

Benefit considerations in uncertain times

The initial fallout from the COVID-19 pandemic is putting new urgency on company benefits. As employees look to their benefits offerings, companies are responding in kind, by leveraging, expanding, and creating new benefits to answer the needs of their employee populations. As we work with our corporate partners across the U.S., we are seeing a number of emergent benefit themes.



Medical Coverage

NEW

How Ayco clients are responding:

- Recent Internal Revenue Service (IRS) guidance around Cafeteria Plans permits employers to allow employees to make mid-year prospective changes to their health plan coverage and/or flexible spending accounts (FSAs) for any reason during 2020
- More than half of companies we have talked with have implemented or are seriously considering some kind of FSA changes for either dependent care and/or healthcare
- A very small number of companies have definitively decided to allow changes to health plans. Most of these companies offer the same carrier for all plans which has enabled them to carryover the deductible rather than resetting if employees choose to switch plans
- Telemedicine—majority of companies and health insurance carriers are now offering these services
 - [The CARES Act](#) provides for use with a high deductible health plan without first reaching the deductible

Other issues to consider:

- Employees should be made aware that they may be eligible for benefits under their Hospital Indemnity Plan and/or their Accident Insurance Plan if it has Sickness Hospital benefits
- Employers may want to think about paying part or all of the premiums for employees through a temporary layoff/furlough or provide education/assistance for them to obtain coverage through another source such as the Health Insurance Marketplace



Paid Leave and Disability

EXPANDING

How Ayco clients are responding:

- A majority of companies are extending their paid leave benefits for employees and dependents who have contracted the virus as well as those unable to work due to other related issues such as child care
 - This will likely become an area of focus again as companies begin to reopen while many schools, day cares, and summer camps remain closed
- A small number of companies have PTO buyback programs that are being leveraged now

Other issues to consider:

- Employers can implement a leave-sharing program that would allow employees to donate accrued leave to other employees
- Employers can shorten the waiting period under their self-insured short-term disability plan so impacted employees can get immediate coverage
- Employers may want to add or extend PTO rollover given that employees have had limited ability to travel and use PTO due to the pandemic



Child/Elder Care Assistance

REMINDING, EXPANDING

How Ayco clients are responding:

- A small percentage of our companies currently offer a back-up child/elder care benefit
 - Providers are offering “crisis assist” benefits to address the increased need at this time
- Dependent Care FSA—If employees have qualifying status changes which warrant either lower or higher care expenses through this time, companies are allowing changes to contribution elections

Other issues to consider:

- Employers with a back-up care benefit may want to consider adding to the number of days each employee is allowed per year
- For companies interested in adding a back-up benefit, providers are offering expedited implementation



EAP

REMINDING, EXPANDING

How Ayco clients are responding:

- A majority of companies are encouraging employees to leverage this resource for mental and emotional health
- Companies are extending virtual telehealth services

Other issues to consider:

- Companies may choose to expand the number of therapy sessions allowed
- Companies can also communicate the CDC Disaster Distress Hotline as a resource which provides counseling, referrals, and other support 24 hours a day, seven days a week



401(k)

EXPANDING

How Ayco clients are responding:

- Most companies have made decisions around adding the new \$100K Coronavirus Related Distribution (CRD) feature or increased loan maximum now permitted under the [CARES Act](#)
 - Less than half of corporate partners we have spoken with have implemented the CRD, and roughly one-third are extending the loan maximum.
- More than a quarter of client companies have provided extension and/or suspension of loan repayments for existing loans for up to one year
- A small number of companies have or are considering temporarily suspending company matching contributions

Other issues to consider:

- Employers may want to make modifications to loan provisions to increase the number of loans allowed and/or extend the repayment period for existing loans and waive loan origination fees
- To assist furloughed employees, employers can opt to suspend loan payments for up to a year



Cash Compensation

NEW

How Ayco clients are responding:

- Many companies considered essential businesses have provided employees special cash bonuses or increasing hourly wages in appreciation of continued work

Other issues to consider:

- Companies can offer employees interest-free loans, which are not taxable up to \$10K
- Companies can implement relief funds to assist employees with expenses such as child care, home office supplies and medical



Student Loan Assistance

NEW

How Ayco clients are responding:

- The CARES Act allows companies to provide employees a tax-free loan repayment up to \$5,250 for 2020
- The large majority of companies we work with have not implemented this benefit but instead have decided to wait for more permanent legislation in this area.

Other issues to consider:

- For employers already providing a benefit, any payments made between 3/27-12/31/20 will be tax-free



Telecommuting and Nonresident State Tax Withholding

NEW

How Ayco clients are responding:

- Telecommuting has become the new “norm” in 2020 as a result of the pandemic. Telecommuting across state lines, can cause unexpected income tax results for employees.
- A small number of companies have provided tracking worksheets and asked employees to track days working from home so they can appropriately withhold state and city taxes

Other issues to consider:

- Rules can vary from state to state and not all states have provided guidance on how they will treat this issue due to the pandemic. In addition, different rules can apply to employee sourcing and employer withholding.
- Multi-state taxation is a complex issue so employers may wish to provide education and resources for employees

More resources

For HR Professionals

Access these on-demand webinars:

- Research on Impact of COVID-19 with EBRI
- COVID-19 and Retirement Plan Considerations
- Discussion with Goldman Sachs CHRO Bentley de Beyer
- COVID-19 Washington update
- Guidance in uncertain times

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[Article](#): COVID-19 financial guidance from Ayco's Counseling leaders—Part 2

[Article](#): How COVID-19 can impact income and estate taxes

More resources

www.ayco.com/covid19-finance-resources

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What we do

FOR CORPORATIONS Ayco serves as an extension of the human resource and benefits team. By partnering with these groups, we help drive utilization of organizational programs and use metrics and feedback to provide a deeper understanding of employee populations.

FOR EMPLOYEES Ayco offers holistic financial counseling services tailored to each stage of a career cycle—from entry-level to c-suite. Our unique approach to comprehensive financial counseling combines benefits and compensation planning with streamlined digital solutions to provide a path to financial well-being for everyone at an organization.

Value we bring

A comprehensive financial counseling program can positively impact corporate ROI through:

- Increased employee focus and engagement
- Better understanding and usage of benefit programs
- Reduction of reputational risk

We help create a more productive, financially well and engaged workforce at all levels.

Key highlights

- Over 425 corporate programs*
- Work with over 50 of the Fortune 100[†]
- Advise over 13k executives*
- 90k+ phone coaching sessions[‡]

*As of February 2019.

[†]As of February 2019. Includes corporate accounts who have Coaching/Counseling programs.

[‡]Data from 2018.

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