

# BIZGROWTH

S T R A T E G I E S

IDEAS TO HELP GROW YOUR BUSINESS

## What to Monitor in the Post-Election Tax Landscape

**Q&A:** Why Employee  
Benefits Management  
Matters More Than Ever

**Investment  
Planning** for 2021

**8 Mitigation Strategies**  
for COVID-19-Related  
Employment Liability Claims

**6 Strategies** to Bridge the Gap  
Between **Onsite & Remote Employees**



Your Team.



## In This Issue

<b>Tax Strategies.....</b>	<b>2</b>
What to Monitor in the Post-Election Tax Landscape	
<b>Employee Benefits .....</b>	<b>4</b>
Q&A: Why Employee Benefits Management Matters More Than Ever	
<b>Personal Wealth .....</b>	<b>5</b>
Investment Planning for 2021	
<b>Risk Management .....</b>	<b>7</b>
8 Mitigation Strategies for COVID-19-Related Employment Liability Claims	
<b>Human Capital Management .....</b>	<b>8</b>
6 Strategies to Bridge the Gap Between Onsite & Remote Employees	



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## Tax Strategies

# What to Monitor in the Post-Election Tax Landscape

BY NATE SMITH

The 2020 election wreaked havoc on traditional year-end tax strategies. However, as 2021 begins to unfold, the changes that may or may not be coming to tax laws should be clearer. Your business may want to keep the following items on your radar as you formalize plans for the new year.

### Putting Federal Stimulus to Use

The [new federal legislation](#) for additional stimulus provides some COVID-19 relief opportunities for individuals and businesses. Chief among them are the changes the Consolidation Appropriations Act (the Act) made to the Paycheck Protection Program (PPP). Smaller businesses, defined as those with less than 300 employees, may be able to access a “second draw” of PPP loans. With the changes made to the new iteration of the PPP (PPP2), borrowing requirements may open up the field to a broader pool of entities seeking first-time PPP loans. The Act also clarified that any amount of PPP loan forgiven will not be considered taxable income and that deductions are allowed for otherwise deductible expenses used to justify forgiveness of a PPP loan.





Individuals were [granted relief](#) for use of flexible spending accounts, surprise medical bills and payroll tax deferral repayment periods under the Act. For organizations, notable developments include the extension and expansion of the Employee Retention Tax Credit (ERTC), extension of the Families First Coronavirus Relief Act (FFCRA) withholding tax credits and the refundable payroll tax credit for employers offering paid sick and family leave. The Act solidified several other tax provisions, including a change to deductions for business meals, depreciation of residential rental property and deductions for energy-efficient improvements.

### Changes to Individual Tax Rates

Given Republican support for the tax cuts and rates established by the tax law known as the Tax Cuts and Jobs Act (TCJA), changes to individual tax provisions supported by President-elect Biden may be a challenge to pass even with the slight Democratic control in Congress. These include Biden's proposals to increase the maximum rate to 39.6%, phase out Qualified Business Income deductions under Section 199A for individuals with income over \$400,000, adjust the estate tax exemption thresholds and increase the capital gains tax rate to 39.6% for individuals with income over \$1 million.

### Further Developments to Recovery Rebates for Individuals

The Act's passage was delayed due to President Trump's insistence that the stimulus checks paid to individuals should be higher than the \$600 provided in the Act. The President and Democratic Congress members supported \$2,000 credits per qualifying


taxpayer but faced opposition to the larger credit amount from Republican colleagues concerned about the significant price tag for the stimulus package. Biden has voiced support for a larger rebate, which may be taken up in the new legislative session.

### 2021 Planning

Any time there's a transition between administrations, particularly two that have very different opinions on tax matters, the old adage rings true once more – don't let the tail wag the dog. Decisions made about what to do with business investments or structuring, for example, should not be made solely on the potential for changes to the corporate rate (for example, Biden's tax plan included increasing the corporate rate from 21 to 28%). Likewise, decisions on what to do with individual tax planning and investment strategies should not be made based on what was discussed during the 2020 presidential campaign because the reality of getting substantial tax changes through an evenly split Congress may result in a much different final outcome.

Updates may continue to emerge as Congress looks for additional ways to help with the [recovery from COVID-19 disruption](#). A tax advisor can help you assess the current environment and potential impact that tax changes could have on your strategy. 📈



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## Employee Benefits

# Q&A: Why Employee Benefits Management Matters More Than Ever

BY KAREN MCLEESE

Employee benefits are increasingly playing a crucial role in organizations' business strategies, particularly when it comes to elements such as employee recruiting and retention. So we sat down with Karen McLeese, VP of Employee Benefits Regulatory Affairs for CBIZ, to discuss the [regulatory impacts of COVID-19 on companies' employees, benefits and bottom lines](#). Here are the highlights:

**As "creative" as benefits plans can get, there are compliance issues to be aware of, particularly with the regulatory changes made in response to COVID-19. What should business decision makers understand?**

There have been several [COVID-19-related compounding developments](#) that are complicating employee benefits management and compliance. For one, there are several significant employer- and employee-

related laws that went into effect for 2020 that could have a bearing on 2021, including:

- Coronavirus Aid, Relief and Economic Security (CARES) Act
- COVID testing leave laws
- Emergency paid sick leave
- Emergency family leave
- State and local leave laws (some emergency, some permanent)
- Temporary relaxation of cafeteria plan elections, changes, rules
- Outbreak period disregarded for COBRA, HIPAA and other elections

These laws have provided opportunity and angst for employers. There is the issue of first-dollar coverage for coronavirus testing, which was implemented immediately. There is first-dollar coverage of vaccines. Layoffs and furloughs also have effects on benefits. For example, continuation of benefits is contingent on whether an

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employee is terminated or furloughed.

**I can imagine that companies might struggle to keep up with all of the changes, but I also suspect that it's critical for them to do so. Can you tell us why it's so important?**

It's imperative that business owners and leadership teams stay on top of these things because, first of all, it's necessary. If an employer does not comply with the terms and conditions of their plans and policies, there's the risk of litigation, as well as the risk of audits from various agencies, including the Department of Labor (DOL), IRS, Treasury, EEOC, OSHA, etc. Most importantly, it's simply the right thing to do for your employees – your business' most essential asset.

**Do you have any guidance as to how employers can stay on top of compliance issues, particularly in 2021?**

My number one piece of advice is to know what your plan or policy says. We don't have them to decorate our bookshelves; they must be treated as living, working

documents. Second, you want to understand and [keep up with the ever-changing legal standards and best practices that exist](#). And there are a number of ways to do that:

- Regularly check (bookmark) websites for updated standards, including DOL, Treasury, IRS, OSHA and the CDC, as well as state and local departments of health and other governing agencies.
- Get involved with and follow industry associations.
- Attend virtual trainings, conferences and seminars.
- Designate a compliance officer.
- Ask experts.

[For more Q&A with Karen on this topic, listen to the full podcast here.](#) 🎧



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## Personal Wealth

# Investment Planning for 2021

BY **DEDE FERRY & ANNA RATHBUN**

**S**tarting a new year always means we're leaving behind an old one. This time, we're leaving behind 2020, a year rife with unexpected and uncontrollable events, including unprecedented public health challenges, as well as an emotionally charged country, typical of a U.S. presidential election year. It was also a year of remarkable scientific achievement as scientists around the world engaged in a race against time to find a vaccine for COVID-19.

All of these events shape and mold the [market conditions on which many of us depend for our future savings](#). These events that move the markets are out of individual investors' control. [However, there are many aspects of investing that are specific to an investor's situation and within their command.](#)

To assess your individual investment situation, begin by addressing these questions:

### **What is my time horizon?**

[Most of us have savings in a retirement account and plan to retire at a certain age.](#) If your time horizon has changed, it may have implications for the risk profile of your retirement portfolio. As a rule of thumb, a shorter time horizon may mean a more conservative allocation,

*(Continued on page 6)*







## Personal Wealth *(Continued from page 5)*

and a longer time horizon may allow you to take more risk than your average peer.

### Am I invested appropriately between stocks and bonds?

In the simplest sense, “risk” in the markets often refers to exposure to stocks rather than bonds. The time horizon factor can often sway allocation profiles, but even if there are two investors with the same time horizon ahead of them, their personal tolerance for equity market volatility can be different. [Also, your unique circumstances can be used to fine tune your portfolio.](#)

### Am I saving enough?

This is often a question that is relevant to one’s retirement savings. For many, retirement feels far away, and it may be difficult to make sacrifices in the present for something that seems so distant. Many Americans fall below the general expert recommendation of contributing at least 10 to 15% of gross pay in order to reach a successful retirement. If you fall into this group, keep in mind that saving now allows the power of compounding to work on your behalf. Also, if your employer offers a matching program for your retirement account contribution, you may be missing out on a generous addition to your savings.

### Am I periodically rebalancing my account?

If you have constructed your own asset allocation, you will need to rebalance regularly. Consider at least an annual rebalance to ensure your asset allocation remains aligned with your investment strategy.

### Have I considered using a Roth account?


There’s a spike in the popularity of Roth vehicles for retirement savings among investors of all ages. Roth allows investors to save for retirement with their after-tax contributions and to withdraw during retirement, tax-free. This is a hedge against future increases in taxes and offers tax diversification of one’s assets in totality. If a designated Roth 401(k) or 403(b) is not available through your employer-sponsored plan, you may open a Roth IRA through a provider of your choice.

### Is my beneficiary designation up to date?


Remember to update your beneficiary(ies) whenever you have important life changes. A good rule of thumb is to review your beneficiaries annually.

As we start 2021, we’re on our way toward recovery from the events of 2020. The world will continue to hope for a successful distribution of the vaccine, a safe and full reopening of the global economy, and most importantly, successful management of public health throughout the world. 🇺🇸



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# 8 Mitigation Strategies for COVID-19-Related Employment Liability Claims

BY DAMIAN CARACCILO

**C** OVID-19-related employment liability claims, even if unwarranted, can disrupt operations, damage your business' reputation, hurt employee morale and negatively impact your bottom line. Thankfully there are steps you can take to protect your company from an [employment practices liability claim](#).

## 1. Implement a return-to-work plan.

[An effective return-to-work program](#) ensures quality medical care, contains workers' compensation costs and returns injured workers to gainful employment more quickly. Make sure your program incorporates federal and local safety guidance (e.g., CDC, OSHA, state health authorities) on personal protective equipment (PPE), workspace hygiene, social distancing measures and others.

## 2. Consult with legal counsel.

When implementing (or updating) policies and procedures, consult with legal counsel to ensure compliance. Counsel should also be present when undergoing [recalls, rehires and job offers](#), as these stages are highly vulnerable to claims.

## 3. Educate and train employees.

Ensure proper communication of any new policies and procedures drafted in the wake of COVID-19 to all employees. Managers and supervisors should also have detailed training.

## 4. Comply with privacy regulations.

How you handle medical-related information is critical to avoid claims for improper handling of sensitive personal health information (PHI). Not only is this an EPL risk, but it can also be a [data-breach risk](#) if not properly secured. Maintain the confidentiality of employee PHI by complying with federal and state guidance.

## 5. Monitor COVID-19 guidance.

Regularly monitor new federal, state and local guidance, as well as legislative enactments for potential impacts requiring a [change in business practices](#).

## 6. Review insurance policies.

As businesses operate without the vaccine being widely distributed, claims under [Employment Practices Liability Insurance \(EPLI\)](#) policies will likely continue. Review your policy to [understand your coverage, terms and limits](#). You should also review your [cyber liability policy](#) for data-breach protection.



## 7. Prepare for your insurance policy renewal.

[Be prepared to answer specific questions](#) about your employment practices when applying for or renewing insurance coverage, especially as it relates your response to COVID-19. Common questions include:

- Has the organization been ordered to shut down or substantially scale back operations due to a government mandate?
- Has the organization experienced layoffs impacting 20% or more of your total employees in the past or is that anticipated in the coming year?
- If a partial layoff or reduction, has the organization conducted an analysis with legal counsel to determine the impact the reduction in workforce will have on members of any protected class?

[For our comprehensive "2021 Commercial Insurance Renewal Guide," click here.](#)

## 8. Update your risk management program.

[A strong approach to risk management](#) is a key element in protecting your business from new and emerging exposures, such as COVID-19. You should also leverage your insurer's risk management programs to reduce the likelihood and severity of EPLI claims. Many include employment law hotlines, sample employee handbook policies and procedures, and timely regulatory updates. 🚩



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# 6 Strategies to Bridge the Gap Between Onsite & Remote Employees

BY COREY PAYNE

Organizations comprised of both remote and onsite employees may not only be the current reality but also the new normal. These businesses will have challenges pleasing both groups.

Employers can implement strategies to meet the needs of all employees, while also standardizing business practices to help bridge any gaps. This will allow the employer to optimize employee experience, engagement, productivity and teamwork.

The following are six strategies to help unify your workforce:

- 1. Create an open chat.** Chat tools, such as channels within Microsoft Teams and Slack, can facilitate dialogue between remote and onsite employees. Channels can be created for efficient work-related communication, as well as a way to replace water cooler conversations that can help build comradery between teams.
- 2. Plan for remote-friendly meetings.** Remote employees attending a meeting via a conference line or video platform can be just as active as those sitting in chairs in the conference room. However, meeting leaders should be deliberate about including all attendees. At the beginning of a meeting, [be sure to introduce participants joining remotely](#) and ensure you give each participant a chance to share their thoughts or ideas on the topics being discussed.
- 3. Consider all employees when conducting workplace planning.** As your organization considers changes – to the physical workspace, operations, strategy and the like – always consider how these decisions will impact all employees, including onsite and remote talent.

[Are you interested in strategies for effective recruiting, onboarding, engagement, communication and leadership? Check out “Managing a Remote Workforce: a Guide to Success.”](#)

- 4. Be transparent about employee location decisions.** There are a variety of reasons why some employees may be expected to work onsite while others work remotely. By being transparent about the purpose and business need of these decisions, employers can facilitate a friendly and open environment for remote and onsite teams to effectively collaborate, rather than build gaps.



- 5. Communicate.** As initiatives are launched and changes are announced, strategically planned communications can help get employee buy-in. Ensure that your ethos for internal communications acknowledges the challenges that employees face daily and clearly explains the rationale for how the decisions being made will best serve the interest of your business' stakeholders, including employees.
- 6. Leverage technology.** 48% of employees wish that their workplace technology performed the same as their personal technology, according to a *Coleman Parkes Research* survey. [Leveraging technology in the wake of the COVID-19 pandemic](#) can help keep employees healthy and productive. For example, have your team update their availability on Skype, Microsoft Teams, etc. and keep their online calendars current. Use online shared project tools so your team can stay apprised of each other's progress and the like.

By keeping these six tips in mind, your organization can keep your employees engaged, happy and productive during the pandemic and beyond. 📌



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