



Addressing the impact of COVID-19 Reward and well-being program impacts

Reward and well-being programs are among the most significant organizational expense and core to the relationship between worker and organization. These programs meet critical needs for workers and their families and remain among the most essential levers to engage and motivate workers.

Crises, like the current COVID-19 pandemic, can roil financial markets, disrupt organizations and industries, and create tremendous stress for workers. In support of worker well-being, it is critical for organizations to:

- Clearly communicate how they support workers and their families during these trying times
- Consider how to flex, modify, or apply reward and well-being programs under these unique circumstances
- Make short-term choices that consider long-term impacts

This is truly a moment-that-matters, and one that will either strengthen or weaken the relationships between the organization and its workforce, customers, communities, and other stakeholders. All will be watching to assess whether organizations are behaving as social enterprises by balancing profit with purpose and putting humans at the center of their business strategies.

Areas where reward & well-being approaches are currently being put to the test:

COVID-19 and the array of regulatory responses are presenting unprecedented challenges for reward & well-being professionals. Examples, whose specifics vary by geography, include:

- Compensation and benefits treatment for quarantined workers or “trapped travelers.”
- Potential furloughs, salary freezes, salary cuts, or other cost-saving measures
- Equitable treatment of the workforce who can work remotely and those who cannot
- Possible pay premiums or “hazard pay” for frontline workers
- Need for mental health resources for workers struggling with fear and anxiety stemming from the pandemic
- Increased and new stresses on health and well-being programs and processes, including the need for exceptions and agile decision making
- Extreme volatility in business performance and equity markets impacting the efficacy and value of bonus and equity compensation programs
- Skyrocketing demand for reward programs such as backup or emergency child or dependent care

Suggested approach:

- ▶ **Proactive planning:** Develop a holistic plan to deliver uninterrupted reward and well-being operations and communication to workers, their families, and business leaders, that affords the agility to solve challenges as they arise.
- ▶ **Bespoke solutions supported by appropriate governance:** Design approaches that are fit-for-purpose using expert guidance regarding local employment law and taxation considerations, among others.
- ▶ **Clear, consistent messaging:** deliver simple, transparent communication on the decisions being made and guidance about the resources available to support them, in alignment with overarching messaging from leadership.

Some of the questions you should ask:

Compensation

- **Variable pay plans.** How will disruptions in your organization and industry impact the achievement of variable pay plan objectives? Commissions? Are any adjustments necessary? How about goal setting for the next period?
- **Salaries.** How are you handling salaries for trapped travelers or quarantined workers? Are salary cuts or freezes on the horizon as a cost-cutting measure? How will you be able to retain, motivate, and support talent under those circumstances? Conversely, are you considering doing something special for frontline employees who cannot work remotely so face greater risks than other workers? What about hourly workers who have been told not to come to work—will you seek to address lost wages?
- **Equity.** Has the timing of this disruption interfered with annual granting or vesting cycles? Have you performed any targeted outreach? Will you have to address grant guidelines or share plan reserves in light of business performance and stock price changes? Are you considering any additional grants or steps to mitigate reduced retentive impact on certain populations?

Benefits

- **Exclusions.** Do any of your health and welfare plans have pandemic exclusions?
- **Core health.** Does the process for getting to a facility with COVID-19 testing capabilities need to be re-evaluated? In the United States, have you considered waiving co-pays for COVID-19 testing or telemedicine, and allowing early medication refills? What core plan changes might be needed if the virus leaves behind new chronic conditions?
- **Emergency traveler benefits.** Does the organization need to perform extractions of trapped travelers? Will third-country extractions be covered? Are employees adequately covered outside their home country?
- **PTO/LOA/Sick Leave.** Do you have “non-punitive leave policies” so sick employees do not feel pressured to come into work where they can infect others? Are you ready to modify or provide flexibility with paid leave policies consistent with public health guidance and determine how to handle any waivers to policies?

Well-being

- **Mental health resources.** Are you leveraging EAP or other mental health resources for employees who are struggling with fear and anxiety stemming from the pandemic?
- **Physical well-being.** Are you providing comprehensive physical well-being resources, reminders, and supplies during this crisis to help keep your employees healthy?
- **Community.** Mental health needs may go beyond anxiety over the pandemic if the situation continues and remote workers experience extended isolation and blurring of lines between work and home.
- **Childcare.** Do you provide back-up childcare or dependent care or reimbursement of the same? What if employees are still able to work remotely, but their children are suddenly out of school for extended periods of time?
- **Financial well-being.** Has your organization or its vendor communicated with retirement plan participants regarding market volatility, long-term strategy, etc.? How might you help employees meet short-term cash flow needs if income is disrupted?

Even organizations that have not yet been adversely affected by COVID-19 should pro-emptively consider the questions above to increase preparedness.

Contact:

For more information on how to respond, recover and thrive:

- Connect to Deloitte leaders www.deloitte.com/COVID-19-leaders
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