employees/self-employed individual/general partners: This amount may not be included in PPP Schedule A Worksheet, Table 1 or 2. If there is more than one individual included, attach a separate table that lists the names of and payments to each.	
Total Pa	ayroll Costs	
Line 10	Payroll Costs (add lines 1, 4, 6, 7, 8, and 9):	
If you h	ne Equivalency (FTE) Reduction Calculation ave not reduced the number of employees or the average paid hours of your employees between 1, 2020 and the end of the Covered Period, check here	ine 13.
Line 11	. Average FTE during the Borrower's chosen reference period:	
Line 12	. Total Average FTE (add lines 2 and 5):	
Line 13	. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Safe Harbor is met:	
SBA For	m 3508 (05/20)	2









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 (Employment terminated April 1, 2020)
- PPP loan amount: \$90,000
- PPP disbursement date: April 15, 2020
- Payroll period: Bi-weekly















Paycheck Protection Program Loan Forgiveness Application OMB Control Number 3245-0407 Expiration Date: 10/31/2020

PPP Schedule A Worksheet

Table 1: List employees who: tative Payroll Covered Period whose Were employed by the Borrower at any p principal place of residence is in the Unit/ Received compensation from the Borrow to \$100,000 for all pay periods in 2019 or were not employed by the Borro Emm Salary / Hourly Wage Employee's Name Iden FIE Reduction. **ENTER** FTE Reduction Exceptions: Box 2 Box 1 Box 3 Totals:

STEP 1: Determine applicable payroll covered period:

- For purposes of completing Table 1, borrower can choose default covered period or "Alternative Payroll Covered Period" if use a payroll period that is bi-weekly or more frequent
- Default = 8 week (56 day) period beginning on loan origination date
- Alternative = 8 week (56 day) period beginning on the first day of payroll period beginning after loan origination date
- Clients may need to run calculations for both periods to determine which is most advantageous
- Note: The paid/incurred rule effectively extends these periods





Paycheck Protection Program Loan Forgiveness Application

OMB Control Number 3245-0407 Expiration Date: 10/31/2020

PPP Schedule A Worksheet

Table 1: List employees who:

Were employed by the Borrower at any p ative Payroll Covered Period whose principal place of residence is in the Unit/ Received compensation from the Borrow to \$100,000 for all pay periods in 2019 or were not employed by the Borro **Emplo** Salary/Hourly Wage Employee's Name Reduction Ident e FTE **ENTER FTE Reduction Exceptions:** Box 1 Box 2 Box 3 Totals:

Example: ACME determines applicable payroll covered period:

- ACME pays wages on a biweekly basis.
- As a result, they elect to use an Alternative Payroll Covered Period.
- Because loan originated on April 15, and next payroll period began on April 19, ACME's 8-week period for measuring eligible payroll expenses runs from April 19 through June 13



Table 1: List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of less than or equal to \$100,000 for all pay periods in 2019 or were not employed by the Borrower at any point in 2019

2019 of well and employed by the Bottower at any point in 2019.								
	Employee			Salary / Hourly Wage				
Employee's Name	Identifier	Cash Compensation	Average FTE	Reduction				
	1							
	+							
	1							
FTE Reduction Exceptions:								
Totals:		Box 1	Box 2	Box 3				

STEP 2: Must determine which employees get listed on Table 1 and Table 2 of the Worksheet

Only use Table 1 to list employees who had less than or equal to \$100k of annualized cash compensation for all pay periods in 2019 (regardless of 2020 comp)

Only use Table 2 to list employees who had **more** than \$100k of annualized cash compensation for any single payroll in **2019 (regardless of 2020 comp)**

Table 2: List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose
 principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of more than \$100,000 for any pay period in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FIE
Totals:		Box 4	Box 5



Table 1: List employees who:

 Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period when the Covered Period or the Alternative Payroll Covered Period when the Covered Period or the Alternative Payroll Covered Period when the Covered Period or the Alternative Payroll Covered Period when the Covered Period or the Alternative Payroll Covered Period when the Covered Period or the Alternative Payroll Covered Period when the Covered Period or the Alternative Payroll Covered Period when the Covered Period or the Alternative Payroll Covered Period when the Covered Period or the Alternative Payroll Covered Period when the Covered Period or the Alternative Payroll Covered Period when the Covered Period or the Alternative Payroll Covered Period when the Covered Period or the Covered Or the Covered Period Or the Covered Or the Covered Or the Covered Or the Cover principal place of residence is in the United States; and

Received compensation from the Borrower at an annualized rate of less than or equal to \$100,000 for a

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Employee's Name	Employee Identifier	Cash Compensation	Average	sell-sell-sell-sell-sell-sell-sell-sell
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FTE Reduction Ex-	۰ د۶	RENIET SHO	Julu	
Totals **	PLEASE	partners	Box 3	
G	enerai		R: Owner Employuld NOT be listed	Table 2: List em

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If-Employed Individuals and les 1 or 2. only use Table 1 to list employees who had less than or equal to \$100k of annualized cash compensation for all pay periods in 2019 (regardless of 2020 comp)

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Table 2: List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of more than \$100,000 for any pay period in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FIE
Totals:		Box 4	Box 5

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STEP 2: Must determine which employees get listed on Table 1 and Table 2 of the Worksheet

- Example A: Noah Swab's highest bi-weekly payroll was \$4,615 (or \$120k annualized) in 2019. However, as a result of the pandemic, his hours were reduced by 50% to 20 hours/wk and he is slated to make about \$60k in 2020. Because his cash compensation was in excess of \$100k in 2019, he should be listed on Table 2
- Example B: Cora Novirus's highest bi-weekly payroll was \$3,076 (or \$80k annualized) in 2019, but is on track to make \$120k of annual cash compensation in 2020. Regardless of her actual or expected 2020 cash compensation, because she made less than \$100k of annual cash compensation in 2019, she should be listed on Table 1
 - Note: It is unclear if and how one-time payments are to be treated when determining annualized compensation (e.g., if Cora received a \$2,000 bonus in the same payroll period she earned based pay of \$3,076, is her annualized compensation determined off of the \$3,076 of base comp, the \$5,076 of total payroll period comp (including the bonus), or is the bonus allocated across prior payroll periods for which related service was performed?)







STEP 2: Must determine which employees get listed on Table 1 and Table 2 of the Worksheet

- Example C: Birx N. Stock is an owner-employee of the borrower. Although she receives compensation related to her services to the entity, because she is an owner-employee, she should NOT be listed on Tables 1 or 2
- Example D: Ciro Logee was not an employee during either the Covered Period or the Alternative Payroll
 Covered Period because he was terminated on April 1, therefore he should NOT be listed on Tables 1 or 2











STEP 3: Fill out Table 1 with the required information

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary/Hourly Wage Reduction
Paul P. Phillips	9754	\$6,540	0.7	\$464
Cora Novirus	3465	\$15,385	1.0	0
Phau Chi	9675	\$7,550	0.3	\$650
FTE Reduction Exceptions:				
Totals:		Box 1 \$29,475	Box 2	Box 3 \$1,194



Table 1

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary/Hourly Wage Reduction
Paul P. Phillips	9754	\$6,540	0.7	\$464
Cora Novirus	3465	\$15,385	1.0	0
Phau Chi	9675	\$7,550	0.3	\$650
FTE Reduction Exceptions				
Totals:		Box 1 \$29,475	Box 2	Box 3 \$1,194

For determining employee's "cash compensation":

- Includes "hazard pay" and "bonuses" undefined terms in guidance, and unclear extent to which it includes a bonus paid NOT in the ordinary course
- Maximum amount is \$15,385 (which is prorated amount of \$100,000 annual salary/wages)
- Indicates this includes "gross" cash remuneration, such as salary, wages, tips, commissions
- Also appears to include severance/separation pay





Table 1

Employee's Name	Employee Identifier		Average FTE	Salary/Hourly Wage Reduction
Paul P. Phillips	9754	\$6,540		
Cora Novirus	3465	\$15,385		
Phau Chi	9675	\$7,550		
FTE Reduction Exceptions				
Totals:		Box 1 \$29,475	Box 2	Box 3

Example re: Paul P. Phillips re: "Cash Compensation"

• Paul P. Phillips was subject to a 30% work reduction. Thus, he worked an average of 28 hours per week over the course of the Alternative Covered Payroll Period, for which he was paid \$817.50 per week. (8 x \$817.50 = \$6,540)



Table 1

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary/Hourly Wage Reduction
Paul P. Phillips	9754	\$6,540	0.7	
Cora Novirus	3465	\$15,385	1.0	
Phau Chi	9675	\$7,550	0.3	
FTE Reduction Exceptions:				
Totals:		Box 1 \$29,475	Box 2	Box 3

For determining Average FTE:

- A full-time equivalent employee is an employee who was paid for 40 hours per week (work or non-work)
- An individual can only have an Average FTE score of 1.0 or less
- Instructions provide direction on determining an individual's FTE for one week; presumably one must calculate FTE for each of the 8 weeks, and then average the sum of the eight weeks to determine final Average FTE score



Table 1

Employee's	s Name	Employee Identifier	Cash Comp	ensation	Average FTE		Average FTE		Average FTE		Average FTE		Average FTE		Salary/Hour Reduct	
Paul P. Phillips		9754		\$6,540		0.7										
Cora Novirus		3465		\$15,385		1.0										
Phau Chi		9675		\$7,550		0.3										
FTE Reduction	Exceptions:															
Total	S:		Box 1	\$29,475	Bok	2	Box 3	_								

Week of:	Average Hours Paid Per Week
4/19	30
4/26	28
5/3	27
5/10	26
5/17	29
5/24	28
5/31	23
6/7	33
Total Weekly Average	28
Average FTE (Total Weekly Average/40)	0.7

Example re Paul P. Phillips

 As mentioned above, Paul's employer reduced his work schedule from 40 hours per week on average to 28 hours per week. Because 28 hours is 70% of a full-time equivalent schedule of 40 hours, he has an Average FTE result of 0.7



Table 1

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary/Hourly Wage Reduction
Paul P. Phillips	9754	\$6,540	0.7	
Cora Novirus	3465	\$15,385	1.0	
Phau Chi	9675	\$7,550	0.3	
			-	
FTE Reduction Exceptions:				
Totals:		Box 1 \$29,475	Box 2	Box 3

For determining Average FTE:

- Instructions provide for elective use of "simplified" method whereby the borrower may use an Average FTE score of "0.5" for any employee who worked less than 40 hours per week during the covered period.
- If the borrower used this method, Cora Novirus would continue to have a score equal to "1", but the borrower would list a score of "0.5" for both Paul and Phau.



Table 1

Employee's Name	Employee Identifier	Cash Compensation	Average FTE (Simplified Method)	Salary/Hourly Wage Reduction
Paul P. Phillips	9754	\$6,540	0.5	
Cora Novirus	3465	\$15,385	1.0	
Phau Chi	9675	\$7,550	0.5	
		_		
FTE Reduction Exceptions:				
Totals:		Pox 1 \$29,475	Box 2	Box 3

For determining Average FTE:

- Instructions provide for elective use of "simplified" method whereby the borrower may use an Average FTE score of "0.5" for any employee who worked less than 40 hours per week during the covered period.
- If the borrower used this method, Cora Novirus would continue to have a score equal to "1", but the borrower would list a score of "0.5" for both Paul and Phau.



Table 1

How to Complete the PPP Schedule A Worksheet Presented by Seth Perretta

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary/Hourly Wage Reduction
Paul P. Phillips	9754	\$6,540	0.7	
Cora Novirus	3465	\$15,385	1.0	
Phau Chi	9675	\$7,550	0.3	
FTE Reduction Exceptions:				
Totals.		Box 1 \$29,475	B0x 2	Box 3

FTE Reduction Exceptions:

- Instructions allow borrowers to add additional Average FTE scores into Table 1 for:
 - 1. Any positions for which the Borrower made a good-faith, written offer to rehire an employee during the Covered Period or the Alternative Payroll Covered Period which was rejected by the employee and
 - Any employees who during the Covered Period or the Alternative Payroll Covered Period (a) were fired for cause, (b) voluntarily resigned, or (c) voluntarily requested and received a reduction of their hours
- Note: Businesses MUST have clear documentation supporting any exceptions taken



How to Complete the PPP Schedule A Worksheet

Table 1

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary/Hourly Wage Reduction
Paul P. Phillips	9754	\$6,540	0.7	
Cora Novirus	3465	\$15,385	1.0	
Phau Chi	9675	\$7,550	0.3	
FTE Reduction Exceptions:			1.3	
A Totals.		Box 1 \$29,475	BOX 2	Box 3 \$1,194

FTE Reduction Exceptions:

- Instructions allow borrowers to add additional Average FTE scores into Table 1 for:
 - Any positions for which the Borrower made a good faith, written offer to rehire an employee during the Covered Period or the Alternative Payroll Covered Period which was rejected by the employee and
 - Any employees who during the Covered Period or the Alternative Payroll Covered Period (a) were fired for cause, (b) voluntarily resigned, or (c) voluntarily equested and received a reduction of their hours

Any employees who during the Covered Period or the Alternative Payroll Covered Period (a) were fired for cause, (b) voluntarily resigned, or (c) voluntarily requested and received a reduction of their hours:

Example B: Paul P. Phillips, a father, requested that he have his hours reduced from 40 hours per week to 28 hours per week to help care for his son whose day care center has closed because of the pandemic. Thus, ACME can reflect an additional Average FTE score of "0.3" (12/40) on its Table 1

Any positions for which the Borrower made a good-faith, written offer to rehire an employee during the Covered Period or the Alternative Payroll Covered Period which was rejected by the employee:

Example A: ACME initially terminated Ciro Logee on April 1, prior to its receipt of a PPP loan. ACME made a written offer to re-hire Ciro, for the same salary and hours he was working pretermination. However, Ciro declined because he was actually earning almost the same in UI benefits. ACME notified the state UI office of Ciro's refusal of the job offer. ACME can reflect an additional Average FTE score of "1.0" for Ciro on its Table 1



Table 1

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary/Hourly Wage Reduction	\setminus
Paul P. Phillips	9754	\$6,540	0.7	\$0]
Cora Novirus	3465	\$15,385	1.0	0	
Phau Chi	9675	\$7,550	0.3	\$1,200	
					1
			7		1
] /
FTE Reduction Exceptions:			1.3		
Totals:		Box 1 \$29,475	Box 2 3.3	Box 3 \$1,200	

For determining Salary/Hour Wage Reduction:

- Only include amounts in excess of a 25% reduction when compared to the rate of pay for January 1, 2020 to March 31, 2020 (e.g., if an employee's \$1,000/wk pay was reduced to \$700, the first 25% or \$250 is disregarded. Only the reduction in excess of 25% (i.e., 5% or \$50) would be shown as the Salary/Hourly Wage Reduction entry)
- If there is no reduction when compared to the reference period or the reduction is less than 25%, then the listed reduction should be \$0
- NO DOUBLE PENALTY DO NOT INCLUDE AMOUNTS ATTRIBUTABLE TO FTE REDUCTION (e.g., if employee's hours are reduced from 40/wk to 20/wk, the Salary/Hourly Wage Reduction entry should be "\$0" unless pay was reduced beyond that attributable to the reduction in FTE Status)



How to Complete the PPP Schedule A Worksheet

Presented by Seth Perretta

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Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary/Hourly Wage Reduction
Paul P. Phillips	9754	\$6,540	0.7	\$0
Cora Novirus	3465	\$15.385	1.0	0
Phau Chi	9675	\$7,550	0.3	\$1,200
FTE Reduction Exceptions:			1.3	
Totals:		Box 1 \$29,475	Box 2 3.3	Box 3 \$1,200

Example re: Phau Chi:

- Phau Chi was working 24 hours per week as an engineer for ACME. As part of the company's cost-cutting measures, his hours were reduced by 50% to 12 hours/week, resulting in an Average FTE score of "0.3" (i.e., 12/40 = 0.3). Phau's rate of pay was ratably reduced to 50% as well. Then as part of further cost cutting measures, his pay was reduced another \$150 per week
- The 50% reduction in pay can be disregarded under the no-double-penalty rule; however the additional \$150 per week reduction was not attributable to a change in hours and, thus, it appears this amount must be reflected in Table 1 as the Salary Hourly Wage Reduction entry (i.e., $$150 \times 8$$ weeks = \$1,200)
 - Note: It is possible that Acme may be permitted to also disregard another 25% reduction in pay when applied to the new baseline weekly pay of \$944, in which case, the Salary/Hourly Wage Reduction entry would be \$0; however it is unclear www.whetherpthis.impermissible under the guidance issued to date

Example re: Paul Phillips:

- As mentioned above, Paul's schedule was reduced from 40 hours/week to 28 hours per week, and his annual salary was reduced accordingly from \$60,736 to \$42,536. This represents a 30% reduction in salary/wages
- Even though Paul's reduction in pay was in excess of 25%, because Paul's reduction in pay was attributable solely to his change in hourly work and is reflected in already his reduced Average FTE score, then his Salary/Hourly
 Wage Reduction entry should be \$0











- But wait- it's not THAT easy!
- You can eliminate the Salary/Hourly Wage Reduction if you satisfy the "Salary/Hourly Wage Reduction Safe Harbor"
 - Meet Safe Harbor for a given employee if:
 - 1. (CRITERIA #1) the employee's annual salary/hourly wage as of February 15, 2020 was **GREATER THAN** the same employee's average annual salary/hourly wage between February 15, 2020 and April 26, 2020

-AND-

- (CRITERIA #2) The employee's annual salary/hourly wage as of February 15, 2020 was LESS THAN
 OR EQUAL TO the same employee's average annual salary/hourly wage as of June 30, 2020
- If meet both CRITERIA #1 and #2, then the safe harbor is satisfied!
- NOTE: Regarding CRITERIA #2, unclear whether the borrower needs to restore the employee to the same *rate* of pay in effect on February 15, 2020, or whether the borrower must increase the rate in order to account for periods of reduced pay between February 15 and June 30



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 - -AND-
 - 2. (CRITERIA #2) The employee's annual salary/hourly wage as of February 15, 2020 was LESS THAN OR EQUAL TO the same employee's average annual salary/hourly wage as of June 30, 2020
 - If meet both CRITERIA #1 and #2, then the safe harbor is satisfied!
 - NOTE: Regarding CRITERIA #2, unclear whether the borrower needs to restore the employee
 to the same rate of pay in effect on February 15, 2020, or whether the borrower must increase
 the rate in order to account for periods of reduced pay between February 15 and June 30

Example re: Phau Chi:

- Phau's annual salary/wage as of February 15, 2020 was decreased as a result of the pandemic; therefore, Phau meets CRITERIA #1 for the safe harbor
- If Phau's annual salary/wage is increased as of June 30, 2020 to at least the level of February 15, 2020, then Phau would meet CRITERIA #2 and the safe harbor would be met

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Table 2: List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of more than \$100,000 for any pay period in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE
Noah Swab	2876	\$9,230	0.5
Totals:		Box 4 \$9,230	Box 5 0.5

STEP 4: Complete Table 2

 Remember: Only list individuals in Table 2 if they worked for any point during the relevant 8-week period AND were paid at an annualized rate of greater than 100k for any pay period in 2019.



PPP Loan Forgiveness Application Presented by Seth Perretta

What's Next?

- Next Week Part 2 of 3
 - Focused on completing Schedule A!













PPP Loan Forgiveness Application Presented by Seth Perretta

Final Thoughts....

To err is humanto forgive, divine"

Alexander Pope













COVID-19 Communications

- Today's presentation will be posted on our COVID-19 resource center located at <u>PrestigePEO.com/COVID-19</u>
- The weekly COVID-19 email update will deploy later this week
- Stay tuned for an invitation to next weeks webinar











COVID-19 Client Support



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