



Dresser & Associates

HR, Payroll & Talent Management Solutions

October 2014

Newsletter for Sage HRMS

In the news...

The Q3 2014 product update for both Sage HRMS and Sage Abra Suite are now available. These product updates contain legislative updates for Sage Payroll applications as well as a Sage Employee Self Service update. There are federal form updates and changes for six states. For Canadian employers, the update includes the tax change for Ontario.

The updates are available via download from the Knowledgebase. [Click here](#)

Note: always perform a backup before applying an update.

Ten Compliance Mandates You Can't Afford to Ignore

As an HR manager, one of your most important responsibilities is to ensure that all business practices related to personnel follow current employment law, and that you are keeping proper records that document your organization's compliance. Mistakes in recordkeeping and compliance can result in punitive penalties and fines, and employee lawsuits can be quite costly. Here we highlight the ten areas you'll want to focus on to protect yourself and your organization from government scrutiny, penalties, and lawsuits.

1. Affordable Care Act of 2010

The ACA requires large employers to provide full-time employees with employer-sponsored health insurance. Small employers (fewer than 50 full-time or full-time equivalent employees) are exempt from the employer mandate. After two years of delays, large employers with 100 or more full-time employees or FTEs will come under the employer mandate in January 2015.

To determine if your company is a large employer, you'll need to perform some calculations. Full-time employees are defined as having 30 or more service hours per week, with respect to any month. Some employers who are required to provide employee



health coverage might instead opt to pay the fine for noncompliance. You can calculate your company's costs to pay or play, and should also consider the impact to employee satisfaction as you make your decision. Employers must report the value of employer-sponsored health care benefits on W-2s. There are additional Employer reporting requirements as well.

2. Fair Labor Standards Act

FLSA regulates minimum wage, overtime pay, equal pay, and child labor. Federal and state minimums may be different, and the weekly wage floor – over which overtime must be paid regardless of salaried versus hourly status – is currently under review. It is essential that your organization keep complete records of employee wages for at least two years as evidence of compliance.

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3. Employee or Contractor?

The misclassification of employees as independent contractors has become a big focus of enforcement. When classifying a worker, carefully consider these factors. Independent contractors decide how, when, and where to complete work, what tools to use, and whom to hire. They may have a significant investment in their work, and an opportunity for profit or loss. A written contract is also indicative of an independent contractor. Conversely, if your organization provides the worker with benefits, training, or expense reimbursement, they likely fall in the employee category.

4. Exempt or Nonexempt?

Exempt workers do not have to be paid overtime, and this class of worker is usually salaried with the authority to manage others. Lower-ranking employees earning an hourly wage are usually nonexempt, and employers must pay them for any overtime they work. The Weekly Wage Floor requires that any employee earning less than \$23,660 per year is automatically nonexempt, and this wage floor is currently under review.

5. Repeal of the Defense of Marriage Act

In 1996 DOMA established the definition of marriage as between one man and one woman. In 2013, the U.S. Supreme Court struck down Section 3, effectively repealing the law and providing 1,100 federal protections to same-sex couples that marry. Any benefit that your company has offered to employee

spouses must be extended to include same-sex spouses. Retirement plans should recognize same-sex spouses, payroll withholding should be adjusted to reflect marital status and dependents, and COBRA coverage should be extended to same-sex spouses in applicable life events.

6. Eligibility To Work In The US

When you hire a new employee, you need to make sure that the individual is eligible to work in the U.S. All employers must ensure that a Form I-9 is completed for each individual hired in the U.S., including both citizens and noncitizens. You must store and retain Form I-9 either for three years after the date of hire, or for one year after employment is terminated, whichever is later.

E-Verify is a free, electronic identification verification system to help ensure your new hire is eligible to work in the U.S. The results usually include a photo that will help you ensure that the identification documents you are reviewing are genuine.

7. Family Medical Leave Act

If your company has more than 50 employees who work within a 75-mile radius of a worksite, you are subject to the FMLA. The law protects an employee's right to take medical leave to care for him or herself or a family member. FMLA intersects with the Americans with Disabilities Act as Amended and workers' compensation laws in complicated ways, and the combination is often referred to as the "Bermuda Triangle" of employee leave. You have to know how to keep the right records as well as grant and

track leave properly, or your company could face compensatory or punitive damages.

8. Other Reporting Requirements: OSHA/EEO

The Occupational Health and Safety Administration (OSHA) seeks to reduce workplace injuries and fatalities through enforcement of safety regulations. Failure to maintain adequate records and make proper reports to OSHA can result in civil penalties.

EEO: Federal employment laws have been established to prohibit discriminatory practices against employees based upon their gender, race, religion, disability, and other attributes. To protect your company from discrimination complaints and lawsuits, it is essential to conduct regular discrimination and harassment training and establish formal processes for handling complaints and keeping records.

Employers are required to comply with EEOC reporting requirements and maintain records of recruitment activity to demonstrate compliance with equal employment opportunity rules.

9. Payroll Garnishment

An employee's wages may be garnished for a number of reasons, including bankruptcy proceedings, child support and alimony, and delinquent taxes. At the same time, the Consumer Credit Protection Act protects employees from being discharged because their wages have been garnished for any one debt, and limits the amount of an employee's earnings that may be garnished in

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any one week. Your organization may need to track multiple garnishments on an employee's wages, and make sure the limits are not being exceeded.

10. Employee Retirement Income Security Act

ERISA is a federal law that sets minimum standards for most voluntarily established pension and health plans in private industry to protect individuals in these plans. Although the ACA does not specifically amend or change ERISA, it is possible that your decisions regarding "pay or play" might impact retirement pensions. For example,

if you decide to reduce employee hours in order to get underneath 50 FTEs, you might run afoul of ERISA Section 510, which prohibits interference with an employee's obtaining a rightfully vested pension.

Employers must preserve all records pertaining to plans that are required to be filed under ERISA for six years, and file Form 5500 with the Treasury Department on a yearly basis.

Summary

Here we have only briefly outlined the many compliance mandates employers must carefully heed. A white paper is available from Sage

that goes into more detail on all of these issues, and provides links to additional resources and information. Please call us if you would like to receive a copy.

Sage HRMS software solutions provide the tools you need to comply with record keeping and reporting requirements. We would be happy to assist with configuring the software for your organization's specific needs. Call us with your questions. ☆

New Capabilities in My Workforce Analyzer V 2.6

As you may be aware, My Workforce Analyzer is a unique service that can track and analyze your company employment information so you can make informed decisions about the Affordable Care Act (ACA). The online service uses data from Sage HRMS or Sage Abra Suite (both HR and Payroll are required) to provide

an analysis that helps you determine the best course of action for your company. Here is a quick listing of the new capabilities in the 2.6 release.

- Federal Updates for Safe Harbor Tests
- Sage Harbor Method Display for Affordability
- Affordability Analysis Updates

- Setup Wizard Error Report
- Pay or Play Analysis for Small Employers
- Penalties by Month Detail View

Please call us for details of this release or assistance with this valuable service. ☆

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