

# COVID-19: Client Guidance & Resources

Updated: March 30, 2020

*On Friday, March 27, 2020, President Trump signed the CARES Act into law. It is the third, and most extensive, measure enacted so far to provide relief and aid related to the COVID-19 pandemic. The information below is a consolidated list of resources and guidance prepared by the Capstone Group, for the benefit of our clients and our community.*

## Useful Links:

- [Small Business Owner's Guide to the CARES Act](#)
- [Apply for SBA Loan](#)
- [HR & Compliance Resources](#)
- [CARES Act – full text](#)

## CARES Act – Key Provisions for Businesses

- Loans – “Paycheck Protection Program”
  - **WHO:** Companies & nonprofits with less than 500 employees
  - **WHEN:** SBA must enact the program within 15 days of 3/27/20
  - **HOW MUCH:** Up to 250% of monthly payroll, calculation limited to \$100,000 annualized per employee
  - **FORGIVENESS?** A portion of the loans used for covered payroll costs, mortgage/rent, and utilities may be forgiven if used in the first 8 weeks after origination
  - **HOW TO APPLY:** Contact your bank or the [SBA](#)
- Payroll Tax Credit – Qualifying businesses may be eligible for a payroll tax credit up to 50% of “qualified wages”, if:
  - Employer’s operations were suspended OR gross receipts declined by more than 50%
  - Up to first \$10,000 paid per employee 3/13/20 to 12/31/20
- Deferral of Social Security Tax – Amount deferred paid in 2 installments – Dec. 31, 2021 and Dec. 31, 2022

## Employee Benefit Changes

- Medical Plans – All testing costs for COVID-10 covered, including costs leading up to testing
- Changes to rules on 401(k) withdraws by employees – Allows more flexibility/reduced penalties
- Changes to Emergency FMLA leave benefits (for employees who must stay home with child/children)
- Tax credits for employers who pay for employees leave

## Enhanced Unemployment Compensation (UC) Benefits

- Allows for broader-range of workers to receive benefits including self-employed and independent contractors
- Pays an extra \$600/week in addition to the state benefit
- Funds the traditional “waiting week” for states that will waive that requirement
- Provides an extra 13 weeks of eligibility after the state benefits run out

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## **Contact Us:**

*The Capstone Team is available to discuss your company's unique needs and situation. Please contact us to schedule a consultation:*

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**Furlough vs. Layoffs:** The last two weeks has brought a wave of unprecedented government orders for non-essential businesses to close and people to stay at home. These orders have forced many employers to lay off or furlough large portions of their workforces or completely shut down their businesses on extremely short notice. There are a few key differences between a furlough and a layoff:

- Furloughed employees have an expectation that they will return to work. Typically, an employer will give furloughed employees either a specific date or a specific condition for resuming duties.
- Furloughed employees typically retain their benefits.
- A furlough is relatively seamless. Laying off employees requires significant process, as does hiring new staff. This can be time consuming and expensive.
- The unemployment insurance rules vary from state to state, but in general, both laid-off workers and temporarily furloughed workers are eligible for unemployment benefits.

In summary, an employer typically will use a furlough to retain staff that they can't afford but don't want to lay off.

## **Commercial Insurance: Business Interruption Coverage, Reporting Claims & Premium Payments**

- **Business Interruption/Income Coverage** – Commercial insurance policies, specifically those provisions pertaining to Business Income/Interruption, were not designed to cover organizations for lost income due to a pandemic. These provisions are most often found under commercial property insurance policies and are only triggered when property is “physically damaged”. [Endorsements are already being proposed](#) to cover future virus-related losses
- **Claims** – While most current policy language clearly excludes coverage for this type of event, legislatures and lobbyists are pursuing different avenues that could potentially change how COVID-related claims are handled. If your business is currently experiencing lost income due to COVID-19, [Contact Us](#) immediately.
- **Premium Payments** – Many insurance companies are providing extended grace periods and are suppressing notices of cancellation in order to provide additional financial flexibility. [Contact Us](#) for more specific details

*Disclaimer: The information contained in this document is a summary of detailed legal provisions intended as a general overview. Please refer to full legal documents and consult with your insurance, tax, and/or legal counsel prior to making business decisions based on this information*

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