

2020

ED
EX

COVID-19 Compliance— Are you covered?

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Agenda



Retirement Plans



FSAs, HSAs & HRAs



Health & Life Insurance



Unemployment Benefits



Student Loans



FFCRA





Retirement Plans





Retirement

Who's
affected by
COVID-19?



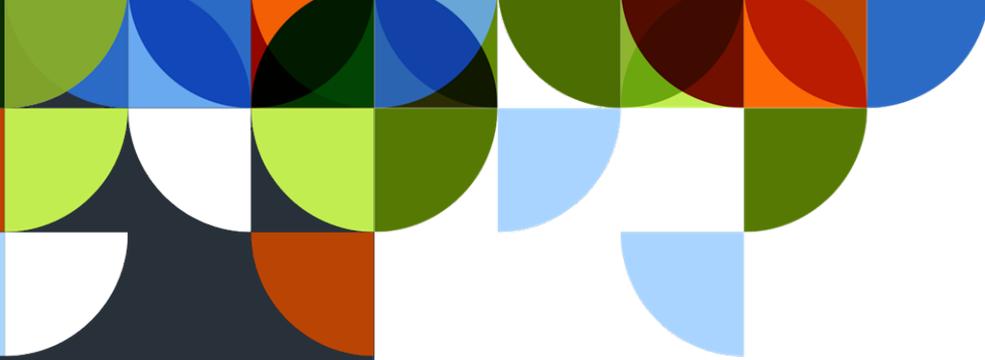
Those diagnosed or living with a spouse or dependent who's been diagnosed



Those experiencing adverse financial consequences



Other factors as determined by the Treasury Secretary



Retirement

Plan
Distributions
to Affected
Participants



Distributions **between 1/1/20 and 12/31/20** are relaxed:

- The 10% penalty for distribution prior to age 59 ½ on withdrawals up to \$100,000 is waived and there is no 20% withholding.
- No special tax notice needs to be given, but a withholding notice should be given in order to elect voluntary withholding.



Affected participants are permitted to pay income tax on the distribution or repay it over a **3-year period**.



Sponsors may rely on a participant's self certification that they are affected.



Retirement

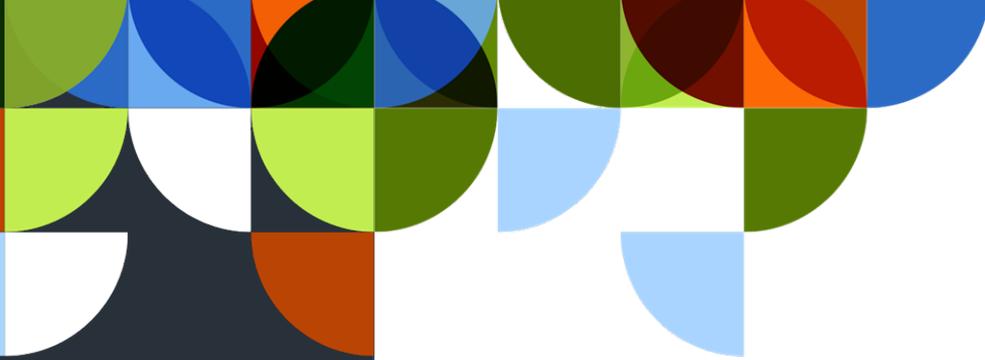
Hardship Distributions



There were no changes to the hardship distribution rules, however, if your plan is currently using the safe harbor hardship distribution rules to determine if the participant has an immediate and heavy need, you could amend the plan to use **“facts and circumstances”** to determine if a hardship exists.



Participants still have the **10% penalty** if the distribution is **prior to age 59 ½** and they would not have the ability to pay back the distribution or have it taxed over 3 years.



Retirement

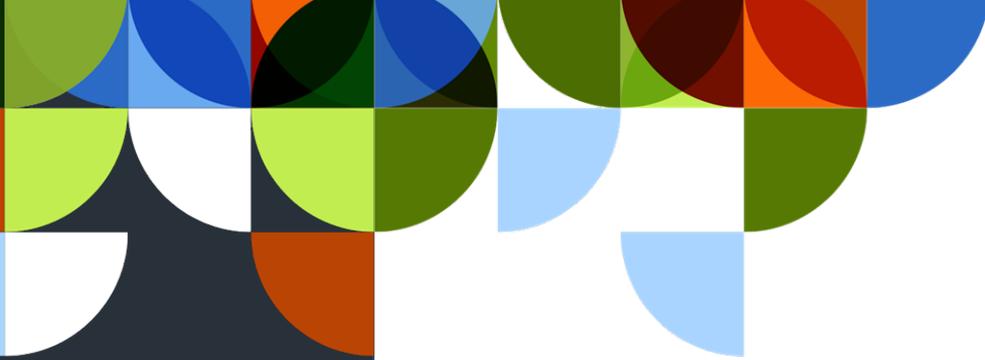
Plan Loans



Plan loans made from **3/27/20 to 9/23/20** to an “affected” participant will have an increased maximum limit of the lesser of **\$100,000 or 100%** of the participant’s vested account balance in the plan.



Participants with an outstanding plan loan repayment due from **3/27/20 through 12/31/20** can delay loan repayment(s) for up to one year.



Retirement

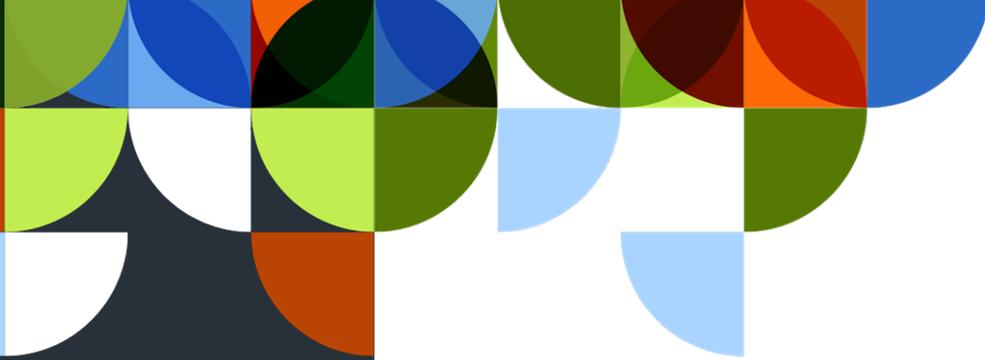
RMDs
Suspended



The bill waives the 2020 required minimum distributions (RMDs) that most must take from tax-deferred plans. This does not apply to defined benefit plans.



If a participant turned **70½ in 2019** their required beginning date would be **4/1/20**; if they took the distribution **after 12/31/19** they can roll it over; if they haven't taken a distribution, they don't need to.



Retirement

DB Plan
Funding
Relief



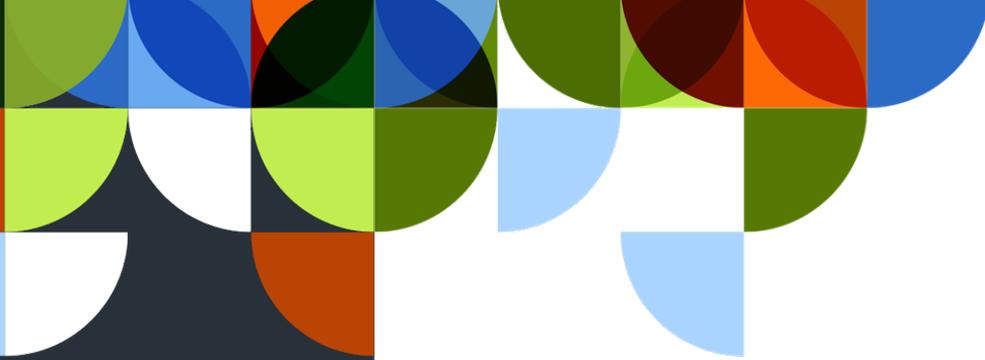
Employers with single-employer defined benefit plans are given additional time to meet their funding obligations: the due date for any contribution otherwise due during 2020 will be **1/1/21** (contributions due earlier would be due with interest).



The provision provides that a plan's status for benefit restrictions as of **12/31/19** can apply throughout 2020.



You may want to consider freezing your plan to reduce accruals and associated contributions.



Retirement

The Fine Print



Plans may use these rules immediately, even if they don't currently allow for distributions or loans, provided the plan is amended on or before the last day of the first plan year beginning on or after **1/1/22** for non-governmental plans (**2024** for governmental plans), or later if prescribed by the Treasury Secretary.



The IRS considers a **20% decrease** in the number of plan participants to be a partial plan termination, which would require full vesting of the affected participants.



Retirement

Notice
2020-23
Extended
Deadlines

- ✓ The excess deferral distribution deadline of 4/15/20 was extended to **7/15/20**
- ✓ 5500s and 8955-SSA due between 4/1/20 to 7/15/20 was extended to **7/15/20**
- ✓ Plan disclosures and documents required to be given **between 3/1/20 and 60 days after the announced end of Covid-19** will be considered given timely if they are distributed as soon as administratively practicable
- ✓ Claim deadlines are extended
- ✓ Other plan failures caused solely by Covid-19 may be excused also



Retirement

Safe Harbor
Plans

The IRS provided guidance that allowed employers to:

-  Reduce contributions made only to HCES without losing safe harbor status in their 401(k) or 403(b).
-  Make a mid-year amendment to reduce or suspend SH contributions to NHCEs without needing to show an economic loss or needing to have provided an earlier notice allowing suspension.
-  This temporary relief applied to amendments adopted between **3/13/20 and 8/31/20**.



FSAs, HSAs & HRAs





FSA, HSA &
HRAs

-  FSA, HSA or HRA participants can incur expenses on over-the-counter (OTC) medicines and drugs (now including menstrual care products).
-  Individuals were able to make contributions to HSAs or Archer MSAs for 2019 until **7/15/20**.
-  All Telehealth and other remote care services can be covered pre-deductible without violating federal rules for HDHPs paired with an HSA.



Health & Life Insurance





Many health insurance carriers have relaxed their hourly requirements to allow more participants to be eligible for the health plan.

- If employees are furloughed, and not terminated, they can stay on the plan as an active participant.



We can't make a blanket statement about life and disability carriers: each carrier is taking a different stance so you should be sure to check with your consultants and carriers for specifics.



Unemployment Benefits





Stimulus and
Unemployment
Benefits



Most Americans with income up to \$75,000 received a check for **\$1,200 (\$2,400 for joint filers)**—this dollar amount was phased out for income between \$75,000 and \$95,000 for single filers and for joint filers with income over \$150,000; there was an additional **\$500** for each qualifying child.



The Act allowed expanded eligibility for unemployment insurance and it raised the maximum benefit by **\$600 per week** (the \$600 payments ended **7/31/20**).



Stimulus package negotiations are on again and discussions include a second direct payment.



Student Loans





Student Loans



Payments of federally held student loans currently owned by the Department of Education were suspended through **9/30/20** with no accrual of interest. Executive order extended until **12/31/20**.

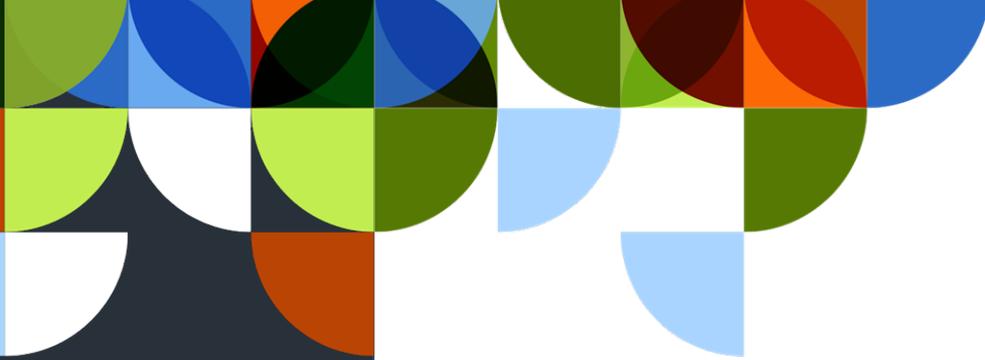


Employer student loan payments of up to **\$5,250**, made **between 3/27/20 and 12/31/20** to either an employee or the lender, are not taxable to the employee. If amend or start a 127 educational plan,



FFCRA





FFCRA

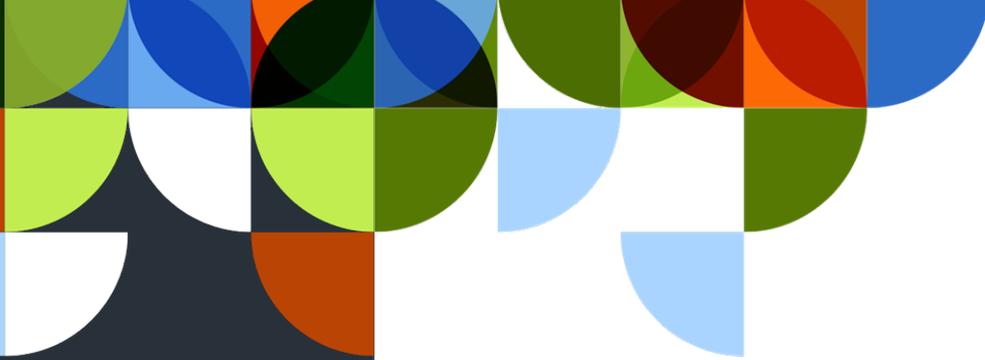
-  FFCRA created two new emergency paid leave requirements in response to COVID-19 that will remain in effect through **12/31/20**.
-  The FFCRA applies to most private employers with **less than 500 employees** and certain public employers, including those with **less than 50 employees** unless they are exempt.
-  Each covered employer must post in a conspicuous place on its premises a notice of FFCRA requirements; there are notice requirements for employees that wish to take leave.



FFCRA

EPSLA &
EFMLEA

-  **EPSLA** requires specified companies to pay sick leave of up to **80 hours** to employees who need to take leave to care for their own or someone else's coronavirus-related issues.
-  **EFMLEA** amends the Family and Medical Leave Act (FMLA). Employees may be eligible for an additional **10 weeks** of job-protected, paid leave.
-  Employers of health care providers or emergency responders that meet the Acts definitions may elect to exclude such employees from eligibility for the leave provided under the Act.



FFCRA

80 Hours

A full-time employee is unable to work or telework, and needs a leave because:



He/she is subject to a quarantine order, has been advised by a health care provider to self-quarantine, or is experiencing symptoms and is seeking a medical diagnosis:

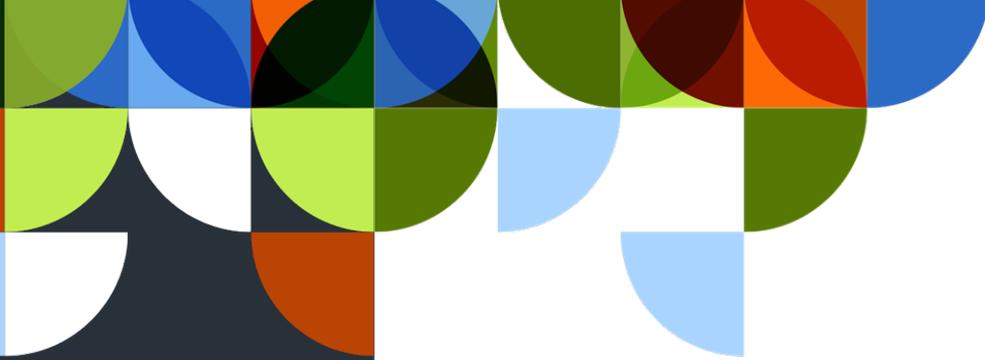
Paid at regular rate, not less than minimum wage, max \$511/day



He/she is caring for a person subject to quarantine or child under 18 whose school or child care is close or other conditions specified by the Secretary of HHS:

Paid 2/3 of regular rate or 2/3 minimum wage (whichever is higher), up to \$200/day

Part-time employees are eligible for leave based on their average hours worked over a two-week period.



FFCRA

Additional
10 Weeks



If a full-time employee is caring for a child whose school or place of care is closed (or child care provider is unavailable) due to virus:
Paid 2/3 of regular rate or 2/3 minimum wage (whichever is higher), up to \$200/day

A part-time employee is eligible for leave for the number of hours that the employee is normally scheduled to work over that period.

*Small businesses with **less than 50 employees** may be exempt from the requirement to provide leave due to school closings or child care unavailability if the leave requirements would jeopardize the viability or the business.*



FFCRA

Tax Credits



Covered employers qualify for dollar-for-dollar reimbursement through tax credits for all qualifying wages paid under the FFCRA.



Qualifying wages are those paid to an employee who takes leave under the Act for a qualifying reason, up to the appropriate per diem and aggregate payment caps.



Applicable tax credits also extend to amounts paid or incurred to maintain health insurance coverage.

THANK YOU!



Questions?

Please use the Slido panel to ask questions or participate in polling during the sessions.

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