



March 26, 2020

Dear Valued Client,

Our goal is to keep you updated regarding the ever changing landscape of COVID-19. This update will provide information about the newly issued Families First Coronavirus Response Act (FFCRA), a reminder for employees to enroll in direct deposit, and encouragement for you to receive payroll packages electronically.

FFCRA

We are actively monitoring news releases and updates regarding FFCRA which will go into effect April 1, 2020. The Act requires certain employers to provide their employees with expanded family and medical leave for specified reasons related to COVID-19. We encourage you to read the FFCRA document attached, which provides updated guidance from the DOL. Rest assured, our payroll system will be updated by April 1st to accommodate the new paid leave categories.

We will contact you as updates become available.

Direct Deposit for Employees

For employees not already enrolled in direct deposit, here are the steps to move to direct deposit.

- Employee completes the attached **direct deposit form** and delivers it to you.
- Once you receive the form, update the direct deposit information in the payroll system or send the form to your payroll administrator who will enter it into the payroll system.

Please note, once direct deposit instructions are entered in the payroll system, it takes five business days prior to the payroll date to confirm bank routing and account information. Otherwise, the direct deposit will be effective the next pay period.

As an important reminder, make sure the direct deposit request form is coming from the employee. We recommend having your employee provide the form to you directly. If the request is not delivered by the employee, please follow up with the employee to ensure they requested the change. Confirming the change was requested by the employee is especially important if received via email.

At this time, we will continue to issue payroll checks but this may change in the future, so we want employees to be prepared.

Receive Payroll Packages Electronically

If you don't already receive your reports and copies of pay statements through our VMR (virtual mail room), we encourage you to sign up. Please work with your payroll administrator to take advantage of this. Once signed up, you will receive notification via secure email that your reports are available. Additionally, if you are receiving both a physical package and VMR, please consider opting out of the paper delivery.

At this time, we will continue to mail packages however this may change in the future and we want you to be prepared.



Business as usual

Our operations continue as usual. Nothing has changed with how we process your payroll or how you interact with us. If you have questions at any time, please email your payroll administrator directly, call their direct dial number or email payit@alerus.com if you need further assistance. We are here to help you in any way we can.

We wish good health for you, your families, and our communities.

DOL guidance: Families First Coronavirus Response Act

Updated guidance 3.24.2020 taken directly from DOL

The **Families First Coronavirus Response Act (FFCRA or Act)** requires certain employers to provide their employees with expanded family and medical leave for specified reasons related to COVID-19.^[1] The Department of Labor's (Department) Wage and Hour Division (WHD) administers and enforces the new law's paid leave requirements. These provisions will apply from the effective date through December 31, 2020.

Generally, the Act provides that covered employers must provide to **all employees**:^[2]

- *Two weeks (up to 80 hours) of **expanded family and medical leave** at the employee's regular rate of pay* where the employee is unable to work because the employee is quarantined (pursuant to Federal, State, or local government order or advice of a health care provider), and/or experiencing COVID-19 symptoms and seeking a medical diagnosis; or
- *Two weeks (up to 80 hours) of **expanded family and medical leave** at two-thirds the employee's regular rate of pay* because the employee is unable to work because of a bona fide need to care for an individual subject to quarantine (pursuant to Federal, State, or local government order or advice of a health care provider), or care for a child (under 18 years of age) whose school or child care provider is closed or unavailable for reasons related to COVID-19, and/or the employee is experiencing a substantially similar condition as specified by the Secretary of Health and Human Services, in consultation with the Secretaries of the Treasury and Labor.

A covered employer must provide to **employees that it has employed for at least 30 days**:^[3]

- *Up to an additional 10 weeks of **expanded family and medical leave** at two-thirds the employee's regular rate of pay* where an employee is unable to work due to a bona fide need for leave to care for a child whose school or child care provider is closed or unavailable for reasons related to COVID-19.

Covered Employers: The expanded family and medical leave provisions of the FFCRA apply to certain public employers, and private employers with fewer than 500 employees.^[4] Most employees of the federal government are covered by Title II of the Family and Medical Leave Act, which was not amended by this Act, and are therefore not covered by the expanded family and medical leave provisions of the FFCRA. However, federal employees covered by Title II of the Family and Medical Leave Act are covered by the paid sick leave provision.

Small businesses with fewer than 50 employees may qualify for exemption from the requirement to provide leave due to school closings or child care unavailability if the leave requirements would jeopardize the viability of the business as a going concern.

Qualifying Reasons for Leave:

Under the FFCRA, an employee qualifies for expanded family and medical leave if the employee is unable to work (**or unable to telework**) due to a need for leave because the employee:

1. is subject to a Federal, State, or local quarantine or isolation order related to COVID-19;
2. has been advised by a health care provider to self-quarantine related to COVID-19;
3. is experiencing COVID-19 symptoms and is seeking a medical diagnosis;
4. is caring for an individual subject to an order described in (1) or self-quarantine as described in (2);
5. is caring for a child whose school or place of care is closed (or child care provider is unavailable) for reasons related to COVID-19; or
6. is experiencing any other substantially-similar condition specified by the Secretary of Health and Human Services, in consultation with the Secretaries of Labor and Treasury.

Under the FFCRA, an employee qualifies for expanded family and medical leave if the employee is caring for a child whose school or place of care is closed (or child care provider is unavailable) for reasons related to COVID-19.

Duration of Leave:

For reasons (1)-(4) and (6): A full-time employee is eligible for up to 80 hours of leave, and a part-time employee is eligible for the number of hours of leave that the employee works on average over a two-week period.

For reason (5): A full-time employee is eligible for up to 12 weeks of leave at 40 hours a week, and a part-time employee is eligible for leave for the number of hours that the employee is normally scheduled to work over that period.

Calculation of Pay:^[5]

For leave reasons (1), (2), or (3): employees taking leave shall be paid at either their regular rate or the applicable minimum wage, whichever is higher, up to \$511 per day and \$5,110 in the aggregate (over a 2-week period).

For leave reasons (4) or (6): employees taking leave shall be paid at 2/3 their regular rate or 2/3 the applicable minimum wage, whichever is higher, up to \$200 per day and \$2,000 in the aggregate (over a 2-week period).

For leave reason (5): employees taking leave shall be paid at 2/3 their regular rate or 2/3 the applicable minimum wage, whichever is higher, up to \$200 per day and \$12,000 in the aggregate (over a 12-week period—two weeks of paid sick leave followed by up to 10 weeks of paid expanded family and medical leave).^[6]

Tax Credits: Covered employers qualify for dollar-for-dollar reimbursement through tax credits for all qualifying wages paid under the FFCRA. Qualifying wages are those paid to an employee who takes leave under the Act for a qualifying reason, up to the appropriate per diem and aggregate payment caps. Applicable tax credits also extend to amounts paid or incurred to maintain health insurance coverage. For more information, please see the Department of the Treasury's website.

Employer Notice: Each covered employer must post in a conspicuous place on its premises a notice of FFCRA requirements.^[7]

Prohibitions: Employers may not discharge, discipline, or otherwise discriminate against any employee who takes expanded family and medical leave under the FFCRA and files a complaint or institutes a proceeding under or related to the FFCRA.

Penalties and Enforcement: Employers in violation of the first two weeks' expanded family and medical leave or unlawful termination provisions of the FFCRA will be subject to the penalties and enforcement described in Sections 16 and 17 of the Fair Labor Standards Act. 29 U.S.C. 216; 217. Employers in violation of the provisions providing for up to an additional 10 weeks of expanded family and medical leave to care for a child whose school or place of care is closed (or child care provider is unavailable) are subject to the enforcement provisions of the Family and Medical Leave Act. The Department will observe a temporary period of non-enforcement for the first 30 days after the Act takes effect, so long as the employer has acted reasonably and in good faith to comply with the Act. For purposes of this non-enforcement position, "good faith" exists when violations are remedied and the employee is made whole as soon as practicable by the employer, the violations were not willful, and the Department receives a written commitment from the employer to comply with the Act in the future.

^[1] Wage and Hour Division does not administer this aspect of the law, but notes that every dollar of expanded family and medical leave (plus the cost of the employer's health insurance premiums during leave) will be 100% covered by a dollar-for-dollar refundable tax credit available to the employer. For more information, please see the Department of the Treasury's website.

^[2] Employers of Health Care Providers or Emergency Responders may elect to exclude such employees from eligibility for the leave provided under the Act.

^[3] Employers of Health Care Providers or Emergency Responders may elect to exclude such employees from eligibility for the leave provided under the Act.

^[4] Certain provisions may not apply to certain employers with fewer than 50 employees. See Department FFCRA regulations (expected April 2020).

^[5] Expanded family and medical leave provided under this Act does not carry over from one year to the next. Employees are not entitled to reimbursement for unused leave upon termination, resignation, retirement, or other separation from employment.

^[6] An employee may elect to substitute any accrued vacation leave, personal leave, or medical or sick leave for the first two weeks of partial expanded family and medical leave under this section.

^[7] The Department will issue a model notice no later than March 25, 2020.

ALERUS

Employee Direct Deposit Authorization

I hereby authorize and request my employer, to make payment of any amounts owing to me by initiating credit entries to my account indicated below in the bank named below, hereinafter called BANK, and I authorize and request the BANK to accept any credit entries initiated by my employer to such account and to credit the same to such account without responsibility for the correctness thereof.

I also authorize and request my employer to effect repayment to my employer for amounts owed because of a prior erroneous credit initiated to my account if prior to the initiation of the correcting entry, my employer has sent or delivered to me written notice of the correction and the reason therefore; and, the correcting entry is transmitted in such time as to be delivered or made available to the BANK before midnight of the tenth day next following settlement for the erroneous entry.

It is understood that this agreement may be terminated by me at any time by written notification to my employer or the BANK. Any such notification to my employer shall be effective only with respect to entries initiated by my employer after receipt of such notification and a reasonable opportunity to act on it. Any such notification to the BANK shall be effective only with respect to entries credited to my account by the BANK after receipt of such notification and a reasonable time to act on it.

I recognize, acknowledge, and accept that this service is being provided for my convenience. As such, I agree to hold my employer, Alerus Retirement, each participating bank, and NACHA harmless from any claim incident to the operation of this plan, arising from any act or omission by my employer and/or Alerus Retirement and their employees, including without limitation any claim based on alleged loss as a result of non-credit of any deposit, and any claim which may be made by any depositor as a result of the rejection of any of his/her debits because of insufficient funds arising from the failure to credit deposits to his/her account.

ATTACH VOIDED CHECK OR SOME PROOF OF ACCOUNT NUMBER AND TRANSIT ROUTING NUMBER

Company Name: _____

Employee #: _____ Name of Banking Institution: _____

Routing #: _____ Account #: _____

Account Type: _____ Checking _____ Savings

Deposit Options: (Select Only One) _____ CANCEL DIRECT DEPOSIT

_____ ENTIRE Check \$ _____ Amount _____ Balance

Employee Name: _____

PLEASE PRINT

Employee Signature: _____ Date: _____

**** PLEASE COMPLETE ONE FORM FOR EACH DEPOSIT REQUEST ****

If you have any questions in regards to your conversion, please contact your Payroll Conversion Specialist at 1-800-898-9344.