

TAHRA

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May / June 2010

TRAVERSE AREA HUMAN RESOURCE ASSOCIATION

The President's Corner

As summer approaches our program year comes to a close. Our June Legal Round Table is always extremely beneficial and this year will also prove to be fun! Remember this is an afternoon session, will be held at the Red Ginger and because of space limitations is for chapter members only.

I'd like to take this opportunity to thank the Membership and the Board for their support over the last two years while serving as President of TAHRA. It's been a pleasure! I'd also like to welcome the new Board members who will take on new challenges and responsibilities in the coming years; Laura Mitchell, President; Stacey Brothers, Vice President; and Betsy Rees as Secretary.

Being involved in an organization such as TAHRA provides many opportunities for growth and networking. Our rela-

tionship with other professionals, in a variety of industries, will benefit us all. We have managed to increase our membership to previous levels in these difficult economic times. I hope you'll continue to support each other as we move through the challenges ahead. Your commitment to HR as a TAHRA member, board member, or volunteer committee member is much appreciated and is what makes us strong. Thank you!

Thank You!
Janet Yankee
President
SPHR



Dates and Events to Remember

No TAHRA Meetings in July & August

Monthly TAHRA Meetings Resume

September 14, 2010

Park Place

12:00 noon—2:00 pm

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2010 Hiring Incentives to Restore Employment Act

By: Barb Howard, Lear Corporate Memo sent to staff on April 8, 2010

On March 18, 2010, President Obama signed the Hiring Incentives to Restore Employment Act (the "HIRE Act"). The HIRE Act provides tax incentives to employers who hire and retain certain qualified employees in the U.S. who were previously unemployed. The HIRE Act provides Employers with the opportunity to receive the following incentives:

- ◆ Employers will be exempt from paying the employer's portion of Social Security employment taxes ("OASDI") on wages paid to "qualified employees" on or after March 19, 2010, and before January 1, 2011. A "qualified employee" is an employee: (1) that started employment after February 2, 2010 and before January 1, 2011; (2) who was previously unemployed and worked no more than 40-hours during the 60-day period immediately before the date being hired; and (3) who is hired either to a newly created position, or as a replacement of a terminated employee as long as the terminated employee separated from employment voluntarily, was terminated for cause, or due to other facts and circumstances (see FAQ #6 on page 3 of this memo). The qualified employee must sign Form W-11, under penalties of perjury, that he or she meets the second test above. The amount of payroll tax savings per employee will be 6.2% of OASDI wages paid from March 19, 2010 to December 31, 2010, up to a maximum of \$6,621.60 per qualified employee. Since this tax benefit is in the form of reduced employment taxes, any benefit that we can obtain will increase our operating income as well as free cash flow.
- ◆ Employer will also receive an income tax credit of up to \$1,000 per qualified employee in 2011 if: (1) the qualified employee worked for a continuous period of not less than 52 consecutive weeks; and (2) the wages of the qualified employee for the last 26 weeks of the 52 week employment period is equal to or greater than 80% of the wages paid for the first 26 weeks of the period.

The tax incentives require that certain functional groups implement new practices and procedures with respect to hiring new employees in the U.S. for the remainder of 2010. The following is a high-level, bullet-point listing of the anticipated responsibilities and requirements of each functional group.

Hiring Act Continued

Human Resources

- ◆ Determine whether a new hire meets the definition of a qualified employee.
- ◆ Obtain the signed Form W-11 from qualified employees.
- ◆ Retain the signed Form W-11 as a permanent record of the employee and keep in personnel file.
- ◆ Save copies of signed Form W-11 to a shared drive that can be accessed by Corporate Payroll.

Corporate Payroll

- ◆ Deposit employer's portion of OASDI tax for wages paid to qualified employees beginning after March 18, 2010 and before April 1, 2010.
- ◆ Treat deposited employer's portion of OASDI tax in first bullet-point above as a payment on employer's 2nd Quarter Form 941.
- ◆ Do not deposit employer's portion of OASDI tax for wages paid to qualified employees beginning after March 31, 2010 and before January 1, 2011.
- ◆ Obtain and retain copies of signed Form W-11's in case of audit.
- ◆ In 2012, provide Corporate Tax a report of qualified employees that meet both the 52-week consecutive employment test during 2011, and the 80% wage test, along with copies of signed Form W-11's.

Corporate IT

- ◆ Implement PeopleSoft solution once available.
- ◆ Communicate solution to user community.
- ◆ Setup shared drive on network for HR to save signed Form W-11's.

Corporate Tax

- ◆ Obtain and retain copies of signed Form W-11's to support income tax credit in case of audit.
- ◆ Determine income tax credit and report on 2011 Corporate Income Tax Return.

Hiring Act Continued

Frequently Asked Questions

Does the qualified employee have to work a minimum amount of hours?

No. Part-time and seasonal employees can qualify under both tax incentives.

Does the qualified employee receive any benefit under the HIRE Act?

No. The intent of this legislation is to stimulate private-sector employers to hire unemployed workers.

Do all new hires have to sign Form W-11?

No. Only those new hires that meet the definition of a qualified employee must sign Form W-11.

What if a new hire refuses to sign Form W-11? Can Lear force them to sign?

Lear cannot force a new hire to sign Form W-11.

What happens to the status of a qualified employee when he or she returns to work from summer shut-down?

Employer will still qualify for the payroll tax incentive and most likely, the income tax incentive, provided that the shut down does not constitute a “gap” in employment under the 52-consecutive week rule. The IRS is currently developing guidance that should address issues such as these.

Can laid-off workers be treated as “qualified employees” when they return to work in 2010?

Yes, as long as they can sign Form W-11 under penalties of perjury that they worked no more than 40-hours during the 60-day period ending on the date they are back to work.

How does employer handle the OASDI taxes from wages paid to qualified employees after March 18, 2010 and before April 1, 2010?

Employer is required to pay the employer’s portion of OASDI taxes on all qualified employees for this period.

How does employer benefit from the OASDI taxes on wages paid to qualified employees after March 18, 2010 and before April 1, 2010?

Corporate Payroll must obtain copies of all signed Form W-11’s and quantify the amount of OASDI taxable wages for this period to calculate the overpaid OASDI taxes. This amount will be reported as a payment on 2nd Quarter Form 941.

Additional FAQ’s can be accessed at <http://www.irs.gov/businesses/small/article/0,,id=220745,00.html>.

Form W-11 is attached and can also be accessed at <http://www.irs.gov/pub/irs-pdf/fw11.pdf>

SHRM Updates



Upcoming Deadlines:

SHRM Sons & Daughters Scholarship Program

Application Deadline May 15, 2010

SHRM has established a scholarship program to help finance higher education for children of its members. Applicants must be children of national members of SHRM. Applicants may be either high school seniors, high school graduates or first-year college undergraduates enrolled or planning to enroll in a full-time course of study at an accredited four-year college or university. Awards are **\$1,500 each** and may only be used for the first or second year of undergraduate study only. A total of twenty-four (24) scholarships are awarded annually. For more details and a copy of the application go to <http://www.shrm.org/about/awards/Pages/sonsanddaughters.aspx>.

2010 SHRM Foundation Scholarship Program

Application Deadline July 15, 2010

Calling all SHRM members (professional, general or associate) pursuing a college degree or professional HR certification – applications are currently being accepted for the SHRM Foundation Scholarship program. This year there will be 20 education awards (\$2,000 each) and 80 certification awards (\$750 each) for a total of \$100,000 given out in 100 awards. Members may apply online at: <http://sapphire.shrm.org/Scholarships/Default.aspx>

Note: SHRM student members are not eligible for this program. The student scholarship program will launch May 1.

2010 SHRM Foundation Student Scholarship Program –

Application Deadline October 15, 2010

More than \$50,000 will be awarded in education and certification scholarships. 25 scholarships available.

<http://www.shrm.org/about/foundation/scholarships/Pages/default.aspx>

Mark Your Calendars:

CLA Webcast/Conference Call Schedule

Conference Calls

5/12 – College Relations
5/19 – Membership
5/26 – Certification
6/09 – Government Affairs
7/21 – Membership

Webinars

7/8 - Diversity

All calls begin at 4:00 ET, 3:00 CT, 2:00 MT, 1:00 PT.

The call-in number for ALL conference calls is the same.

Call-in number: 1.800.745.6370

Participant code: 747279

Watch for e-mail reminders with webinar login information.

2010 Schedule can be viewed at:

<http://www.shrm.org/Communities/VolunteerResources/Pages/CLAConCallWebinarSchedule.aspx>

SAVE THE DATE

October 4—6 2010

2010 MISHRM CONFERENCE

HR LEAN

Leadership Environment Action Next Steps

Announcements

Special Thank You to:

[Josh Reynolds and Rachel Roe](#)

The TAHRA membership is fortunate to have these legal experts as a resource. We would like to acknowledge that their presentation on June 8th is an in-kind donation to the chapter. Thank you!

Congratulations!

[Tonya Jacobs](#)

Tonya passed the PHR Exam!

FYI

Now you can communicate with the TAHRA membership through [LinkedIn](#). Simply go to <http://www.linkedin.com>.

Please feel free to post announcements, job postings, and human resource questions through this website portal.

TAHRA Contact Information

Please send general TAHRA questions to tahrashrm@gmail.com

Any questions about marketing or this newsletter may be directed to Laura Galbraith at galbraith@tcchamber.org.

Hope you have a wonderful summer! See you again in September!