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The "Total" Advisor

December 2012

Brought to you by: Total Insurance Services, Inc.

2013 Standard Mileage Rates

The IRS has [issued the 2013 optional standard mileage rates](#) used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes. Beginning on Jan. 1, 2013, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- **56.5 cents per mile for business miles driven**
- 24 cents per mile driven for medical or moving purposes
- 14 cents per mile driven in service of charitable organizations

The rate for business miles driven during 2013 increases one cent from the 2012 rate. The medical and moving rate is also up one cent per mile from the 2012 rate. Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.

Limitations on Use of Standard Mileage Rates

A taxpayer may not use the business standard mileage rate for a vehicle after using any depreciation method under the [Modified Accelerated Cost Recovery System](#) (MACRS) or after claiming a [Section 179](#) deduction for that vehicle. In addition, the business standard mileage rate cannot be used for more than four vehicles used simultaneously.

These and other requirements for a taxpayer to use a standard mileage rate to calculate the amount of a deductible business, moving, medical or charitable expense are found in [Rev. Proc. 2010-51](#).

Additional Information

[Notice 2012-72](#) contains the standard mileage rates, the amount a taxpayer must use in calculating reductions to basis for depreciation taken under the business standard mileage rate, and the maximum standard automobile cost that a taxpayer may use in computing the allowance under a fixed and variable rate plan. For more on employer-provided transportation benefits, please visit our section on [Fringe Benefits](#).

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Special Health Care Reform Update: New Proposed Rules for Wellness Programs

New [proposed rules](#) issued under Health Care Reform address certain amendments to the nondiscrimination requirements for group health plans offering a wellness program to comply with the federal [Health Insurance Portability and Accountability Act](#) (HIPAA).

Specifically, the proposed rules would **increase the maximum permissible reward** under a wellness program that requires an individual to satisfy a standard based on a health factor in order to obtain a reward, **from 20% to 30% of the cost of coverage (and to 50% for programs designed to prevent or reduce tobacco use)**. The rules also include other proposed clarifications regarding the requirements for such wellness programs to avoid prohibited discrimination, including reasonable design and reasonable alternatives that must be offered for individuals to obtain the reward.



Other Proposed Rules Released Under Health Care Reform

Separately, new proposed rules have been issued for health insurance companies regarding the law's requirements related to guaranteed availability of coverage and essential health benefits.

- Under one set of [proposed rules](#), issuers offering non-grandfathered health insurance coverage in the individual or group market would be required to accept every individual and employer that applies for coverage, with limited exceptions. Issuers in the individual and small group markets would be allowed to vary premiums within limits, only based on age, tobacco use, family size, and geography.
- Another set of [proposed rules](#) outline issuer standards related to coverage of "essential health benefits." Essential health benefits are a core set of items and services that must be covered by non-grandfathered plans in the individual and small group markets beginning in 2014.

The new proposed rules would apply for **plan years beginning on or after January 1, 2014**. An [overview of the proposed rules](#) is available on Healthcare.gov. Our [Summary by Year](#) offers updates on other requirements related to Health Care Reform.

10 States Adjust Minimum Wage Rates for 2013

The following states have announced increases in minimum wage rates effective January 1, 2013:

- **Arizona:** The minimum wage in Arizona will increase to \$7.80 per hour, and \$4.80 for tipped employees.
- **Colorado:** The *proposed* state minimum wage is \$7.78 per hour, and \$4.76 for tipped employees.
- **Florida:** The minimum wage rate will increase to \$7.79 per hour in Florida, and \$4.77 for tipped employees.
- **Missouri:** The state minimum wage will rise to \$7.35 per hour, and \$3.675 for tipped employees.
- **Montana:** The minimum wage rate in Montana will rise to \$7.80 per hour.
- **Ohio:** The state minimum wage will increase to \$7.85 per hour, and \$3.93 for tipped

employees (except that the federal minimum wage of \$7.25 per hour may be paid to employees whose employers gross \$288,000 or less per year).

- **Oregon:** The minimum wage will rise to \$8.95 per hour in Oregon.
- **Rhode Island:** The minimum wage rate in Rhode Island will increase to \$7.75 per hour.
- **Vermont:** The state minimum wage will rise to \$8.60 per hour, and \$4.17 for tipped employees.
- **Washington:** The minimum wage in Washington will increase to \$9.19 per hour.

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.

'Tis the Season: Do's and Don'ts of Employee Performance Reviews

For many employers, wrapping up the old year includes holding annual employee performance reviews. While reviews may take place at any time of the year (for example, on the anniversary of an employee's start date), you may want to end the year by resolving any lingering issues that may have gone unaddressed over the past 12 months.

Keep the following do's and don'ts in mind to help make the most of your performance reviews:

- **DO have a system in place for measuring performance.** This could be as simple as tracking the number of clients contacted or the number of sales per month. Make sure your employees clearly understand the performance standards against which they will be judged.
- **DON'T delay discussing performance issues with an employee.** When it comes time for the formal review, there really shouldn't be any surprises if there has been ongoing communication and feedback between the supervisor and employee.
- **DO be direct, factual, and detail-oriented.** Provide a clear, concise explanation of the issues you wish to address with the employee and provide specific examples.
 - Discuss a plan of action for helping the employee improve performance and encourage the employee to contribute ideas on how to reach performance goals.
- **DON'T make negative comments that attack an employee's attitude rather than performance.** Be sure to review the employee's overall performance based upon specific, job-related criteria and provide concrete examples of performance problems.
- **DO document all points covered in the performance review.** Performance records can help you keep track of an employee's progress and may also provide important documentation in the event a disciplinary action, termination or other adverse personnel decision becomes necessary.
 - It's important to be honest with your review--if you provide a very positive review of an employee without detailing the problems, your documentation may not support a future decision to discipline or terminate.

Remember to treat all of your employees equitably when it comes to performance reviews, and avoid any statements or actions that can be construed as discriminatory. If you have any questions regarding discrimination matters, contact an employment law attorney who knows your state laws. Our section on [Performance Reviews](#) provides additional information and resources including preparation steps, tips on how to conduct a performance review meeting, and sample forms.

4 Tips for Fighting Flu in the Workplace

Flu activity most commonly [peaks in January or February](#) and it can be a big disruption for business. Employees who are sick may not be as productive when it comes to getting work done, and symptoms such as coughing, sneezing, and fever can spread germs to healthy employees.

[Everyday preventive actions](#) that can help prevent the spread of germs in the workplace include:

1. **Cover Your Mouth and Nose.** Cover your mouth and nose with a tissue when coughing or sneezing. Flu viruses are thought to spread mainly from person to person through coughing, sneezing, or talking to someone with the flu.
2. **Avoid Touching Your Eyes, Nose, or Mouth.** Flu viruses also may spread when people touch something with flu virus on it and then touch their mouth, eyes, or nose. Routinely clean frequently touched objects and surfaces, including doorknobs, keyboards, and phones, to help remove germs.
3. **Clean Your Hands.** Washing your hands often will help protect you from germs. Make sure your workplace has an adequate supply of tissues, soap, paper towels, alcohol-based hand rubs, and disposable wipes.
4. **Stay Home When Sick.** Employees should be encouraged to stay home from work when they are sick to help prevent others from getting ill. If there is only one employee who performs a particular task, consider training others so that coverage is available should that employee need to leave work early or stay home due to illness.

For more information and resources to help fight the flu in your workplace, check out the Centers for Disease Control and Prevention's website on [Seasonal Flu Information for Businesses & Employers](#).

Newsletter provided by:

Total Insurance Services, Inc.

3175 Commercial Avenue, Suite 200, Northbrook, IL 60062
847-205-1777

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