



# PLAN & PROTECT

## Your Response to COVID-19

The world has been turned upside-down over the past few weeks. We've experienced turbulence in financial markets and for many, business operations have slowed or been interrupted. We are here to help. Whether your eyes are on day-to-day operations, like managing employee headcount, and secure remote technologies, or you have concerns about cash flow, and/or the security of supply chains, we are here for you. Here are several items your business may be experiencing and solutions you may want to explore.

### EMPLOYEES

Issue	Consideration
Managing employee headcount	To avoid significant headcount reduction amidst current disruptions, consider implementing reduced work schedules, furloughs, and other strategies to contain employee-related expenses. The training and institutional knowledge cost of hiring skilled replacements can be significant. For workforce reductions, you also forego a portion of the forgiveness associated with the Paycheck Protection Loans and payroll tax credits. Unemployment benefits have been enhanced and in most cases provide for supplemental payments for reduction in hours. This may impact your future rates for unemployment insurance coverage.
Benefits coverage for furloughed workers	If your organization uses furloughs as part of its cost containment strategy, consider those implications on health insurance and other benefits' coverage. You may need to amend the contract to create additional definitions regarding paid and unpaid leaves of absence to avoid eligibility issues.
Temporary skills shortage	Whether key members of your team are directly battling the COVID-19 virus or are balancing the care of loved ones at home, consider supplementing your team needs with interim personnel with specific skills.
Tax implications for remote workers	Organizations with employees working remotely in multiple states should evaluate their state tax nexus, including employer tax withholding amounts based on jurisdictions, and local wage taxes.
Employees requesting leave related to COVID-19	If your organization has fewer than 500 employees, refundable federal payroll tax credits are available to help offset the cost related to employees who cannot work because of a coronavirus-related issue. Payroll processors should be prepared to produce the reports necessary to apply for these credits.
COVID-19-related retirement plan distributions	The CARES Act created opportunities for individuals to take special loans from their retirement plans without early withdrawal penalties. Plan sponsors must choose now whether to offer these options, but have until 2022 to amend their plan documents to reflect their decision.



# PLAN & PROTECT

## FINANCIAL MANAGEMENT

Issue	Consideration
Managing cash flows	During a crisis, adopting a 13-week cash flow model can help executives track balance sheets and financial performance and make necessary adjustments. It can also keep lenders informed of their collateral positions.
Reducing insurance costs	If you can quantify the impact the coronavirus is having on your business, it is possible to dramatically and almost immediately lower insurance costs by making mid-policy year adjustments to reflect lower sales and payroll projections, vehicles that are not on the road, etc.
Taking advantage of emergency relief loans	The CARES Act created and enhanced loans to help offset the financial impact of the pandemic. Organizations with 500 or fewer employees may benefit from Small Business Administration (SBA) provisions. Large companies may qualify for Main Street Lending Programs or support from the U.S. Department of Treasury's Exchange Stabilization Fund (ESF). All organizations may also be able to negotiate special terms with their existing banks and existing debt as the regulators have relaxed the troubled debt restructuring provisions.
Capturing stimulus tax benefits	The CARES Act changes to business interest limitations, qualified improvement property, net operating losses, and excess business losses, among other updates, may make organizations eligible for income tax refunds or reductions in liabilities.
Defined contribution plan funding	Retirement plans generally offer the option to either delay or eliminate company match, profit sharing, and other contributions, including safe harbor contributions.
Defined benefit plan funding	If your organization has a defined benefit plan subject to minimum funding, you may choose to delay 2020 employer contributions until Jan. 1, 2021.
Accounting for asset impairment	Changes in the financial markets may negatively affect the value of your assets and trigger impairment accounting considerations as well as the need for valuation services.
Review all areas for potential costs savings	Analyzing accounts payable and receivable; telecommunications costs; lease costs and common area maintenance charges; software licensing fees; vendor consolidation savings; and other areas of your operations may identify areas to streamline processes, reduce errors, and collect on erroneously paid invoices.
Liquidity impact	Financial modeling that applies timing assumptions to disbursements for payroll, debt service payments, and other known obligations can clarify the impact the COVID-19 virus pandemic is having on liquidity.
Creditor issues	If all other options for improving liquidity and financial positions have been exhausted, your organization may consider filing for Chapter 11, which provides advantageous debtor-in-possession financing and permits courts to force an outcome over the objections of creditors.
Portfolio review	The unprecedented volatility in financial markets is prompting many to review Investment Policy Statements, asset allocation, investment manager performance, and strategy for personal or institutional portfolios.



# PLAN & PROTECT

## TECHNOLOGY

Issue	Consideration
Collaboration tools for those working remotely	With guidance/orders issued by federal, state and local governments, companies with employees working remotely need secure access to company resources and systems, as well as collaboration tools and technology to continue to effectively perform their jobs remotely.
Protecting company data & information	Phishing scams and other malicious attacks often accompany disruptive events. Having secure technologies implemented, such as robust firewalls, intrusion detection and prevention systems, secure email, and educating your employees about their role in preventing attacks is highly recommended. Organizations should increase cybersecurity protection to the maximum extent possible.

## SUPPLY CHAIN

Issue	Consideration
Vulnerable supply chain	If external events or trends pressure your supply chain, considering alternative supply sources, the cash impact of shortages, penalties for late shipments, or implementing new or alternative fulfillment models can help mitigate disruption.
Business interruption & supply chain disruption claims	Filing timely insurance claims can assist your response effort during business interruptions and shut-downs, including supply chain disruptions. To collect claims quickly and in full, it often requires extensive information gathering and interfacing with your insurance provider.
Business expansion risks	Some organizations are experiencing significant expansion and are increasing their risks with the expansion of trade credit. Consider factoring or insuring the receivables to avoid a major cash flow disruption.

## PLEASE KNOW THAT WE ARE HERE FOR YOU

Don't hesitate to contact your local CBIZ office or let us know if/how we can be of assistance at [www.cbiz.com/contact-us](http://www.cbiz.com/contact-us).



CBIZ

®