



Your Advantage

News and information to help you and your business succeed

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Employer Advantage announces

We are pleased to announce that Gayle Sawyer, Accounting Manager, has been named Chairman of both the Small Business Council and the Special Events Committee of the Joplin Chamber of Commerce. Gayle has been with Employer Advantage 12 years and has worked closely with the Chamber of Commerce in a variety of leadership roles.

Memorial Day Observance

Please be advised that our offices will be closed Monday, May 31st, in observance of the Memorial Day holiday. If possible, please transmit payroll data to us on the previous Friday, May 28th. Our fax lines and internet website will be fully operational through the entire weekend. To ensure timely delivery of your payroll during the week after Memorial Day, please submit information by 10:00 AM Tuesday, June 1st.

Information Security

Businesses are using the Internet on an increasing basis and the hackers are ready to take advantage. Email viruses are the most common attack your computer system and often can bring work to a standstill before you know it. Because of this, Employer Advantage has created a Secure Site for transmitting and receiving documents.

The benefits to using the Secure Site are:

- Documents are sent immediately with no wait time while the email goes between servers and virus scanners.
- You never have to worry if the email even went through.
- Large documents can be sent as a whole rather than splitting it up to fit in a mailbox.
- No searching through your emails trying to find something.
- Confidential information stays confidential. The Secure Site is safer than sending personal information in an email.
- When you send us something, an email automatically goes to someone in Employer Advantage letting them know there is a Document waiting. In some cases, this is setup as a whole department so you never have to worry about someone being out of the office.

Contact your Payroll Specialist about getting set up on the Secure Site.

Internship Programs Under FLSA

One great way to have help and save money is to create unpaid internships. That way, someone gets a lot of experience and you save money, right?

Well, maybe.

The Department of Labor has stated that internships with “for-profit” private sector employers will usually be viewed as “employment” and those employees must be paid at least minimum wage and overtime if they work more than 40 hours in the work week.

There are specific circumstances in which employees can participate in “for-profit” internships or training programs without compensation from the employer. All of the following factors must be met:

1. The internship, even though it includes actual operation of the facilities of the employer, is similar to training which would be given in an educational environment,
2. The internship is for the benefit of the intern,
3. The intern does not displace regular employees, but works under close supervision of existing staff,
4. The employer that provides the training derives no immediate advantage from the activities of the intern, and on occasion its operations may actually be impeded,
5. The intern is not necessarily entitled to a job at the conclusion of the internship, and,
6. The employer and the intern understand that the intern is not entitled to wages for the time spent in the internship.

Some further discussion on the factors:

Similar To Training Which Would Be Given In An Educational Environment – An internship should be structured around the individual gaining skills that can be used in multiple settings as opposed to learning a specific employer’s work. In addition, the intern should not perform routine work of the business on a regular and recurring basis and the business should not be dependent upon the work of the intern.

Displacement and Supervision Issues – If an employer would have hired additional staff to perform the work either on a temporary or permanent basis, but instead created an internship, then the individual in that job is considered an employee. However, the employer can provide “job shadowing” where the intern performs no or minimal work under close supervision and not be required to pay the individual.

Job Entitlement – The internship should be of fixed duration established prior to the beginning of the internship. Unpaid internships should not be used as a trial period prior to hiring an employee.

While we cannot cover all circumstances in one article, Employer Advantage encourages clients to contact the Human Resources Department with any questions about internships ongoing or future. Our goal is to keep clients within the guidelines of the Fair Labor Standards Act.

May is Tornado Month

According to many weather tracking websites, May tends to be the month in which the United States peaks in tornado outbreaks. Although this spring has been on the quiet side, it's still important to review your tornado/disaster plans and hold a drill to ensure employees know what to do.

Know Your Watches and Warnings

Tornado Watch - Tornadoes are likely. Be ready to take shelter. Stay tuned to radio and television stations for additional information.

Tornado Warning - A tornado has been sighted in the area or is indicated by radar. Take shelter immediately.

Important Steps in A Business Tornado Plan:

- If feasible, develop a system for knowing who is in your building in case there is an emergency.
- Establish a warning system.
 - Test systems frequently.
 - Plan to communicate with people with hearing impairments or other disabilities or who do not speak English.
- Account for all workers, visitors and customers as people arrive in the shelter.
 - Take a head count.
 - Use a prepared roster or checklist.
 - In general, employees cannot be forced to shelter, however there are circumstances when local officials will order that everyone stay put.
- Assign specific duties to employees in advance; create checklists for each specific responsibility. Designate and train employee alternates in case the assigned person is not there or is injured.
- Get emergency supply kits and keep them in your shelter locations.
- Practice your shelter-in-place plan on a regular basis.

Determine Where You Will Take Shelter In Case Of A Tornado Warning

Note: Auditoriums, cafeterias and gymnasiums that are covered with a flat, wide-span roof are not considered safe.

- Make plans for evacuating personnel away from lightweight modular offices or mobile home-size buildings. These structures offer no protection from tornadoes.
- Go to a pre-designated shelter area such as a safe room, basement, storm cellar, or the lowest building level. If there is no basement, go to the center of an interior room on the lowest level (closet, interior hallway) away from corners, windows, doors, and outside walls. Put as many walls as possible between employees and the outside. Do not open windows.
- Once in the shelter, employees should protect their heads with their arms and crouch down.

HIRE Act in a Hurry

Qualified Employees are those who:

- Started work with the employer after February 3, 2010.
- Were previously unemployed at least for 60 days.
- Only replace other employees who left voluntarily or were terminated for cause.
- Are not related to the owners

W-11 "HIRE Act Employee Affidavit":

- Must be completed by the employee, and
- Employers need to send the form to Employer Advantage for the credit.

What employers receive:

- Maximum exemption per employee is \$6,621. (6.2% of \$106,800 the limit for Social Security Wages)
- Up to \$1,000 tax credit for retaining qualified unemployed workers. The workers must be employed by the employer for a period of not less than 52 consecutive weeks, and their wages for such employment during the last 26 weeks of the period must equal at least 80% of the wages for the first 26 weeks of the period.

Questions:

Contact Employer Advantage if you have any questions or need forms. We'll be glad to help you.

Small Employer Health Insurance Tax Credit

Many provisions of the Patient Protection and Affordable Care Act of 2010 do not affect small businesses in 2010. One substantial provision, the Small Employer Health Insurance Tax Credit, is effective for 2010 and our clients will be eligible for an income tax credit for insurance premiums paid for their employees, provided that at least 50% of the employee only premiums are paid by the employer.

The maximum credits will be realized by small businesses with 10 or fewer full time equivalent employees (FTEs) and average FTE average wages of \$25,000 or less.

The base 35% credit is reduced by 6.67% for each FTE in excess of 10 and by 4% for each \$1,000 that the average FTE wages exceed \$25,000. The example shows how FTEs, FTE average wages, and the credit reductions are calculated.

Company ABC has 5 full time employees with wages of \$200,000, 10 part time employees paid \$75,000 for 7,500 hours and has 20 seasonal workers who were paid \$90,000 for 9,000 hours. The Company paid \$20,000 for employee health insurance premiums.

To Find FTEs

Full time Equivalents	5
Part time Equivalents 7,500/2,080	3.61
Seasonal Employees (Not figured into calculation)	0
Total (Fewer than 10 FTE)	8.61

To Find Average FTE Wages

Average wages \$275,000 divided by 8 FTEs	\$ 34,375
Average FTE Wages Rounded Down	\$ 34,000
Average FTE Wages Allowed	\$ (25,000)
Difference	\$ 9,000

To Find Health Insurance Credit

\$20,000 (Insurance Paid) x 35% Credit	\$ 7,000
Credit reduced by 4% x 9	\$ (2,520)
Credit Allowed	\$ 4,480

This example illustrates that seasonal employees do not affect the credit but the credit can be reduced even though the FTEs are less than 10.

FTEs and the average wages of the FTEs do not include self-employed individuals, including partners and sole proprietors, 2% shareholders of an S corporation and 5% owners. Family members other than a bona fide working spouse of a sole proprietor or partner may also be excluded for these purposes. Seasonal employees are not counted for purposes of calculating FTEs and their wages are not used in computing FTE average wages. A seasonal employee is an employee that does not work more than 120 days during the tax year. Improperly classifying seasonal employees as part time employees will, in many cases, substantially reduce or eliminate the credit.

The credit is a non refundable credit and, if not used to reduce the current year income taxes, can be carried back one year and forward twenty years. The credit must also be used to reduce wages for purposes of determining taxable income for the current tax year.

In early 2011, we will provide the information necessary for determining the credit. If you have any questions, please contact the Accounting Department of Employer Advantage