



CYPEN & CYPEN NEWSLETTER for May 14, 2020

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Never Forget September 11, 2001
and
Always Remember May 2, 2011

1. STATE PENSION FUNDING DROP TO LOWEST LEVEL IN 30 YEARS:

Market volatility from the coronavirus dropped funding for state pension plans to its lowest level in 30 years, according to a report from Wilshire Consulting.

In the first quarter, the aggregate funded ratio for state retirement systems fell to 62.6%, a 12.2 percentage point drop from 74.8% in December, according to a report last week from the advisory firm. In the past 12 months, that represented a 9.3 percentage point tumble. Returns fell below zero for nearly all the asset classes, which fell an aggregate 15.7% for the quarter. By comparison, liability values fell just 0.7%.

The decrease could affect contributions in the coming year, particularly for those with already low funding ratios. In states such as New Jersey and Illinois, poorly funded pension plans are squeezing government budgets already tight from tackling the

coronavirus crisis. New Jersey's Gov. Phil Murphy, anticipating budget cuts, asked the Trump administration for aid. And in Illinois, roughly [one-fifth of taxpayer dollars](#) go to pensions before any revenue losses, according to a Pew report.

Operating without the usual influx of tax revenues, governors are pleading with Washington for federal aid for expenditures. Even states that went into the public health crisis with a strong cash position, such as New York, are asking for additional relief. The advisory firm calculated the funding ratio based on an assumed portfolio that allocates 29% to US equity, 18% to non-US equity, 10% to private equity, 22% to core fixed income, 6% to high yield bonds, and 15% to real assets. Sarah Min, Chief Investment Officer, www.ai-cio.com, May 4, 2020.

2. COVID-19 HAS PUT SOME PENSION RISK TRANSFERS BEHIND SCHEDULE:

Just as the effects of the COVID-19 pandemic have stalled implementation of certain plan decisions by defined contribution (DC) plan sponsors, they may have defined benefit (DB) plan sponsors rethinking the timing of pension risk transfers (PRTs). According to Milliman, a PRT is currently more expensive. The latest results of the Milliman Pension Buyout Index (MPBI) found that, during March, the projected cost to transfer pension risk to an insurer increased from 105.2% to 105.7% of a plan's total liabilities. This means the estimated retiree PRT cost for the month is now 5.7% more than those plans' retiree accumulated benefit obligation (ABO). March's increase is the result of discount rates increasing 80 basis points (bps), compared to a 71-basis-point rise for annuity purchase rates, so the relative cost of annuities climbed slightly, Milliman says.

"Plan sponsors are currently monitoring where interest rates are," notes Mary Leong, a consulting actuary at Milliman and co-author of the study. She explains that the decline in interest rates affects not only annuity pricing, but a plan's funded status as well. "It increases how much they're going to need to contribute to go forward with a pension risk transfer," she says.

Plan funded status, which compares the assets of the plan to its future liabilities - or projected benefit obligation (PBO) - plays a large factor in the timing of a PRT. Plan sponsors want their plans to be well-funded to lessen the amount they will have to contribute to transfer PBOs to insurers. Lower interest rates result in a higher PBO valuation, but plans' funded status has also been hit by the market decline caused by the COVID-19 pandemic.

DB plan sponsors may need to take action to get back on track to implement a PRT. There are different strategies plan sponsors can take, Leong says. For example,

sponsors can talk with their consulting actuary about whether they must increase contributions to make up for the loss in funded status, or whether they should change their timing and delay the PRT until the plan can recoup some of its losses, she says. "Trying to get back on track is a combination of markets coming back, interest rates coming back, and making contributions or finding some other way to fund that shortfall or loss," Leong adds.

Linda K. Stone, a senior pension fellow at the American Academy of Actuaries, says when deciding whether a PRT is a good deal or not, sponsors are looking at the value of the liabilities, compared with the price of transferring that liability to an insurance company. For some plan sponsors that are looking for cash in any way they can to run their businesses, they may still consider making contributions to their DB plans to implement a PRT.

Some plan sponsors may be concerned with the economic cost of maintaining their DB plan. Stone says many are making small annuity purchases - or implementing a partial PRT - [to lessen Pension Benefit Guaranty Corporation \(PBGC\) variable premium costs](#). Plan sponsors may implement a lump-sum payment window to terminated, vested participants or only transfer liabilities of retirees to insurers. "When you think about what you're paying administrators to maintain those records, and what you're paying for fixed and variable premiums per person, that's why they have been transferring these smaller amounts," she says.

Stone notes that as the industry studies the long-term effects of the pandemic post-COVID-19, it will be interesting to understand on what basis employers are making decisions. "Looking at the pension plans and the fallout from COVID, what we've seen is plan sponsors take different actions than they would have beforehand, since their business situation has changed so much," she says.

She paints two scenarios common to those plan sponsors facing difficult plan decisions in this environment. On one hand, handling the process of a PRT transaction can be tough to navigate for plan participants. When questioning whether to implement a lump-sum window or purchase an annuity for their pension obligations, sponsors have to consider administrative issues, which can include requiring spousal consent or notarization of documents, even when social distancing is being practiced. On the other hand, as more individuals are laid off and looking for cash to pay bills, a lump-sum window is a way to provide money to those individuals, Stone notes. "If people need food on the table and rent, this can be a valuable source of funds, she says.

Leong shares a similar idea, but notes that during these unprecedented times, as most employers are putting their worker's needs first, retirement plan decisions are going on the back burner. "Every plan sponsor has a unique situation, and in this environment, there's a lot of other factors outside the plan that each business is considering," she says. Amanda Umpierrez, *Plansponsor*, May 8, 2020.

3. STEEP DROP IN DISCOUNT RATE PUSHES LIABILITIES UP 11.3 PERCENT:

A large drop in the discount rate for the 100 largest U.S. corporate defined benefit plans contributed to an 11.31% increase in liabilities in 2019, *Pensions & Investments'* annual analysis of Securities and Exchange Commission filings shows. The discount rate fell 95 basis points to an aggregate average 3.3% among the 100 plans.

On the asset side, plans in *P&I's* universe saw a 15.9% average return, with aggregate assets increasing 12.1% to \$1.304 trillion at the end of 2019. Overall, the aggregate average funding ratio dropped to 87.8% in 2019 from 90.1% a year earlier.

Michael Moran, senior pension strategist at Goldman Sachs Asset Management in New York, said the paradox of a high investment return on assets being mostly offset by higher liabilities, driven by falling discount rates, reinforced the importance for many plan sponsors to move their plans forward on a liability-matched fixed-income glidepath in 2019, and he sees the trend toward liability-driven investing continuing through volatile markets and continued low interest rates in early 2020.

Mr. Moran said the market impact of the COVID-19 pandemic "has not been a lot of fun but from our conversations with clients over the past few weeks, in particular corporate pension clients, the word I keep coming back to is 'measured.' These are professional investors. They have an asset allocation and an investment strategy they are comfortable with, and a long-term view." In looking back on 2019, Mr. Moran said: "What was maybe surprising, to some, is that in a year where funded status, on a year-over-year basis, didn't change that much, in a year where rates fell and credit spreads tightened, a number of plans said, even though that may not be a great investing environment for fixed income, we're going to increase our target allocation to fixed income and continue down that path because that's part of our longer-term derisking strategy. Which, quite honestly, has served them well in 2020."

The LDI structure has been doing what it is designed to do in balancing the liabilities of corporate DB plans against volatile asset prices, as discount rates continued trending down and asset prices fell in early 2020, he said. "Some plans are in pretty good shape. They moved to an LDI framework several years ago and they're very well hedged so as

interest rates fell, it didn't impact them that much," he said.

For plans that have not moved as far down their glidepaths, Mr. Moran said there is still a lot of time before calendar-year companies will report the results of 2020. "No one has a crystal ball. If things bounce back later in the year, then a lot of this just becomes intra-year volatility. We have a long way to go," Mr. Moran said. In data released April 27, corporate DB plans in the Northern Trust universe had a median return of only 2.5% for the year ended March 31 after an 18.2% return for the 2019 calendar year. Corporate plans saw a median -8.1% return in the first quarter. The early months of 2020 had varying effects on plans, depending on their funded position and asset allocation, said Royce Kosoff, managing director of retirement at Willis Towers Watson PLC in Philadelphia.

"I think one of the big stories in the first quarter is the wide range of outcomes depending on the asset allocation difference across sponsors. In a lot of years, the range of outcomes has been tighter than what we've seen in just the first quarter. We've seen ranges as high as 10 to 15 percentage points of funded status difference depending on whether you're really far along that glidepath and are mostly derisked vs. those that are in the beginning steps of their glidepath, maybe because the funded status isn't as strong and they haven't been able to take those steps. I think the headline, or the main idea here, is the variation in outcomes and how that's affecting plan sponsors in very, very different ways," Mr. Kosoff said.

Long-duration U.S. government bonds, typically used in LDI strategies, outperformed in the first quarter of 2020, while corporate bonds and equities had negative returns. The Bloomberg Barclays U.S. Long-Government Bond index returned 14.83% in 2019 and ended the first quarter of 2020 with a 20.9% return; the Bloomberg Barclays U.S. Long-Duration Corporate Bond index returned 23.89% in 2019 and -4.51% for the quarter ended March 31; the Bloomberg Barclays U.S. Aggregate Bond index had a one-year return of 8.72% as of Dec. 31 followed by a 3.15% return for the first quarter of 2020; and the Bloomberg Barclays Global Aggregate ex-U.S. Bond index returned 6.84% for the 2019 calendar year and -0.33% for the quarter ended March 31.

In equities, the S&P 500 index returned 31.48% in 2019, followed by a -19.6% return for the first quarter of 2020; the Russell 3000 index returned 31.01% over 2019 and -20.9% for the quarter ended March 31; the MSCI World ex-U.S. index returned 22.06% in 2019 and ended the first quarter of 2020 with a -23.32% return.

The highest fixed-income allocation in *P&I's* universe belonged to Goodyear Tire &

Rubber Co., Akron, Ohio, with a 91.8% allocation to fixed income at the end of 2019, unchanged from the year before. Goodyear's assets rose to \$4.78 billion from \$4.45 billion in 2018, liabilities rose to \$5.01 billion from \$4.73 billion, and the funded status increased to 95.4% in 2019 from 93.9%. The plans are frozen.

The fixed-income allocation of Conagra Brands Inc., Chicago, had the largest increase on *P&I*'s list, rising to 85% in 2019 from 58% one year earlier. After freezing benefit accruals effective January 2018, Conagra adopted a target allocation "of approximately 90% in fixed-income securities and approximately 10% in return seeking assets," according to the company's 10-K filing. Corporate bond holdings increased to \$2.26 billion from \$4.7 million and government bonds dropped to \$748.3 million in 2019 from \$1.85 billion a year earlier. Conagra had \$3.6 billion in assets, liabilities of \$3.73 billion, and a funding ratio of 96.5% as of May 26, 2019.

The aggregate allocation among the 100 plans to fixed income was 47.3% in 2019, up from 46.2% at the end of the previous year. The aggregate allocation to equities rose to 30.9% from 30%. The aggregate allocation to alternatives fell to 16.4% in 2019 from 17.9% one year earlier. In alternatives, the private equity allocation fell to 5.2% from 5.8%, real estate dropped to 3.9% in 2019 from 4.4% and hedge funds fell to 3.3% from 3.9%. The allocation to cash fell slightly, to 2.6% from 2.9% in 2018.

Seattle-based Weyerhaeuser Co.'s allocation to alternatives had the largest decrease in 2019, falling 18.5 percentage points to 40.1% as of Dec. 31. The hedge fund holdings dropped to \$531 million from \$1.8 billion a year earlier and private equity investments fell slightly to \$1.03 billion from \$1.08 billion in 2018. Weyerhaeuser's funding ratio slid to 87.3% in 2019 from 93.7%. Assets fell to \$3.72 billion from \$4.93 billion and liabilities dropped to \$4.26 billion from \$5.26 billion following the January 2019 purchase of a group annuity contract that transferred approximately \$1.5 billion of U.S. qualified plan obligations.

Tom Meyers, executive director and head of Americas client solutions at [Aviva Investors](#) Americas LLC in Chicago, said the early months of 2020 have led to some discussions with clients about rebalancing. "Typically, they have experienced a dislocation that has taken their asset allocation out of balance. For instance, they might have less equities than planned, just through the decrease in equity prices, and actually what happens is they rebalance back to target," Mr. Meyers said. "So clients at the height of the volatility were worried about their ability to access liquidity and effect the rebalancing that they typically would do. 'Do I rebalance? How much would it cost for me to rebalance?' Those things were on clients' minds."

Mr. Meyers said widening credit spreads in 2020 could also lead to further derisking opportunities, as plans look to match their liabilities against long-term corporate bonds. "Another thing clients have been talking about to us, given the dislocation in credit spreads, is this an opportunity perhaps to do a greater amount of investing in LDI strategies. What you might expect in a reversal of this magnitude, of 10 full percentage points of funded status in the first quarter of this year, you would think, potentially, that pension plans would be investing less in LDI strategies because they've gone backward on the path to being fully funded. But we've observed more, not less, inquiries in LDI strategies and I think that's because people are viewing corporate bond yields as particularly attractive post the widening of spreads and decline in corporate bond prices that occurred at the first part of this COVID crisis," Mr. Meyers said.

Employer contributions fell almost 50% in 2019, to \$26 billion from \$51.2 billion, and the Coronavirus Aid, Relief and Economic Security Act, signed by President Donald Trump on March 27, could continue the trend of lower contributions into 2020. The CARES Act allows employers to defer minimum required 2020 contributions until Jan. 1, 2021.

Pittsburgh-based Alcoa Corp.'s minimum required contribution to its U.S. plans was \$250 million in 2020, according to the company's 10-K filing on Feb. 21, but an 8-K filed on April 22 said Alcoa will defer its U.S. pension contribution in response to "economic uncertainty caused by the pandemic." Alcoa contributed \$175 million in 2019 and ended the year with \$5.02 billion assets, \$6.53 billion in liabilities and a 76.8% funding ratio.

Despite having no minimum funding requirement in 2020, Delta Air Lines Inc., Atlanta, announced a voluntary \$500 million contribution in its 10-K filing on Feb. 13. An April 22 10-Q filing indicated that decision was reversed due to "the impact of the COVID-19 pandemic on our liquidity." Rising to a 74.7% funding ratio in 2019 from 42.8% at the end of 2014, Delta has contributed more than \$1 billion in each of the past five years, including a \$3.56 billion contribution in 2017. The company contributed \$1.02 billion in 2019 and ended the year with \$15.85 billion in assets and \$21.2 billion in liabilities.

NextEra Energy Inc., Juno Beach, Fla., saw its funding ratio fall 8.2 percentage points to 142.7% at the end of 2019, but maintained the highest funding ratio on *P&I's* list for the 15th consecutive year. Assets rose to \$4.8 billion in 2019 from \$3.8 billion and liabilities increased to \$3.36 billion from \$2.52 billion.

Irving, Texas-based Exxon Mobil's funding ratio increased to 65.1% in 2019, from 61.3% a year earlier, but it remained the lowest on *P&I's* list. Assets rose to \$13.64 billion from

\$11.13 billion, while liabilities increased to \$20.96 billion from \$18.17 billion in the previous year.

A 10.4-percentage-point increase to 90% gave Deerfield, Ill.-based Caterpillar Inc. the largest funding ratio increase in *P&I's* universe. A 17.1% return on plan assets and a \$1.54 billion contribution lifted plan assets to \$15.99 billion from \$12.7 billion in 2018, while a 100-basis-point drop in the discount rate raised liabilities to \$17.77 billion from \$15.95 billion. Trilbe Wynne, *Pension & Investments*, www.pionline.com, May 4, 2020.

4. DENVER RETIREES ORDERED TO RETURN \$11 MILLION IN BENEFITS:

Dozens of retirees in the city of Denver are legally required to return a total of \$11 million in benefits the public plan administrator said it has mistakenly paid for years, a local investigation found. About 40 retirees in the Denver Employees Retirement Plan (DERP) were notified last month that they will have to return overpayments distributed over the past 15 years, confirmed CIO Magazine. The story was first [reported](#) by CBS4 Denver.

But the clawback on payments, ranging from \$3,000 to \$3 million, could be a problem for pensioners living on a fixed income in the middle of a pandemic. All but one of the retirees were employed under Denver Health. “We regret the impact this is having on these retirees, and we are meeting with them individually to discuss repayment options appropriate to their individual circumstances,” Heather Darlington, executive director at DERP, said Wednesday in an emailed statement. “We are also committed to collaborating with Denver Health to explore possible solutions for mitigating the effects on these individuals,” Darlington added. The city employee fund, worth roughly \$2.3 billion, was about 62% funded in 2018, according to its most recent annual [report](#). In 2018, the fund lost 2.4% for the year.

The overpayments are the result of an administrative error more than a decade ago in applying IRS codes to pension benefits, the report said. DERP, which oversees 10,000 retirees and 9,500 employees, said it discovered the mistake last year during a compliance review. The pension plan said that the extra benefits went to “highly compensated” employees.

The Denver pension plan said that it has enlisted independent actuaries to review their processes and put in quality controls. The findings from the investigation come weeks after it was also [reported](#) by CBS4 that executives in the Denver Health Medical Center, which is under DERP, received big bonuses in April, just as their hospital workers were asked to reduce hours or take leave without pay while combating the coronavirus.

Some critics online disparaged the oversight from DERP. “Geez. That’s a darn big mistake,” read one [comment](#) on Facebook reacting to the story. Others wondered how the recipient of a \$3 million benefit payment, the equivalent of an approximately \$200,000 annual payment for 15 years, could have overlooked the extra income. Sarah Min, Chief Investment Officer, www.ai-cio.com, May 6, 2020.

5. MORE 401(K) PLANS ARE LIBERALIZING RULES RATHER THAN CUTTING BENEFITS:

While many employers are making it easier for 401(k) participants to access emergency funds during the COVID-19 pandemic, courtesy of the Coronavirus Aid, Relief and Economic Security (CARES) Act, some have also eliminated their 401(k) matching contributions or expect to do so sometime this year.

Those are just some of the major findings from a COVID-19 benefits survey released by Willis Towers Watson, a global advisory, risk management and insurance brokerage firm. A total 816 companies, employing 12 million workers, participated in the survey.

Under the CARES Act, employers can allow hardship distributions from 401(k) plans up to \$100,000 that are not subject to the usual 10% early distribution penalty (for those under 59 ½), or the 20% mandatory tax withholding, through the end of this year. Taxes due on the distributions can be spread over three years.

DC plans can also allow larger loans from plans made between March 27 and Sept. 23. Under the CARES Act, loans can equal the full vested balance (up from 50% previously) or \$100,000, whichever is less, and repayments can be delayed for one year, although interest continues to accrue.

In addition, required minimum distributions from defined contribution plans can be waived for the rest of 2020, as they are for other retirement accounts. All of these temporary rule changes contained in the CARES Act are voluntary. DC plans don’t have to adopt them but if they do, participants can take advantage of them by simply self-certifying that either they or a family member has been infected with COVID-19 or they are experiencing a financial burden due to the pandemic, such as a job layoff or cut in pay or the inability to work due to day child care issues.

The Willis Towers Watson survey found that 65% of respondents have adopted the increased access to plan distributions while another 16% are planning to do so or considering it this year. Almost as many (64%) are allowing deferred loan repayments while close to half have increased the maximum allowable loan amount and 17% are

either planning or considering making adjustments to their DC plan loan policies. “These are difficult times emotionally and financially for many employees,” said Robyn Credico, North America Defined Contribution practice leader, Willis Towers Watson, in a statement. “Making cash available from defined contribution plans is an easy, relatively inexpensive way to provide much needed assistance to employees.”

Defined contribution plans are not just liberalizing plan rules; some are also reducing plan benefits. Twelve percent of employers surveyed have suspended matching contributions in their plans and 23% are planning or considering doing so this year, according to the Willis Towers Watson survey.

Not surprisingly, “significantly more companies in hard-hit industries, including retail and business services, “have made these cost-cutting changes, according to the survey. One-quarter of companies in those industries have suspended their matching contributions while nearly a third (32%) have decided to do so this year, or are considering it, according to the survey. “The more distressed companies cut contributions to their plans in an effort to reduce costs, similar to what we saw during the financial crisis of 2008,” Credico said. Bernice Napach, www.benefitspro.com, May 6, 2020.

6. WORKERS’ COMP SYSTEMS POISED FOR DELUGE OF COVID-19 CLAIMS:

Employee Covid-19 infections at businesses reopening despite the ongoing pandemic could trigger a flood of workers’ compensation claims, potentially overwhelming some state systems, law professors said. Workers’ compensation systems that process injury and illness claims seeking cash and medical benefits generally don’t have the bandwidth to handle surges of claims that insurers or employers contest-which may become the norm with Covid-19 claims, the scholars said.

“Insurers have a tremendous incentive to contest those claims,” said Thomas Eaton, a University of Georgia law professor who led the Georgia Governor’s Workers’ Compensation Review Commission. “When they wrote the premiums, this is not a risk they took into account. Contested claims will mean hearings, discovery, and expert witness testimony in numbers that I can’t remember anything else approaching.”

Business closures and stay-at-home orders to limit Covid-19 infections created an unprecedented wave of layoffs across the country, with more than 30 million workers filing for unemployment insurance over the past seven weeks. But the next test to the U.S. social insurance framework - the workers’ compensation system - won’t be as evenly distributed.

The volume of workers' compensation claims in each state will likely be linked to the number of businesses that reopen and regional infection rates as the pandemic continues to rage on, law professors said. That could mean spikes in states like Florida, Georgia, and Indiana where economic activity is resuming, while other states that remain on lockdown won't see mushrooming claims.

In anticipation of continued infections, nine states have enacted measures lowering the barriers for certain workers who contract Covid-19 to qualify for workers' compensation. Every state aside from Texas requires employers to pay compensation to workers hurt or sickened on the job. The systems that states use stem from the "grand bargain" that made workers' compensation the exclusive route for workers to seek payment for occupational injuries and illnesses. It gives workers benefits regardless of fault and employers receive protection from lawsuits unless they allegedly committed serious misconduct. Benefits are mainly funded through state or private insurers.

Workers' compensation paid out \$62 billion in benefits and cost employers \$97.4 billion during 2017, according to a National Academy of Social Insurance report. While each state runs its own system with its own rules, the key determination in workers' compensation claims generally is whether the injury or illness was related to the job. But states tend to be more restrictive and demanding when it comes to proving a disease was contracted due to work, law professors said. Several states, for example, don't provide benefits for "ordinary disease of life" that the general population is exposed to, they said. States with that restriction include Michigan, Virginia, Georgia, Missouri, Kansas, Oklahoma, and Nebraska.

Pro-Worker Action on Covid-19

Some states have recognized the infection risk that certain workers face and lowered the bar for them to get workers' compensation benefits. This is consistent with what states have previously done for selected diseases and worker groups. For instance, some states have made it easier for firefighters to get benefits for certain lung conditions.

California declared May 6 that all essential workers ill with Covid-19 are presumed to have gotten infected on the job, making it the eighth state to grant certain workers that advantage, according to the National Conference of State Legislatures' data. The presumption means the employer or insurer must prove that a sick worker didn't get the disease through their job.

Other states extended that occupational presumption for first responders and health-care workers, among other job categories. Arkansas took a different route by waiving some of its requirements for health-care and frontline workers to obtain workers' compensation

benefits.

The states used executive action to ease the burden on some sick workers to get benefits, with the exception of Minnesota, which used legislation. New York, Pennsylvania, and three other states have pending legislation. Although it already acted through an executive order, California also has pending legislation. However, executive action has been vulnerable to legal challenge, with Illinois withdrawing its measure a few weeks after the state's Workers' Compensation Commission issued it in April. A state court had blocked the measure with a preliminary injunction after a coalition of business groups sued, alleging the commission exceeded its authority.

Getting Benefits

Even workers who've been granted the presumption for Covid-19 will likely face opposition to claims that their disease is job-related, outside of those occupations where infections are rampant, said Emily Spieler, a law professor at Northeastern University who's on the board of governors of the College of Workers' Compensation Lawyers.

For those workers without the presumption, the stringent requirements for proving diseases are occupational will make it difficult - but not impossible - to obtain benefits, law professors said. "The key to coverage is establishing a causal connection between the harm and a work-related cause," University of Virginia professor J.H. Verkerke said. "Employers may be able to muddy the waters by pointing to other potential sources of infection or nonwork activities that create a risk of exposure." Workers generally have to clear two "causation" bars, one medical and the other legal, said Michael Duff, a University of Wyoming law professor who's written extensively about workers' compensation.

To show medical causation, a worker needs a doctor to say that the illness was more likely than not caused by work, Duff said. For legal causation, some states require workers to show their presence in the workplace increased their risk over the background risk faced by the general public, he said. Other states call on workers to show that they wouldn't have been infected without being on the job.

Workers might even prevail in states that prohibit benefits for "ordinary diseases of life" if courts haven't defined what that statutory phrase means, Duff said. "Workers' compensation has been around for a century, but not many of these issues have been litigated," he said.

Workers' Comp Likely Safe

Business groups have been [seeking](#) legislative shields against coronavirus liability, yet

whatever comes of those efforts probably won't impact workers' compensation. It's doubtful that measures at the federal level would include amending workers' compensation laws, an area very traditionally left to the states, said Randy Johnson, a corporate lawyer for Seyfarth Shaw. Federal legislation would more likely focus on the consequences of customers or other third parties getting infected, not workers, he said.

Indeed, anything that would have a chance of passage on Capitol Hill would have to still allow a lawsuit against a business that shows gross negligence, said Johnson, a former lobbyist at the U.S. Chamber of Commerce. State workers' compensation laws already require employees to show gross negligence or wanton and willful misconduct on the part of the employer to get out of the exclusive workers' compensation system so that they can sue their employers instead. A fix of liability along these lines would have no effect on workers' compensation in any event, he said.

State-level efforts appear similarly unlikely to touch on workers' compensation. The American Legislative Exchange Council, an influential conservative advocacy group, is [crafting](#) model legislation to limit civil liability for businesses during the pandemic. But that bill wouldn't stop employees from filing workers' compensation claims, said Ronald Lampard, an ALEC staff member who heads the group's civil justice task force.

North Carolina recently passed a bill providing limited immunity to some companies from lawsuits related to an employee or customer contracting Covid-19, while explicitly saying that workers' compensation isn't affected. Robert Lafolla, Bloomberg Law, www.bloomberglaw.com, May 8, 2020.

7. JUDGE WILL RULE PART OF FLORIDA FELON VOTING LAW UNCONSTITUTIONAL:

A federal judge signaled that he would find part of a Florida law restricting the voting rights of former felons unconstitutional as a high-stakes trial in the presidential battleground state wrapped up Wednesday.

The outcome of the litigation could clear [the way for hundreds of thousands of people with felony convictions](#) to vote in a state where elections are won and lost by razor-thin margins. It's also likely that the legal battle could go to the U.S. Supreme Court before it's finally resolved. [A law passed in 2019](#) by the Republican-controlled Florida Legislature requires people who have been convicted of a felony to pay outstanding court debts in order to be eligible to vote. GOP legislators passed the bill after voters in 2018 overwhelmingly approved Amendment 4, a constitutional amendment that aimed to end the state's lifetime ban on voting for most people with felony convictions.

U.S. District Judge Robert Hinkle made clear that he would rule that Florida could not impose the restriction on anyone unable to pay their outstanding debts. The decision lines up with [a preliminary ruling from Hinkle](#) that later was upheld by a [federal appeals court](#). “The Legislature plainly intended that you had to pay the money in order to vote, and if you didn’t pay the money you didn’t vote,” Hinkle said.

The civil rights and voting rights groups challenging the law have made additional arguments. They say the law amounts to an illegal poll tax and unfairly discriminates against minorities and women because it has a greater impact on those groups. Hinkle agreed with lawyers for the state that there was no direct evidence that legislators sought to target minorities, but he said there is “clearly a racial impact” because a higher percentage of people with felony convictions in Florida are African American. Hinkle said he plans to order Florida to take steps to fix problems caused by the law and might issue a “bold statement,” but, “I expect to be a whole lot easier to administer” than the current system, he said. There was testimony throughout the trial about the byzantine process that felons and election officials must go through to figure out if they owe money.

The state says [it has identified as many 85,000 registered voters](#) who might be ineligible to vote despite Amendment 4. But Division of Elections Director Maria Matthews acknowledged in testimony that the state has not begun the process of review to determine which voters have outstanding debts that violate the new law.

One study by a University of Florida political science professor [said as many as 775,000](#) people with past felony convictions might be ineligible to vote because of the law. Lawyers for the state have maintained that voters who approved Amendment 4 wanted people with felony convictions to pay their debt to society fully before being able to vote. They also featured testimony from Desmond Meade, leader of the Florida Rights Restoration Coalition, a nonprofit group that championed the amendment and campaigned for its passage.

Meade, in a videotaped deposition, said that while the law was not perfect, he and his organization could live with it. His coalition did not join the lawsuit, which was filed by more than two dozen ex-felons, the NAACP, and the League of Women Voters of Florida. The American Civil Liberties Union is representing some plaintiffs in the case. In his closing arguments Mohammad Jazil, an attorney representing Gov. Ron DeSantis and his administration, suggested that if Hinkle found part of the law unconstitutional then he should have to rule that Amendment 4 itself is unconstitutional. The Florida Supreme Court ruled in January that the amendment required the payment of all fines, fees and

restitution as part of “all terms of sentence.”

“This is not something the state wants,” Jazil said. “We did not set loose the dogs of war but we must go where they lead us.” More than 5 million Florida voters cast ballots in favor of Amendment 4, which automatically restored voting rights to convicted criminals who had served their time, with exceptions for murders and sex offenders. Legislators, contending the amendment was vague, passed the bill requiring payment of outstanding financial obligations. Gary Fineout, Politico Florida, www.politico.com, May 6, 2020.

8. AGENCIES EXTEND TIMEFRAMES FOR HIPAA, COBRA AND CLAIMS ACTIONS:

On April 29, the IRS and the DOL’s Employee Benefit Security Administration (the “agencies”) offered some relief to individuals and employers affected by COVID-19 who may be unable to satisfy certain timeframes that impact their rights and responsibilities under various employee benefit plans. Under the [relief](#), the period between March 1, 2020 and a yet-to-be-determined date (the “Outbreak Period”) must be disregarded in calculating the timeframes that apply HIPAA special enrollment periods, COBRA elections and premium payments, and the filing and appeal of benefit claims.

What is the Outbreak Period?

The “Outbreak Period” began on March 1, 2020 and will end 60 days after the announced date of the end of the national emergency related to COVID-19 or such other date announced by EBSA and IRS. Thus, the end date of the period is currently unknown.

Prefatory material to relief notes that although the Department of Health & Human Services did not issue the rule, it had advised the agencies that it concurs with the specified relief and will adopt a temporary policy of measured enforcement to extend similar timeframes otherwise applicable to non-federal governmental group health plans. It will also encourage plan sponsors to operate in a manner consistent with the relief. The DOL also released [FAQs](#) for participants and beneficiaries.

The relief extends the timeframes for the following actions:

- The 30-day or 60-day period (as applicable) for requesting a HIPAA special enrollment in a group health plan
- The 60-day period to elect COBRA continuation coverage
- The date for making COBRA premium payments
- The date for an individual to notify the plan of a qualifying event or determination of disability
- The date within which an individual may file a benefit claim under the plan’s claims

procedure

- The date within which a claimant may file an appeal of an adverse benefit determination under the plan's claims procedure
- The date within which a claimant may file a request for an external review after receiving an adverse benefit determination or final internal adverse benefit determination of a claim subject to external review
- The date within which a claimant may file information to perfect a request for external review upon a finding that the request was not complete

In addition, the Outbreak Period is disregarded when determining the date by which a group health plan must provide a COBRA election notice. The final rules contain examples to illustrate how the relief works using an assumed Outbreak Period starting on March 1, 2020 and ending on June 29, 2020 (60 days after an assumed national emergency end date of April 30, 2020). These examples set out the following principles:

If the event that triggers the obligation to act occurs during the Outbreak Period, the timeframe for taking the action does not begin until the day after the Outbreak Period ends. Thus, an employee who previously declined group health plan coverage and gave birth on March 31, 2020 would have until July 29, 2020 (30 days after the end of the assumed Outbreak Period) in which to request special enrollment for herself and her child. Similarly, if a qualified beneficiary who had a reduction in hours qualifying event receives a COBRA election notice on April 1, 2020, the 60-day period for electing COBRA coverage would not end until August 28, 2020, 60 days after the end of the assumed Outbreak Period.

This principle also applies to actions required under a plan's claims procedures. For example, if a plan requires that claims be submitted within 365 days of treatment, and an individual receives treatment during the Outbreak Period, the 365-day claims submission period will not begin until the end of the Outbreak Period. Similarly, a claimant who received a notice of an adverse benefit determination from a pension plan during the Outbreak Period would have 60 days from the end of the Outbreak Period in which to file an appeal.

Buck comment. The rules regarding the extension of timeframes for submitting claims also apply to health flexible spending accounts and health reimbursement arrangements because they are group health plans subject to ERISA. Thus, plans may have to reimburse claims submitted after a plan's claims submission deadline if that deadline falls within the Outbreak Period. However, it is not clear whether the rules apply to dependent care assistance plan claims because these plans are not subject to ERISA.

If the timeframe for taking action began before the beginning of the Outbreak Period (i.e., before March 1, 2020), the entire Outbreak Period is disregarded in determining the deadline date. The rules include an example of an individual who received a notice of adverse benefit determination from a disability plan on January 28, 2020. The plan required that an appeal be submitted within 180 days of a claim denial. The example states that the claimant would have 148 days (180 days less the 32 days between January 28 and March 1, 2020) following the end of the Outbreak Period in which to submit an appeal.

Buck comment. Some individuals whose deadline for taking action ended during the Outbreak Period may have had their request for special enrollment, COBRA election, premium payment, or claim/appeal submission previously rejected as untimely. Because of the extension, these actions would now be deemed timely. Employers will have to consult with their third-party administrators or insurers on how to address in a timely manner.

An employee or qualified beneficiary may be required to pay for any coverage that first becomes effective, or is continued, during the Outbreak Period. The example regarding special enrollment notes that if the employee makes a timely request for special enrollment after the end of the Outbreak Period, coverage may be retroactive to the date of birth, provided the employee pays for coverage.

The relief also includes an example involving the payment of COBRA premiums and the application of the 30-day payment grace period. The example states that a qualified beneficiary who had made a timely payment for February 2020 would have until 30 days after the end of the assumed Outbreak Period (i.e., until July 29, 2020) in which to make premium payments for March, April, May, and June 2020. It also states that any payments received would be credited to premiums due for the earliest period of coverage and thus if only two months' premiums were received by July 29, 2020, the qualified beneficiary would only have COBRA coverage for March 2020 and April 2020.

Buck comment. The agencies note that where premium payment due dates have been postponed and subsequent payments are applied to retroactive periods of coverage, the plan may not deny coverage and may make retroactive payments for benefits and services received during that period.

Employers should confirm that their plan vendors will properly administer these extensions. As discussed above, the most pressing task will be to identify individuals

whose special enrollment requests, COBRA elections and premium payments, or claims and appeals were rejected as untimely on or after March 1, 2020 because their actions may now be timely under the new extension rules. Leslye Laderman, JD, LLM and Richard Stover, FSA, MAAA, Buck FYI - Volume 43, Issue 25, www.buck.com, May 7, 2020.

9. DOL GIVES RETIREMENT PLANS AND PARTICIPANTS PANDEMIC RELIEF:

Retirement plan sponsors, service providers and participants will welcome some anxiously awaited COVID-19 relief from the Department of Labor (DOL). The relief comes in two parts:

- [Notice 2020-01](#) grants plan sponsors and service providers extra time to provide required notices and disclosures — including the annual funding notice for defined benefit plans, which would have been due April 29 for calendar-year plans — and to complete certain other plan-related actions. The notice also provides relief from ERISA’s plan loan requirements for loans issued or suspended under the Coronavirus Aid, Relief, and Economic Security (CARES) Act ([Pub. L. No. 116-136](#)).
- A [final rule](#) issued jointly with the Treasury Department gives participants and beneficiaries additional time to file benefit claims and appeal adverse benefit determinations (in addition to extending several other deadlines for health plans and their participants).

DOL has also issued a set of [FAQs](#) to help retirement and health plan participants, beneficiaries and sponsors understand their rights and responsibilities under ERISA. This article focuses on the relief for retirement plans; a separate GRIST will review provisions for health and welfare plans.

Relief during the outbreak period

The relief generally applies during the “outbreak period,” defined as the period from March 1 through 60 days after the announced end of the COVID-19 national emergency. If the outbreak period ends at different dates in different parts of the country, DOL will issue additional guidance regarding the application of the relief.

Notice 2020-01 also points out the Form 5500 deadline relief previously announced by IRS. That relief extends until July 15 the deadline for any Form 5500 filings otherwise due on or after April 1 through July 14. DOL’s new guidance doesn’t provide any additional filing extension for Form 5500.

Relief for required notices and disclosures

Under Notice 2020-01, a plan and its responsible fiduciary will not be treated as violating ERISA for failing to deliver any ERISA notice or disclosure due during the outbreak period, as long as they make a good-faith effort to deliver the notice or disclosure “as soon as administratively practicable.” Plan sponsors may not rely on this to relief to delay notices indefinitely but, won’t be penalized if circumstances make meeting delivery deadlines impossible during the national emergency. This guidance applies to employee benefit plans, including retirement, health and welfare plans.

E-delivery allowed: As part of a good-faith effort to deliver required documents, plan sponsors and administrators may use electronic-delivery methods, such as text messages, emails or websites, as long as the plan fiduciary reasonably believes recipients have effective access to those means of communication. Sponsors and administrators can apparently use electronic delivery even if DOL’s current rules or 2019 proposed regulations wouldn’t allow it.

Notices and disclosures covered: The relief applies to all notices and disclosures (except those addressed in the joint DOL and Treasury Department final rule) required under Title I of ERISA and subject to DOL’s interpretive and regulatory authority. For retirement plans, these documents include but are not limited to the following (see DOL’s [Reporting and disclosure guide for employee benefit plans](#) for a comprehensive list):

Notices and disclosures that typically apply to defined benefit and defined contribution plans:

- Individual benefit statements
- Statement of accrued and vested benefits for terminated participants
- Summary plan description (SPD), plan documents and summary of material modifications (SMM)

Notices and disclosures that typically apply to defined benefit plans:

- Annual funding notice
- Notice of significant reduction in future benefit accruals (ERISA Section 204(h) notice)
- Notice of funding-based benefit restrictions under Internal Revenue Code Section 436

- Suspension of benefits notice

Notices and disclosures that typically apply to defined contribution plans:

- Notice of blackout periods
- Qualified default investment alternative notice
- Automatic contribution arrangement notice
- Section 404(c) disclosures for participant-directed accounts
- Plan and investment fee disclosures
- Plan service provider disclosures

Relief for other plan-related acts

The notice also provides relief from certain requirements for remitting participant contributions or loan repayments, verifying that loans and distributions conform to plan terms, and providing advance notice of blackout periods.

Participant contributions and loan repayments: DOL won't pursue enforcement action against an employer for a temporary delay - due solely to the COVID-19 pandemic - in forwarding participant contributions or loan repayments to a plan. This usually must occur by the 15th business day of the month after the month in which the amounts were paid to or withheld by the employer. However, employers and service providers still must act reasonably, prudently and in the interest of employees to forward amounts as soon as practicable under the circumstances.

Verification procedures: DOL will not treat a plan as failing to follow its procedural requirements for plan loans and other distributions if the failure is solely attributable to the COVID-19 outbreak, and the plan administrator makes a good-faith, diligent effort under the circumstances to comply with the requirements. The administrator must also make a reasonable attempt to correct any deficiencies (e.g., assembling missing documentation) as soon as administratively practicable. This relief applies only to verification requirements under Title I of ERISA, and not to any procedural requirements enforced by Treasury or IRS (e.g., obtaining spousal consent).

Blackout notices: ERISA requires the plan administrator of an individual account plan to provide 30 days' advance notice of a blackout period suspending participants' ability to direct investments or obtain plan loans or other distributions. An exception applies when a plan fiduciary determines in writing that events beyond the administrator's reasonable control prevent sending advance notice. The relief for participant disclosures discussed above applies to blackout notices, and DOL won't require a written determination from a

fiduciary.

CARES Act loans and suspensions

Until Sept. 22, the CARES Act allows plans to make loans to up to the lesser of \$100,000 or 100% of a qualified individual's vested benefit (instead of the usual limit of \$50,000 or 50% of the vested benefit). The act also allows qualified individuals to suspend repayment of any plan loan for the remainder of 2020, if subsequent payments are adjusted for the delay. ERISA requires plan loans to be available on a reasonably equivalent basis and adequately secured, with no more than 50% of a participant's account used as security. DOL will not treat a plan as violating ERISA's plan loan requirements solely because the plan made loans or suspended loan repayments under the CARES Act.

Fiduciary compliance guidance

The notice explains DOL's general approach to enforcement during the COVID-19 emergency. To prevent loss or undue delay of benefits due to failure to meet established deadlines, the notice advises plan sponsors to make "reasonable accommodations" for participants and beneficiaries adversely affected by the COVID-19 outbreak. But DOL understands that plans and service providers may not be able to fully comply with requirements for claims processing and other actions required by ERISA. The agency will emphasize compliance assistance (rather than penalties) and provide grace periods and other relief where appropriate.

Rule extends time to file claims

The new rule extends the time for retirement plan participants and beneficiaries to take action under a plan's claims procedures. The relief requires plan sponsors and administrators to disregard the outbreak period when determining participant deadlines for filing initial claims, appealing adverse benefit determinations, and requesting external review of an adverse benefit determination (or providing information to perfect such a request).

Example. Assume the national emergency ends May 31, so the outbreak period ends 60 days later on July 30. On April 15, a participant received a notice of an adverse benefit determination, with 60 days to file an appeal. The participant ordinarily would have to file the appeal by June 14. However, under the relief, the 60-day appeal period begins after the outbreak period ends, so the participant has until Sept. 28 to appeal. by Brian Kearney and Margaret Berger, Mercer Law & Policy Group, www.mercer.com, April 30, 2020.

10. APRIL 2020 PENSION FINANCE UPDATE:

Pensions gained marginally in April, as recovering stock markets offset the impact of falling corporate bond yields. Model plans we track managed gains of less than 1% for the month but remain substantially down for the year, with Plan A off 12% and Plan B almost 4% through the first four months of 2020.

Assets

Stocks, which lost more than 20% in the first quarter, gained about half of that back last month, but a diversified stock portfolio remains down 12% through April. Treasury rates fell 0.05% in April, but corporate bond yields tumbled 0.5%, reversing much of the blow out in credit spreads seen in March. All flavors of bonds closed the month at or near all-time low yields, posting returns of 2%-5% for the month and 6%-10% for the year, with long duration and Treasuries performing best. Overall, our traditional 60/40 portfolio gained 8% in April but remains down 4% for the year, while the conservative 20/80 gained 6% last month and is now up 3% through the first four months of 2020.

Liabilities

Pension liabilities (for funding, accounting, and de-risking purposes) are driven by market interest rates. The first graph below compares our Aa GAAP spot yield curve at December 31, 2019 and April 30, 2020, and it also shows the movement in the curve last month. Corporate bond yields fell close to 0.5% in April, again reaching record low levels. As a result, pension liabilities fell 5%-8% during the month. Liabilities are now 7%-10% higher than at the end of 2019, with long duration plans seeing the largest increases.

Summary

Over the past two months, stock markets and credit spreads have whipsawed, producing enormous volatility for pension finance. Through April, most plans have incurred a substantial loss so far this year, and as yet there is no clear end in sight to the pandemic and its fallout.

Looking Ahead

Pension funding relief has reduced required plan funding since 2012, but under current law, this relief will gradually sunset. Given the current level of market interest rates, it is possible that relief reduces the funding burden through 2030, but the rates used to measure liabilities will move significantly lower over the next few years, increasing funding requirements for pension sponsors that have only made required contributions.

2020 experience, if it persists, will not increase required contributions until 2022, compounding higher funding requirements due to the fading of funding relief. There is a reasonable chance we get more relief this year, but at this point it's too soon to say for

certain. Discount rates moved lower last month. We expect most pension sponsors will use effective discount rates in the 2.4%-2.9% range to measure pension liabilities right now. October Three, www.octoberthree.com, May 4, 2020.

11. PRC AND NATIONAL WOMEN'S LAW CENTER LETTER TO DEPARTMENT OF TREASURY-IRS ON SPOUSAL CONSENT DURING THE COVID-19 EMERGENCY:

Pension Rights Center and National Women's Law Center sent a second letter to the Department of Treasury and the IRS addressing some of the responses to the first letter on making benefits accessible during the COVID-19 emergency while still protecting the future retirement security of surviving spouses. Read the full letter [here](#). You may also read the first letter [here](#). Pension Rights, www.pensionrights.org, May 1, 2020.

12. TRENDS IN PUBLIC-SECTOR EMPLOYEE TENURE:

Summary: Employee tenure - the amount of time an individual has been in his or her current job - varies significantly between workers in the private and public sectors. The public sector consists of workers at different levels of government, in which tenure varies. This study identifies the differences in tenure trends among public sector workers (federal, state, and local) while comparing them with those of private-sector workers. Data from the U.S. Census Bureau's Current Population Survey (CPS) are the basis of the tenure trend comparisons of the different classes of workers who make up all of the wage and salary workers in the American work force. In prior research, the Employee Benefit Research Institute (EBRI) has shown that data on employee tenure contradicted the belief that individuals in past generations held only one job for their entire career (career jobs) and instead revealed that career jobs never actually existed for most workers and still do not today. However, workers in the public sector do have longer tenures, on average, than those in the private sector. This study, conducted on behalf of the Public Retirement Research Lab (PRRL), builds on that research by more closely examining tenure of public-sector workers. Here are the key findings:

- Federal government workers had the longest median tenures, while state and local workers had median tenures that were just below those of federal government workers and nearly equal to each other. In 2018, the median tenure for state government workers was below that of local government workers - 7.0 vs. 6.0 years.
- Federal workers' median tenure had a significant decline from 2000-2018, while all of the other workers had similar levels of median tenure during that period.
- The median tenure of workers increased with their age through 50-59 for state and local government workers. Above these ages in most years, median tenure was shorter for workers ages 60 or older.
- The percentage of local government workers with 10 or more years of tenure

experienced an uptick from 2000-2016 before falling back to its 2000 level in 2018, while the percentage of state workers with this tenure declined before returning to its 2000 level in 2018.

- The percentage of workers in each class with 25 or more years of tenure was essentially flat from 2000-2018, with private-sector workers having the lowest percentage and federal workers having the highest.
- Workers from the Northeast tended to have the longest tenures across each class of worker, while workers from the West tended to have shorter tenures than those in the other regions, except for local workers, whose tenures were just below those of workers from the Northeast.
- The tenure distribution of federal workers clearly moved to shorter tenures from 2000-2018. In 2000, 59.3 percent of federal workers had 10 or more years of tenure. By 2018, 45.8 percent had this level of tenure. The other three worker classes did not have such a large shift in the tenure distribution from 2000-2018. However, there was a small shift away from shorter tenures in each of the remaining worker classes.
- All classes of public-sector workers had longer tenures, on average, than those of private-sector workers. Consequently, retirement programs in the private sector are not likely models for the public sector given these tenure differences and the strong prevalence of defined benefit (DB) plans. Defined contribution (DC) plans in the public sector could have different appropriate asset allocation strategies given the guaranteed income coming from the DB plan, which could mean more investment in riskier assets and lesser need for income-generating assets in the DC plan. In addition, the public-sector workers were less likely to change jobs, which means fewer opportunities for leakage and more continuous participation. However, tenure for some groups of public-sector workers was shortening, so understanding how to incorporate more shorter-tenure workers may involve some tweaking of the retirement programs.
- The most striking result of this study is the age distribution of workers in the public sector, as the share of those in their 40s is sharply declining. This means that the work force will become significantly younger in 5 to 10 years, as the large share of workers ages 50 or older will be retiring while the smaller share now in their 40s starts to move into the 50-or-older age group. With the younger-than-age-50 cohort making up a larger and larger share of the public-sector work force going forward, retirement programs are likely going to need to encompass programs that look at the total finances of the workers, as these can be more important for younger workers. This could include various financial wellbeing programs, such as emergency savings programs, student loan debt programs, and overall budgeting programs. These programs can help establish the overall finances of the younger workers so that they have their finances in order to prepare for retirement instead of struggling to meet current financial obligations. Craig Copelan, Ph.D., EBRI, Public Retirement Research Lab, Research Study No. 1, www.ebri.org, May 7, 2020.

13. FPPTA VIRTUAL LEARNING SERIES:

Florida Public Pension Trustees Association (FPPTA) is introducing a virtual learning series of 10 online learning opportunities designed to provide timely education during the COVID-19 Pandemic. With the help and expertise of Associate Members, the FPPTA will host informative sessions and provide up to the minute information you'll need to perform your duties as a trustee during this pandemic.

Registration is open for the first online event in the series. Trustees can earn up to 5 CEU credits by attending a minimum of 6 of out the 10 online events. You must register in order to receive CEU credits even if you plan to watch the recording after the live stream event. The Virtual Learning Series is complimentary to members.

Following is the information for the first online session:

Economic Impact of COVID-19

May 20, 2020 - Session 1

2:00 – 3:00 PM

Message from Kim Prior, FPPTA CEO

Speakers:

- Samantha Azzarello - Global Market Strategist, JP Morgan Asset Management
- Liz Young - Director of Market Strategy, Mellon
- Moderator: Michael Spencer, FPPTA Dean of Faculty

To register for this session, click [here](#). FPPTA, <https://fppta.org>.

14. IRS TAX TIP; TAXPAYERS HAVE UNTIL JULY 15 TO FILE AND PAY THEIR TAXES:

The federal income tax filing deadline has been extended to July 15. Taxpayers also have until July 15 to make any federal income tax payments that were originally due on April 15, without penalties and interest, regardless of the amount they owe. This extension applies to all taxpayers.

There's no need to file any additional forms to qualify for this automatic federal tax filing and payment relief. Taxpayers expecting a refund should file electronically. Many taxpayers used [Free File](#) last year. The benefits of filing electronically include:

- **It's available online and can be done from home.** Taxpayers can file using [tax software](#) from their home computer if they don't qualify for Free File. The bottom line is that filing electronically is much more convenient than filling out and mailing paper tax forms.
- **It's safe and secure.** Electronic filing is safe and secure. It uses modern encryption technology to protect tax returns. The IRS continues to [work with states and tax industry leaders](#) to protect tax returns from [tax-related identity theft](#). This effort has helped put safeguards in place to make electronic tax filing a safe and secure option.
- **It's accurate and easy.** Filing electronically helps taxpayers file a complete and accurate tax return. Taxpayers who file electronically will receive an acknowledgement from the IRS telling them their return is accepted. If a return is rejected, the acknowledgement says why the IRS rejected the tax return.
- **File electronically for free.** [Free File](#) is available for eligible taxpayers where they can use online software to file electronically for free. This program is available only on IRS.gov and is for taxpayers who earned less than \$69,000 in 2019. Another option, [Free File Fillable Forms](#), is available to all taxpayers regardless of income.
- **People who file electronically get their refunds faster.** When taxpayers file electronically and choose [direct deposit](#) for their refund, in most cases they can get their money in less than 21 days. If they mail a paper tax return, the refund can take six weeks or longer.

Taxpayers who owe, should file by the due date, and pay as soon as possible. They can schedule their [payment electronically](#) online, by phone or using their mobile device and the [IRS2Go app](#). It's always good to pay as much as possible to minimize interest and penalties. The IRS offers a variety of electronic [payment options](#) to help taxpayers schedule electronic payments. IRS - COVID Tax Tip 2020-52, www.irs.gov, May 6, 2020.

15. DID YOU KNOW ALBERT EINSTEIN SAID THIS?

"Only two things are infinite, the universe and human stupidity, and I'm not sure about the former."

16. INSPIRATIONAL QUOTE:

"I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel." - Maya Angelou

17. TODAY IN HISTORY:

On this day in 1787, Delegates gathered in Philadelphia to draw up the U.S. Constitution.

18. REMEMBER, YOU CAN NEVER OUTLIVE YOUR DEFINED RETIREMENT BENEFIT.