



The "Total" Advisor

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December 2014 Issue

State Minimum Wage Rates Set to Increase

The minimum wage will rise in a number of states next year. Unless otherwise noted, the following minimum wage rates (per hour) are scheduled to become effective on January 1, 2015:

- **Alaska:** \$8.75
- **Arizona:** \$8.05
- **Arkansas:** \$7.50
- **Connecticut:** \$9.15 (gratuity allowance for certain waitpersons rises to 36.8% of the minimum wage; 18.5% for bartenders)
- **Delaware:** \$8.25, beginning June 1, 2015
- **District of Columbia:** \$10.50, beginning July 1, 2015
- **Florida:** \$8.05 (\$5.03 for certain tipped employees)
- **Hawaii:** \$7.75
- **Maryland:** \$8.00 (\$8.25 beginning July 1, 2015)
- **Massachusetts:** \$9.00 (\$3.00 for tipped employees)
- **Minnesota:** \$9.00, beginning August 1, 2015 (\$7.25 for employers with annual gross volume of sales less than \$500,000)
- **Missouri:** \$7.65 (\$3.825 for tipped employees)
- **Montana:** \$8.05
- **Nebraska:** \$8.00
- **New Jersey:** \$8.38
- **New York:** \$8.75, effective December 31, 2014 (\$9.00 beginning December 31, 2015)
- **Ohio:** \$8.10 (\$4.05 for tipped employees), except that the federal minimum wage of \$7.25 per hour may be paid to employees whose employers gross \$297,000 or less per year
- **Oregon:** \$9.25
- **Rhode Island:** \$9.00
- **South Dakota:** \$8.50 (\$4.25 for tipped employees)
- **Vermont:** \$9.15
- **Washington:** \$9.47
- **West Virginia:** \$8.00, after January 1, 2015

In this Issue	
State Minimum Wage Rates Set to Increase	
2015 Changes to Health FSAs and Other Tax Benefits	
Alcohol and Office Holiday Parties: 7 Ways to Reduce Your Liability	
3 Tips for Managing Employee Records and Files	
Deadline Delayed to Submit ACA Reinsurance Program Enrollment Counts	

Be sure to comply with any city or other local wage requirements (which may be **higher** than the state or federal minimum wage) that may apply to your business. For more information on state minimum wage laws, including poster requirements, please visit our [State Laws](#) section, click on your state, and select "Minimum Wage" in the left-hand navigation menu.

2015 Changes to Health FSAs and Other Tax Benefits

The IRS has [announced](#) a number of inflation-adjusted tax items for 2015. Items that may be of particular interest to employers and employees include the following:



- **Limit on Health Flexible Spending Arrangement (FSA) Contributions.** The annual dollar limit on employee contributions to employer-sponsored health FSAs **increases to \$2,550** (up \$50 from the amount for 2014).
- **Small Business Health Care Tax Credit.** The maximum amount of the small business health care tax credit is phased out based on the employer's number of full-time equivalent employees in excess of 10 (unchanged from last year) and the employer's **average annual wages in excess of \$25,800** (up from \$25,400 for 2014).
- **Qualified Transportation Fringe Benefits.** The monthly limit on the value of the fringe benefit exclusion for transportation in a commuter highway vehicle and any transit pass **remains unchanged at \$130**. The monthly limit for qualified parking **remains unchanged at \$250**.
- **Earned Income Credit.** The maximum Earned Income Credit amount is **\$6,242** for taxpayers filing jointly who have 3 or more qualifying children, up from a total of \$6,143 for tax year 2014. IRS [Revenue Procedure 2014-61](#) includes a table that provides maximum credit amounts for other categories, income thresholds, and phase-outs.

Visit our [Fringe Benefits](#) section to learn more about the tax consequences of various employer-provided benefits.

Alcohol and Office Holiday Parties: 7 Ways to Reduce Your Liability

Office holiday parties can build morale, offer opportunities for more casual interactions among workers, and reward employees for a productive year—but did you know they can also be a source of liability for your company? If you choose to have alcohol at your holiday party, consider the following tips to help keep you and your employees safe:



- **Review your [insurance coverage](#) before the party.**
 - If the party will be hosted onsite, determine whether you are covered for injuries or damage to property if you serve alcohol on your premises, or if you need to purchase separate special event coverage or an additional liquor liability policy.

- For gatherings held offsite, such as in a restaurant, request a copy of the venue's certificate of insurance and determine if you need additional coverage.
- **Don't make attendance at the party mandatory.** Employees should understand that no work will be conducted at the party.
- **Make it clear before the party that overindulgence and other offensive behavior are not acceptable.**
 - Remind employees that alcohol is no excuse for illegal or inappropriate behavior, such as sexual harassment.
 - Consult your employee handbook and make sure that any company-sponsored festivities aren't in violation of the policies in your handbook (such as those relating to an alcohol-free workplace).
- **Avoid open bars.**
 - Approve the types of drinks that will be served in advance and consider the effects -- according to the [Centers for Disease Control and Prevention](#), one 12-ounce beer has about the same amount of alcohol as one 5-ounce glass of wine, or a 1.5-ounce shot of liquor.
 - Consider a cash bar or provide a limited number of "free drink" tickets to each employee.
 - Be sure there is a variety of non-alcoholic drinks available as well.
- **Stop offering alcohol at least 1 hour before the party ends.** Serve coffee, desserts and plenty of bottled water during this time.
- **Make arrangements for employees to get home safely.** Offer free cabs and enlist designated drivers. Remember -- you could be on the hook if employees leave a company-sponsored party drunk.
- **Make it a daytime event or family party.** Consider serving non-alcoholic beverages only and make it a family-oriented party instead.

For more information on serving alcohol during company-sponsored holiday parties, check out the U.S. Small Business Administration's blog on [Tips to Avoid Company-Sponsored Holiday Party Liability](#). You can read more about keeping employees safe in our section on [Safety and Wellness](#).

3 Tips for Managing Employee Records and Files

The end of the year is a great time to review your employee records and files. In addition to making sure that you're keeping any records that may be required by law, you should be sure to update any information that has changed and get rid of any documents that no longer need to be retained. The guidelines below can help you get organized.



1. Determine which records you need to maintain. Employers may be required to keep certain types of records, such as payroll records and tax records, for a specified period of time in order to comply with federal and/or state law. Other documentation may be important to support disciplinary action or a termination. The following are some examples of the types of records a personnel file may include:

- **Basic Information:** Employee's full name, social security number, address, and birth date.
- **Hiring Documents:** Job descriptions, employment applications, and resumes.

- **Job Performance and Development:** Performance evaluations, disciplinary letters, awards, promotion records, and records of education or trainings.
- **Compensation:** Forms W-4, payroll records, and time cards for prior year(s).
- **Termination and Post-Employment Information:** Exit interview forms and a record of documents provided to the employee along with the final paycheck (e.g., termination letter, benefits notices, and unemployment compensation forms).

2. Consider which documents need to be kept in a confidential file. It's a good idea (and in certain instances may be legally required) to keep certain employee records and information in a confidential file separate from the personnel file. Examples of records that should be kept in a separate, confidential file include medical records, Forms I-9, wage garnishment documentation, and documents pertaining to sensitive matters, such as harassment investigation records.

3. Make sure you have a policy in place that outlines the procedures for how your company will manage employee records and files. At a minimum, your policy should:

- Clearly state which records to maintain and how long certain documents should be kept.
- Require that all employee records be maintained in a locked cabinet or office. The policy should also identify those individuals who are authorized to access personnel and confidential files, and ensure that safeguards are in place that restrict access to those individuals only.
- Define the specific circumstances by which an employee may access or copy files. Keep in mind that some states require employers to provide employees with access to their files (or to certain information contained in the file). Files should be accessed under supervision of management.
- Develop procedures for handling third party requests for disclosure of employee information, including what information may be released. Consider obtaining the employee's prior written authorization to release such information.
- Ensure that a proper procedure is in place for disposing of employee records in accordance with any applicable federal or state laws.

Our section on [Employee Records and Files](#) provides more information on recordkeeping responsibilities.

Deadline Delayed to Submit ACA Reinsurance Program Enrollment Counts

The deadline for employers sponsoring [certain self-insured plans](#) ("contributing entities") to submit their 2014 enrollment counts for transitional reinsurance program contributions has been **extended until 11:59 p.m. on December 5, 2014**. The previous deadline was November 15, 2014.



After contributing entities complete the [ACA Transitional Reinsurance Program Annual Enrollment and Contributions Submission Form](#), their annual contribution amounts to be remitted will be auto-calculated. Contributing entities will then enter their payment

information and will be given a chance to review and submit the calculated reinsurance contributions. **The payment deadlines for the 2014 benefit year (January 15, 2015 and November 15, 2015) remain the same.**

Additional resources for completing the reinsurance contribution process, including user manuals, are [available from the U.S. Centers for Medicare & Medicaid Services](#). You may also review our section on the [Transitional Reinsurance Program](#), which includes information regarding the tax treatment of contributions made under the program.

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