From CFO | Daily News:

CFO & CONTROLLER Alert

The most current information on how financial professionals can increase cash flow & control costs.

April 27, 2020

KEY FINANCE FIGURES

	Curr*	Lst Mo	Lst Yr
Leading Rates %			
Prime Rate	3.25	4.75	5.50
Fed Funds Rate	0.25	1.75	2.50
Money Market Rates %			
London Interbank (LIBOR)			
1 month	0.86	0.81	2.48
3 months	1.32	0.78	2.58
6 months	1.22	0.77	2.63
Stock & Bond Indexes			
DJIA	23,719	23,186	26,385
S&P 500	2,790	2,711	2,906
NASDAQ	8,154	7,873	7,976
5-Yr T-Bill	0.41	0.70	2.38
10-Yr T-Bill	0.73	0.94	2.56
Employment Stats			
Unemployment rate (%)	4.4	3.5	3.8
Payroll employment (thousands)	-701	275	147
Average hourly earnings ($)	0.11	0.08	0.07

*As of 4/13/20

IRS launches new payroll tax credit: Finance's guide

Firms can take advantage for the next 3 quarters

Until now, all the focus has been on how your company should be paying its employees throughout the COVID-19 pandemic. Now it's turned to how your company can recoup some cash!

IRS and the Treasury Department just launched the Employee Retention Credit – a payroll tax credit to put more money in your pocket as a reward for hanging on to your employees.

Specifically, you get 50% of up to $10,000 in wages if your business has been financially impacted by COVID-19. And whose hasn't?

While almost every employer is eligible – even tax-exempts – you have a series of ways to determine how much and how often you can claim this new credit.

To make sure you and your Payroll department take maximum advantage, here's what you need to know.

Who's eligible [it's almost everybody]

First, this isn't a one-and-done proposition. Your company is eligible for this payroll tax relief for this quarter and the following two.

But you will have to recalculate

*(Please see **Tax credit …** on Page 2)*

Supreme Court ruling an L for employers

Employees could still sue for plan mismanagement, even after 3 years

If a tree falls in the forest and no one's there to hear it, does it make a sound? If you send employees 401(k) fee disclosures and they don't read them, do they still have years to sue you?

The U.S. Supreme Court recently answered that second question. And it's not good news for employers.

In *Intel v Sulyma*, the high court let employees proceed with an excessive fee class action suit, even after the three-year statute of limitations. Why? It couldn't be determined when participants had "actual knowledge" of the fees, despite disclosures being sent.

As many folks see their 401(k) balances tank thanks to COVID-19, you can bet they're watching their investments – and your managing of them – more closely than ever.

A key protection now

If you haven't already, now's the time to adopt e-delivery of disclosures. A "click-through" agreement, requiring employees to certify they've "read and understand" disclosures, will offer you some protection.

You'll also be able to confirm when employees opened a disclosure which is critical in starting the three-year window to file a lawsuit.

Tax credit …

(continued from Page 1)

each quarter to claim it.

To make sure you qualify in a given quarter, you must fall into one of these two categories:

- Your business must be either partially or fully suspended by government order due to COVID-19 during the calendar quarter.
- Your gross receipts must fall below 50% of the comparable quarter from 2019. Note: Once your gross receipts go above 80% of a comparable 2019 quarter, they no longer qualify after the end of that quarter.

Considering that the vast majority of states are now under stay-at-home orders, almost everyone should fit the bill.

The only exceptions? State and local governments (and their "instrumentalities") and any small businesses that take small business loans.

Where Payroll comes in

From there you'll need to get Payroll involved to capitalize on this limited-time credit.

Wages your company paid after March 12, 2020 and before Jan. 1, 2021 are in-bounds.

And it's not only straight-cash payments that can be factored in. You can also include a portion of the cost of employer-provided health care in your calculations.

Look to 2019 wages as your guide:

If you had fewer than 100 employees, look at the wages you paid to all employees, regardless if they worked or not. If your employees worked full time and were paid for full-time work, you still get the credit.

If you had more than 100 employees on average in 2019, then the credit is allowed only for wages paid to employees who didn't work during the calendar quarter.

Claiming your cash

The best news about this tax credit? It's available to you immediately.

Unlike the consumer side where folks are waiting on checks from the federal government, you can help yourself to this credit by reducing your required payroll tax deposits you've withheld from employees' wages by the amount of the credit.

Make sure Payroll understands to report your total qualified wages and related health insurance costs for each quarter on your quarterly employment tax return or Form 941 beginning with the second quarter of 2020. (IRS added a note to the 941 about this.)

And if your business needs an advance of the Employee Retention Credit, you can submit Form 7200.

***Info:** You can access a full set of resources at the IRS coronavirus webpage at irs.gov/coronavirus*

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EDITOR-IN-CHIEF: JENNIFER AZARA
jazara@pbp.com
EDITOR: LYNN CAVANAUGH
PRODUCTION EDITOR: AMY JACOBY
EDITORIAL DIRECTOR: CURT BROWN

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Sharpen your JUDGMENT

This feature provides a framework for decision making that helps keep you and your company out of trouble. It describes a recent legal conflict and lets you judge the outcome.

No pre-approval for OT: Should he still be paid?

"Bill, we need to talk about our overtime policy," HR manager Wendy Mills said to CFO Bill Keeper. "Gary Jackson has been complaining to his supervisor that he hasn't been paid for overtime he's worked."

"I've heard," said Bill. "To keep overtime costs in check, our policy requires employees to receive pre-approval before working OT. The employee's immediate supervisor is responsible for verifying and recording all overtime hours in our system."

Supervisors knew

"Well, Gary claims his supervisor Jared Lennox was well aware he'd worked overtime since he'd seen him do it, but his supervisor didn't record those hours in the system," Wendy said. "He's been putting in extra time on the fly, so there'd been a lot of working through lunch breaks and before and after his shift to finish certain tasks."

"Jared explained we'll only pay for overtime that's been approved in advance, and he didn't get pre-approval for a lot of it," said Bill. "Without that policy, payroll costs could be completely out of control."

Gary and some of his co-workers eventually sued Bill's company for unpaid overtime.

Did Bill's company win the lawsuit?

Make your decision, then please turn to Page 6 for the court's ruling.

Is it time to start offering customers payout, alternate payment options?

■ *Creditors who don't ask might not get paid at all*

That old expression "it never hurts to ask" rings truer than ever now when it comes to your collections.

Time to start approaching key customers to see if they'd want to be put on either a payout agreement or an alternative payment schedule.

That move can stabilize your own cash flow during this anything-but-stable time. Because if you don't offer, many may just stop paying.

FOR MORE ...

Don't leave this word off of your invoices – it can make the difference between getting paid and not: *cfoandcontrolleralert.com/the-little-words-with-a-big-impact-on-dso*

Plenty of reasons to do it

The folks at the National Association for Credit Management remind that you can structure these arrangements in many different ways:

- to decrease or eliminate customers' payments for a set amount of time
- to temporarily reduce or eliminate interest payments and penalties, or
- to modify other payment terms to ensure your customer continues to make acceptable payments toward what's due.

Of course there's only so much money to go around at the moment. And that pot may be getting smaller by the day.

So jumping on this quickly becomes critical.

Now's the time to sit with your A/R team and look at accounts to see which ones pose the biggest benefit to keeping them paying.

Info: *NACM* eNews, *4/2/20*

Telemedicine: Low-cost care option for firms

■ *Virtual healthcare, being used during the pandemic, is often free for workers*

While many firms have made attempts to get employees to access the underutilized telemedicine healthcare benefit for the last few years, now's the time – during the coronavirus pandemic – to encourage them to use this low-cost benefit.

Virtual care could serve as "an effective first step" in fighting the virus, says Mary Kay O'Neill, senior consultant at HR consulting firm Mercer.

It's useful for assessing whether someone needs to get tested for COVID-19 without overburdening ERs and urgent care clinics.

Also, with the IRS' recent announcement – allowing high deductible health plans to waive deductibles for the virus' testing or treatment – many employees can access telehealth with minimal pay or even free.

Hits other important health needs

During this pandemic, telehealth can also help those with immediate health needs unrelated to COVID-19, without risking doctors' office visits.

That often includes mental health, which is so important now.

Adapted from "Can telehealth benefits combat the new coronavirus?" by Ryan Golden, at hrdive.com

ECONOMIC OUTLOOK

■ Which states are most economically vulnerable?

Of course the current COVID-19 pandemic is taking a large economic toll on the United States and the world as a whole.

But even within this country, all states won't fare the same, just like they all haven't enjoyed the same rate of economic prosperity we'd seen until now.

So where's the biggest economic trouble going to strike here at home?

It's not the states with the highest number of COVID-19 patients.

The folks at Oxford Economics recently ranked states according to their coronavirus structural vulnerabilities.

Did your state land on the at-risk list?

The 10 most at-risk

These rank as Oxford Economics' 10 most vulnerable states:

1. Maine
2. Nevada
3. Vermont
4. Florida
5. Oregon
6. South Carolina
7. Louisiana
8. Idaho
9. Montana, and
10. Hawaii.

So which factors come into play when determining if a state is economically vulnerable? Oxford used elderly populations, the dependence on retail activity and the prevalence of small businesses.

(For more on the research, go to www.oxfordeconomics.com/my-oxford/publications/551704)

Data analytics can help you beat the competition ... if you have the right data

■ *Implementing best practices helps create context for effective data analytics*

Every CFO is spending more and more time on data analytics. But the data you choose and its context are key to getting top value from your analytics project.

Here are six best practices that can help provide that context.

1. **Start from the beginning.** It may seem odd to review why your organization was founded but it's crucial to establishing analytical context. Are your mission and goals still the same?

2. **Inventory the present.** Look at the data you're collecting and if it's relevant to your mission. If not, analyzing it only creates "noise."

3. **Define your goals.** Strategy should determine the data you collect and analyze, not the other way around. That will ensure that your CIO and other partners can capture and deliver data that's most useful.

4. **Measure and measure again.** What gets measured gets managed and what gets managed gets monitored. Find the patterns that hold the key to actionable forecasting.

5. **Know what can't be analyzed.** Data analytics can only be used for quantifiable factors, whether that's a known financial risk or measurable market opportunity. Including more ambiguous, qualitative factors in strategic planning (think political changes, natural disasters) requires creativity that only humans can bring.

6. **Design your organization** to recognize and feed relevant data into your analytics efforts. Companies that make effective use of analytics outperform their peers. And those organizations design and implement processes to consistently identify, collect and refresh high-value data.

Adapted from "Nine Data-Driven Analytics Best Practices," at tinyurl.com/analytics579

Time for a new push on split deposit

■ *Current crisis will make more folks opt to start emergency funds*

May brings spring flowers and "Direct Deposit and Direct Payment via ACH Month."

Chances are your employees are more appreciative of direct deposit than ever, keeping bank visits off their to-do lists at this time.

But as things slowly return to "normal" you might use this May to make a renewed push for split deposits.

You likely will have a more receptive audience than ever before.

Saving $90 more every month

These days many folks are either grateful they had a "rainy day" fund ... or really wishing they had one.

That's where split deposit can be a real help. Workers who use split deposit save more money for emergencies or planned expenses than their peers without it.

How much more? Up to $90 each month, says Nacha.

And offering this benefit to employees shows you're looking out for them and their financial wellness when it's most needed.

Of course include the necessary forms with any campaign to make it as easy as possible.

Info: *To download a split deposit fact sheet, go to nacha.org/system/files/resources/Split%20Deposit%20Fact%20Sheet%20FINAL.pdf*

MANAGING FOR RESULTS

■ Low morale, high costs: Boost productivity during pandemic

By now, most if not all of your finance team's adapting to the new normal – working remotely – but what may be lacking in this new WFH arrangement is strong engagement.

And with layoffs and furloughs added to the mix, your team needs a proactive response from you, as their leader, to circumvent declines in productivity and engagement.

Keeping your team productive

High morale is important under normal working conditions, but in these uncertain times, it's essential. Here's how to keep it high:

- **Be seen, be heard.** Whether you use Zoom or some other videoconferencing platform, embrace it so your team sees you every day, or more if you need to loop everyone in on updates. Also, use video for your regular one-on-ones or check-ins, same as before, to ensure goals are met.
- **Be transparent.** It's key to be a calm and consistent leader and forthcoming with information during this period of unknowns. Keep providing your team with next steps, saying things like "This will go into effect ... " and "Here's how this will affect you."
- **Ask about obstacles.** Your team may be facing procedural or structural roadblocks as they perform essential tasks, adding to their stress and anxiety. Managers need to ask a lot more questions during this time so any problems can be caught and solved early.

(Adapted from "Maintaining your team's morale and productivity during COVID-19," by Denise Graziano, at chiefexecutive.net)

Our subscribers come from a broad range of companies, both large and small. In this regular feature, three of them share success stories you can adapt to your unique situation.

REAL PROBLEMS REAL SOLUTIONS

1 Shored up unclaimed property compliance

Using third-party administrators (TPAs) can be a big help in A/P, freeing staffers to focus on other value-added work.

Our company had TPAs issuing checks for us. Which was great – until we noticed some gaps when evaluating our unclaimed property process.

We discovered our TPAs weren't doing their duty and following up on outstanding checks, or at least communicating to us about them.

It was a huge compliance risk. We had to take a stand.

Put them on notice

We added a new escheatment clause to our TPA policies.

The clause essentially said that it's the TPA's responsibility to follow up on any outstanding checks that they issue on our behalf.

With that clause in, these partners are now keeping track of any possible unclaimed property obligations.

And it was a good reminder for us that we need to regularly assess our unclaimed property process and look at who's doing what. After all, at the end of the day compliance is on us.

We can't assume that everyone we work with is being proactive and thinking like we do. Sometimes, we have to set expectations and adjust accordingly along the way.

(Lynn Cirrincione, Director of Cash and Banking Operations, Allstate Insurance, as presented at the A/P P2P Conference & Expo, Orlando, FL)

2 We got workers to lower costs here by 50%

We needed to convince our employees to embrace new projects.

They were money-saving ideas that would also reduce our environmental liabilities – pollution prevention projects.

But to the workers, it meant change, which can be tough for them to accept.

To win their support, I started holding weekly meetings partly so workers could get any complaints they had off their chests.

I got the sessions going by asking for their feedback.

That helped loosen a few tongues and break the ice.

Workers started offering better ideas on how to make some of the changes we had proposed.

They offered projects, too

I could tell we were all on the same page finally when workers started offering their own pollution prevention projects.

They were more likely to offer their ideas after they became familiar with the environmental benefits the projects would bring.

One of their contributions: They had a great idea on mixing paints.

Their idea ultimately helped reduce our hazardous waste disposal costs by nearly 50%!

Getting their buy-in to new projects became a lot easier.

(Gary Stimpson, Environmental Manager, Nichols Aluminum, Davenport, IA)

3 Put our money towards 'reskilling' our staffers

A number of factors, including automation and technological advancements, required us to be proactive in retraining our employees for the future.

We'd already had great success in reskilling within our IT organization through our partnership with a local community college.

So we committed to a multi-million dollar investment over the next five years to offer our 28,000 employees digital literacy and future capabilities training. It's a reskilling and upskilling program called "Future of Work."

Annually, every employee's given a personalized learning curriculum for professional development and exposure to other career opportunities.

The curriculum is both business-unit specific and includes targeted career paths.

Both attracts and retains talent

Our commitment to employees is holistic and includes helping them prepare for a very different future of work – one that's heavily technology-enabled.

We absolutely believe developing and engaging employees supports our ability to attract and retain talent in a very competitive marketplace.

We know employees are the key to our success and we firmly believe if we invest in them, they'll in turn invest in providing extraordinary care for our customers.

(Gale King, Chief Administrative Officer, Nationwide, Columbus, OH)

Your peers are devoting more dollars this year to cybersecurity: their top 4 priorities

See how their plans stack up against yours in the tech realm

In the past, cybersecurity has often been viewed as discretionary spending – when belts get tightened, resources get cut.

But considering the $3.5 billion loss caused by cyber attacks last year alone, some added attention now can save you a whole lot of money down the road.

And many of your peers have realized that.

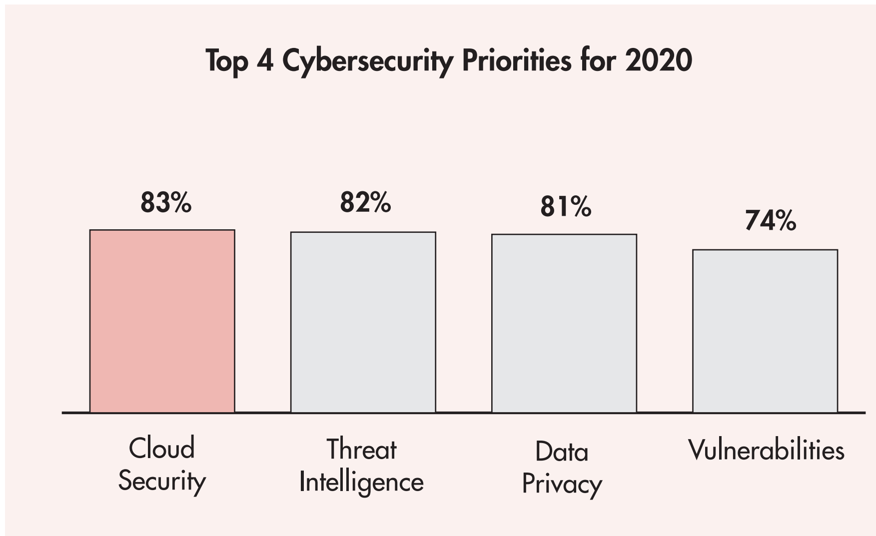
Head in the cloud

The cloud poses the biggest opportunity because that's where so many businesses are ramping up their digitization efforts.

And security becomes even more critical once you move to a multi-cloud environment (using two or more cloud service providers).

Each provider will have its own approach to security, which is something you'll need to address.

WHAT'S IMPORTANT NOW



Source: *The Flexera 2020 CIO Priorities Report, at resources.flexera.com/web/pdf/Report-SLO-CIO-Priorities-2020.pdf*

There's good reason your peers are opening their wallets wider on this front: Well over a third (43%) of business professionals believe U.S. companies will be involved in a "cyber accident" by the end of this year. That's according to Atlas VPN.

Sharpen your judgment… THE DECISION

(please see case on Page 2)

No, the court decided the employer violated Fair Labor Standards Act rules for not paying employees overtime.

The employees argued they should've received overtime pay for the extra time they worked before and after their shifts, and during meal breaks. In its defense, the employer pointed to its overtime policy, which said employees had to get any overtime hours worked approved in advance. And employees were aware of this policy, the company argued.

While the court said the company's OT policy was fine on face value, there was one big issue: Employees claimed their supervisors knew they were working unapproved overtime.

They each gave examples of instances where supervisors saw them working through meal periods and doing pre- and post-shift tasks. If an employer had "constructive knowledge" employees were working unpaid overtime hours, it was legally obligated to pay them, the court said.

Analysis: Keeping overtime policies from backfiring

While employers can have policies requiring workers to get overtime hours approved in advance, they can't refuse to pay employees for OT that's already been worked. However, an employer can discipline them for violating company policy.

Be sure supervisors are reminding employees of the protocols they must follow before working overtime – and that managers are letting you know about any hiccups.

Cite: Murray, et al., v. City of New York, *No. 16-cv-8072 (PKC), U.S. D.C., S.D. New York, 2/10/20. Dramatized for effect.*

Experts give their solutions to difficult workplace problems

Finance professionals like you face new questions every day on how to deal with everything from accounting and tax regulations to management and employment law issues. In this section, experts answer those real-life questions.

401(k) loans for furloughed: Tax 'em?

Q: Will furloughed employees have to pay taxes on a 401(k) loan if they stop contributing while furloughed?

A: No. Employees with plan loans who are placed on unpaid leave of absence may forgo loan payments during the leave without triggering taxation, advises attorney Daniel Morgan of Blank Rome LLP, as long as the furlough period doesn't exceed one year and the loan is repaid by the end of the original term of the loan.

If the due date for a qualified individual's loan occurs between March 27, 2020, and Dec. 31, 2020, the due date for the loan payment is delayed for one year, and any subsequent loan payments will be adjusted to reflect the delayed due date and corresponding accrued interest.

This one-year suspension doesn't count against the maximum loan term.

Note that employers still will be required to make certain types of contributions to the plan and need to take these costs into account as part of their decision-making and planning process in connection with any furloughs and layoffs.

Exceptions for lump-sum payment garnishments?

Q: Are there any types of lump-sum payments that aren't subject to the law's withholding limits for garnishing wages under a child support order?

A: The Department of Labor (DOL) recently released an opinion letter about employer-issued lump-sum payments and whether they're all considered wages for garnishment purposes.

In the letter, the DOL discussed 18 different types of payments and said most count as earnings, which means they're subject to the limits set for withholding by the Consumer Credit Protection Act (CCPA).

Only three types of lump-sum payments wouldn't be considered earnings:

- punitive or compensatory damages paid as part of a wrongful termination insurance settlement
- buybacks of company shares, and
- workers' compensation for medical reimbursement.

Many other types of lump-sum payments, including commissions, bonuses, profit sharing and termination pay, are considered earnings and are subject to CCPA limits.

If you have a question you'd like our experts to answer, email it to Jennifer Azara at jazara@cfodailynews.com

COMMUNICATION KEYS

Feedback falling flat: A better alternative

Ouch: Just 26% of employees say the feedback they receive improves their work, according to Gallup.

A better bet? Flip the script. If you can get your staffers to come to you to ask for feedback, it's more meaningful and gets employees engaged.

Of course that doesn't happen overnight. But one great way to facilitate that shift is by frequently seeking feedback yourself.

Info: *tinyurl.com/moreeffectivefeedback*

Rate your self-talk – Could you be in a bad pattern?

Yes, it's important how you speak to others; it also matters how you speak to yourself.

To see if you've fallen into negative self-talk, rate yourself on a 1-10 scale (most negative to most positive) in each of these scenarios:

- When you were performing well and felt very positive
- When you're performing poorly and felt stuck in a rut, and
- The past week's self-talk.

Info: *thecollinhenderson.com/blog/2018/11/1/the-most-powerful-voice-is-your-own*

WFH? Watch for tech neck

While working from home, many people may not be sitting in the most ergonomic-friendly manner. Between that and extra smartphone time the risk of "tech neck" is higher than usual.

Pass these stretches along to your team (and use them yourself): *healthline.com/health/fitness-exercise/text-neck-treatment#exercises*

Recent developments that can help your business stay ahead

Feds to airlines: Refunds, not vouchers, for flights

Encouraging news: Your company should soon see some refunds for business flights your company booked but were canceled or significantly delayed due to the current pandemic.

The U.S. Department of Transportation recently issued an enforcement notice to airlines telling them they must issue refunds for flights customers couldn't take.

Carriers can let you know vouchers are an option but aren't a substitute for giving you your money back.

It may be worth circling back if you have money tied up in vouchers.

Info: *transportation.gov/sites/dot.gov/files/2020-04/Enforcement%20 Notice%20Final%20April%203%20 2020.pdf*

IRS extends more tax deadlines to July 15

If your company had filing or payment deadlines falling between April 1 and July 15, here's good news.

You now have until July 15 for all of them. IRS just announced that it was expanding the tax deadline pushback beyond only income taxes.

That goes for estimated tax payments as well, including the June 15 deadline.

Note: This latest extension applies to both businesses and individuals.

Info: *IRS* Notice 2020-23, *at irs.gov/pub/irs-drop/n-20-23.pdf*

Study: Many employees need more benefits info

You might want to revisit the ways you explain and offer information on all the compensation and benefits your company provides.

Only two thirds (65%) of employees say they understand their overall total rewards, compared to 77% in 2015.

That's according to Alight's 2019 Workforce Mindset Study.

Info: *For full results, go to alight.com/research-insights/infographic-2019-workforce-mindset-study*

Families First enforcement kicked in April 18

Make sure your company fully understands its responsibilities under the Families First Coronavirus Response Act.

Even though the paid leave law kicked in on April 1, the feds gave employers a few weeks to get up to speed. The Department of Labor announced that enforcement began on April 18.

Info: *You'll find a Q&A on the new law at dol.gov/agencies/whd/pandemic/ffcra-questions*

Lighter side: Your future told ... by your TV

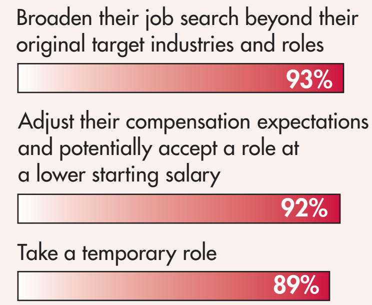
You're no doubt closely watching economists predict what's in store in the coming months. Here's a decidedly lighter way to predict the future: Netflix.

The "Psychic TV Challenge" lets you see your own personal fortune. To do it, plug your first initial in the search bar, then pick a number between 1 and 10 and count that many shows left to right across the screen to find a show.

When you see how many seasons there are, pick a number between one and that number – that's your season. Then do the same with episodes. Pick one last number within the number of minutes in the episode. When you fast forward to that minute mark, whatever is happening at that point is your "fortune."

MEASURE UP

Class of 2020 graduates would ...



Source: *An April LaSalle Network survey of 2020 graduates*

As you look to scoop up the best and brightest of the Class of 2020, know that many have modified their expectations in light of the current crisis. Only two months ago, 75% of grads said they wouldn't consider part-time work.

The Purpose of *CFO & Controller Alert*

CFO & Controller Alert is a fast-read resource to help busy financial executives boost cash flow, control expenses, manage their resources effectively and stay in compliance with ever-changing regulations.

Each issue presents real-world examples of what worked and what didn't for CFOs and Controllers in a wide variety of industries – all in a concise format that saves you time.

Depend on this publication for the winning ideas you can put to work today to help your company manage growth.