FOUR POINT HR

Payroll. Worker's Compensation. Benefits. Human Resources.

July 2010

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Issue Nineteen

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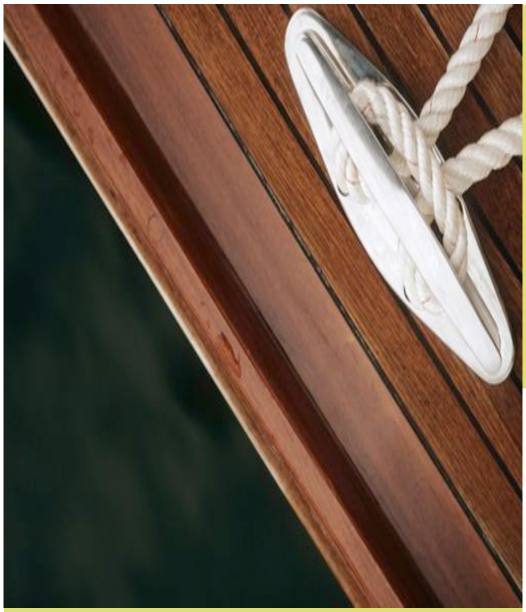
Did You Know?

Fruits and vegetables, most of which are naturally low in fat and calories, provide essential vitamins and minerals, fiber, and other substances that are important for good health.



BLOG CORNER: Dealing With Anxiety

Stay connected to Four Point HR. Post a response on this topic and others to our blog at **fourpointhr.com/peo**.

If you have not been under added stress at work lately, you are one of the few who have recession proof businesses or simply are immune to anxiety. Anxiety is a normal reaction for business owners and managers to experience in difficult times. The most important thing to do is to recognize anxious feelings and to take action. Consider these suggestions to help you to relax.

1. Know what you can change and what you can't. Refuse to worry about the things that you cannot change.
2. Laugh more. Do something to inject humor into your day.
3. Breathe slowly and deeply. Relaxation begins with slow, deep breathing from your diaphragm.
4. Say "no". It's hard to say no sometimes, but recognize you can't do everything and pace yourself.
5. Go ahead and make mistakes. No one's perfect. Learn from our mistakes and move forward.
6. Get active. Exercise brings out the body's endorphins, natural painkillers and pleasure-producing substances produced naturally by our bodies.
7. Eat well and avoid stimulants. A healthy diet makes the body strong and increases a sense of well-being. Watch those double-lattes. Caffeine and nicotine put more stress on our musculature and nervous system.
8. Talk to others. Talk out your issues. This is especially hard for the guys. Sharing life's difficulties and problems with another person, whether a co-worker, friend, spouse, lover, or counselor, allows one to shed the weight of burdens shouldered alone.
9. Don't turn away from the problems. Face your difficulties. Problems have a tendency to mount quickly, until there can seem so many as to be overwhelming. Tackle them one at a time.
10. Set achievable goals and related action items regularly to keep yourself on track

HIRE Act Update

Effective June 16th, Four Point HR's payroll system was updated with the ability to apply HIRE Act Social Security tax credits. The system change benefits our clients by giving them an opportunity to receive a tax break on FICA Social Security if all requirements are met. The HIRE Act was signed into law to provide employers an incentive to hire unemployed workers and it allows for the credit of the employers' portion of the 6.2% Social Security tax from wages paid from March 19, 2010 through December 31, 2010 on eligible employees.

Four Point HR's system will retroactively apply all applicable tax paid, prior to the system update, on qualified employees. Employers must identify any and all employees who fit into the following criteria to receive this credit.

- Hire date after February 3, 2010 and before January 1, 2011.
- Completion of a supplied **Form W-11** by qualified employees. The form certifies, under penalties of perjury, that he or she was not employed for more than 40 hours during the 60 days before employment with that employer. The completed form must be returned to Four Point HR to implement the credit.

Adjustments to the employees' 941 will be handled through Four Point HR.

It is also important to note the following directives from the IRS.

- A new hire replacing another position is not a qualified employee unless the worker they are replacing left voluntarily or for cause (including downsizing).
- Family members and other relatives are not qualified employees.
- New businesses can apply for the tax exemption as long as their new hires are qualified employees.
- Household employers cannot claim the new tax benefit.
- Taxable businesses, tax-exempt organizations, public colleges and universities can qualify for the exemption. (Federal, State or Local government employers generally do not qualify)
- The 2010 Form W-2 will have a box 12, code "CC" added for reporting HIRE Act exempt wages and tips for qualified employees.

Employers who have retained the qualified employees for 52 consecutive weeks are eligible for an additional general business tax credit. This credit is based on 6.2% of wages paid to the qualified employee over the 52- week period, up to a maximum or $1,000. Employers should note that the qualified employee's wages for the last 26 weeks must equal at least 80% of the employee's wages for the first 26 weeks of employment to qualify.

Understanding Unemployment

The Social Security Act of 1935 was enacted during The Great Depression. Title III of the Act's provisions established unemployment insurance (UI). The UI program is a joint venture between federal and state governments that is funded by employer taxes* and has provided unemployment compensation to workers who have been involuntarily unemployed due to economic conditions for more than 75 years.

The original Title III provision has been changed throughout the years to reflect shifting times, but, in theory, the UI program has always worked on economic cycles. When the economy is in an upswing, more employees are working and the government UI coffers are supplied beyond demand. When the economy is in a downswing, more employees file unemployment claims and funds are depleted. As the economy improves, UI caches are replenished and the cycle repeats itself as necessary.

The Department of Labor (DOL) watches over the UI program and currently uses various software, benefit accuracy measurements (BAM), government database cross matching and a Treasury Offset Program (TOP) to recover unreported unemployment compensation income. BAM samples state claims and investigates the accuracy of benefit payments and can detect error amounts and responsible parties. TOP works by matching delinquent debts, owed to various governmental agencies, against Federal income tax refunds.
Recent economic declines have caused a rise in Federal and State UI benefit payments. In light of mounting program costs the DOL has resolved to increase program integrity and reduce improper UI payments. The Unemployment Compensation Integrity Act (The Integrity Act) was transmitted to Congress on May 11, 2010. Penned to enhance measures currently fighting employee and employer fraud, the Integrity Act, contains provisions to increase employee compensation overpayment and delinquent employer contribution recovery. It also aims to reduce the amount of erroneous claim payments, employer tax underpayments and misclassifications of employees erroneously labeled as independent contractors.

Currently, states can only use monies recovered from delinquent employer UI contributions to pay for UI benefits. If the Integrity Act is enacted, it will lift restrictions on the age of debts and it will allow states to use some recovered monies to further efforts toward fraud detection and deterrence, UI abuse and overpayment. In addition, states are only allowed to recover overpaid monies if over/underpaid parties have addresses matching tax forms; if enacted, the Integrity Act will give states the ability to recover benefit overpayments from employees who work in one state but have a mailing address in another and/or from employers who have worked employees in one state but have a corporate address in another. Employee misclassification will be addressed through allocation of funds to states when worker misclassification efforts are improved. At present, about 30% of improper UI payments are due to unreported earnings. The Integrity Act will pose fines on employees found with outstanding fraudulent overpayments (similar to those now imposed on employers with delinquent taxes), further, those found filing fraudulent claims will be charged up to 15% of the overpayment amount. To alleviate the numbers of employees who return to work but continue to collect benefits; employers will be required to report the first day of earnings for new hires to the National Directory of New Hires.

To offset the inconvenience of more upfront paperwork for employers the bill, if passed, will give some respite to employers now charged each time an unemployment compensation payment is made, regardless of the reason. If an employer is not at fault for causing an employee's unemployment, the benefits paid in the employee's claim will not be used to calculate the employer's UI contribution rate. Please note, if an employer has a history, or sets a pattern, of giving the DOL untimely and/or inaccurate employee termination/separation information; the employer's account may not be relieved.

It is estimated that the Integrity Act's provisions will save an estimated 1.6 billion dollars over the next 10 years. Four Point HR will continue to monitor the Integrity Act as it journeys through congress and, if passed, will post a follow up article on how the passage could affect employee and employers.

**Unemployment insurance deductions are never taken from am employee's pay. All deductions for the UI program are exclusively funded through an employer tax that is based on the amount of an employee's wage. Employers pay State and Federal Unemployment taxes (SUTA and FUTA, respectively). SUTA rates vary for individual employer's because each state's rate is dependent upon that state's tax rates and minimum wage base, some states require new businesses to have an average starting rate until an employment history is created, and rates may be periodically adjusted based on the number of UI claims filed against an employer. Employers pay FUTA on the first $7,000 of an employee's gross compensation, per calendar year. FUTA rates are generally equal to 6.2% of an employee's gross compensation (but normally this nets to only .08% because Employers are allowed to take a credit (of up to) 5.4% for paying SUTA on employees).*

OSHA Publishes Proposed Rulemaking

The U.S. Department of Labor's Occupational Safety and Health Administration (OSHA) has announced in a notice of proposed rulemaking (NPRM) published in the *Federal Register,* its plans to require improved worker protection from tripping, slipping and falling hazards on walking and working surfaces. A public hearing on the revised changes will be held after the public comment period for the NPRM.

"This proposal addresses workplace hazards that are a leading cause of work related injuries and deaths," said Assistant Secretary of Labor for OSHA Dr. David Michaels.

The NPRM describes revisions to the Walking-Working Surfaces and Personal Protective Equipment standards to help prevent an estimated annual 20 workplace fatalities and more than 3,500 injuries serious enough to cause people to miss work. For example, in July 2009, a worker at a chocolate processing plant was killed after falling from an unguarded work platform.

"This is a clear and grave example of the human cost incurred when fall protection safeguards are absent, ignored or inadequate," said Michaels. "The loss of a worker's life might have been prevented if the protective measures in these revised standards had been in place and in use."

The current walking-working surfaces regulations allow employers to provide outdated and dangerous fall protection equipment such as lanyards and body belts that can result in workers suffering greater injury from falls. Construction and maritime workers already receive safer, more effective fall protection devices such as self-retracting lanyards and ladder safety and rope descent systems. These proposed revisions would require these fall protection devices for general industry workers.

The current walking-working surfaces standards also do not allow OSHA to fine employers who let workers climb certain ladders without fall protection. Under the revised standards, this restriction would be lifted in virtually all industries, allowing OSHA inspectors to fine employers who jeopardize their workers' safety by climbing these ladders without proper fall protection.

Under the Occupational Safety and Health Act of 1970, employers are responsible for providing safe and healthful workplaces for their employees. OSHA's role is to assure these conditions are upheld for American workers by setting and enforcing standards, and providing training, education and assistance. For more information, visit http://www.osha.gov.

Payroll Corner

Independence Day

In observance of Independence Day, Four Point HR will be closed on Monday, July 5th. There will be no impact to payrolls due to the Holiday. We wish you a safe and happy 4th of July.

Mid Year Check Up

Now is a good time to check your pay stub for accuracy of personal information such as address, withholding and Social Security number. You may also want to check with your tax advisor to ensure you are withholding the proper taxes before year-end.

Small Business Healthcare Tax Credit

Small employers with no more than 25 employees and average annual wages of less than $50,000 that purchase health insurance for their employees will receive a tax credit for tax years 2010 through 2013. This credit can be up to 35% of the employer's contribution toward employees' health premiums if the employer contributes at least 50% of the total premium cost of 50% of a benchmark premium.

Example: Maximum Credit For an Employer:

- Qualified employer with 9 full time employees
- Average annual wages of $25,000 per full time employee
- Employer pays $72,000.00 in health care premiums for those employees. This does not exceed the average premium for the small group market in the employer's state and otherwise meets the requirements for the credit
- The credit for 2010 is $25,200: 35% x $72,000 = $25,200

If the number of full time employees exceeds 10 or if average annual wages exceed $25,000, the amount of the credit is reduced. Please contact your Four Point HR representative for the information required for these calculations.

The Health Care Tax Credit can be claimed for an eligible business as part of their general business credit beginning with their 2010 business income tax return.

WINNER ANNOUNCMENT!

The winners of the May and June newsletter subscriber drawings for the $25 Starbucks cards are Carmen Duren and Tammy Emerick respectively.

In addition to providing our community with an email newsletter that is packed with employment-related feature articles, tips, updates, resources and legislation, Four Point HR thanks our email newsletter subscribers with the chance to win coffee on us.