



## ▶ HRCast of the Month

### 5 Key Elements in a Job Offer Letter

A job offer letter should try to contain the right combination of professionalism, optimism, information and, of course, relevant disclaimers.

## ▶ HR Tip of the Month

### Promote Positive Feedback

Effective feedback to your employees focuses on a specific behavior and should be given as well-timed to the event as possible. Expressing your gratitude and awareness of an employee's good performance – even with a simple “thank you” – goes a long way.

## ▶ Did you Know?

6.1 million

The number of long-term unemployed individuals (those jobless for 27 weeks and over) in February 2010. (Source: Bureau of Labor Statistics)

## ▶ Quote of the Month

“The beginning is the most important part of the work.”

- Plato

## ▶ A Look Ahead

April 1  
All Fool's Day

April 4  
Easter

April 15  
Income Tax Day

April 21

April 2010

### Welcome

Spring is underway! We hope your business year has been in full swing and encourage you to continue exploring your HR Support Center to stay on top of your HR responsibilities and management needs.

### HR Alerts

**Patient Protection and Affordable Care Act.** On March 23, President Obama signed the health care reform bill into law. The Patient Protection and Affordable Care Act will expand coverage to an estimated 32 million Americans without health insurance and will include significant changes in the insurance industry.

**Hiring Incentives to Restore Employment (HIRE) Act.** On March 18, the HIRE Act was signed into law to provide job creation incentives including tax credits for businesses.

**Temporary Extension Act of 2010.** On March 2, Obama signed the Temporary Extension Act (TEA) of 2010, which extends the COBRA subsidy by one month, initially established under the American Recovery and Reinvestment Act (ARRA) of 2009. To qualify, individuals must experience a COBRA qualifying event due to the involuntary termination of a covered employee's employment. The involuntary termination must occur during the period that began September 1, 2008 and ends on March 31, 2010.

### The Impact of Health Care Reform on Small Businesses

On March 23, 2010, President Obama signed into law the Patient Protection and Affordable Care Act, a landmark legislation reforming health care in the U.S. While this newly-enacted law will affect healthcare insurance coverage for millions of workers, many companies are wondering what is to be expected. Some of the elements of the law will not take place for a few years, but other features will take place almost immediately. Small business owners need to consider a number of provisions and implications, such as:

#### Company Size

- Employers with fewer than 50 employees would be exempt from coverage provisions, but those that do offer health insurance coverage could get tax credits to offset their costs.
- Employers with 50 or more employees are not obligated to offer health insurance coverage; however, the new law would place tax penalties on businesses that do not provide coverage.
- Note: Each state may define a small business differently; so, check with your state to confirm.

#### Effective This Year

- 35% tax credit for employers with 10 or fewer employees earning an average of less than \$25,000.
- A smaller tax credit for employers with 25 or fewer employees with an average wage \$50,000 or less.
- No tax credit for employers with more than 25 employees.

#### Effective 2014

Administrative Professionals Day

April 22  
Earth Day



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- Small Business Health Options Program (SHOP) exchanges of health insurance pools must be established by states such that small businesses will be able to group together and buy insurance in a way to alleviate costs.
- A 50% tax credit for employers with 10 or fewer employees who earn an average of less than \$25,000.
- \$750 Penalty per full-time employee for employers with 50 or more employees not providing health insurance. (Note: Companies may need to modify any applicable benefit policies, such as PTO and / or insurance, to be in line with the new provisions.)
- No penalties for employers with fewer than 50 employees.
- Additional fines for employers not covering 60% of overall employee health costs as well as government-defined services.

#### Other Considerations

- Companies with fewer than 25 employees are exempt from so-called "pay or play" requirements. Employers with more than 50 full-time employees will be required to make available a minimum level of coverage or pay a per-employee fee. Employers will not be required to provide coverage for part-time employees, but these employees will be counted as partial employees for purposes of determining whether an employer has 50 employees. The Pay or Play provision become effective 2014 upon the creation of the state-based exchanges.
- Companies offering high cost health plans would pay an excise "Cadillac Tax" equal to 40% of the value of the plan that exceeds the threshold amount. (Note: This is effective starting 2013 in the Senate bill, but the provision would not take effect until 2018 under the House bill.)

Although a number of aspects will take place in four years, starting a plan now could help your business from facing large fines in the future. New legislation can be overwhelming, but it is your duty as an employer to understand and stay on top of all laws relevant to your business. For any guidance especially in terms of employment law compliance, consider the expertise of an HR professional.

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#### Question & Answer

##### Consensual Sex between Supervisor and Subordinate

Q. What is the procedure for handling incidents of consensual sex at work such that one of the parties involved is a supervisor?

A. If you are simply concerned about a workplace romance between an employee and his or her supervisor, we recommend adopting a policy regarding romantic relationships. You basically have complete discretion about this policy, but at the very least, it should prohibit supervisors or managers from dating subordinate employees. We suggest such a policy to reduce the company's exposure to liability for a sexual harassment lawsuit that could arise due to the imbalance of power among the employees involved.

If you are attempting to address a confirmed reported incident of employees actually engaging in sexual activity on company property, we recommend severe consequences (i.e. unpaid disciplinary suspension or termination). Such inappropriate and unprofessional behavior clearly demonstrates a serious lack of judgment. However, more importantly, sexual activity on company property also creates a high level of exposure to liability to a sexual harassment claim.

Again, the company has some discretion regarding the appropriate disciplinary action in this situation. At the same time, we recommend administering the same disciplinary action to both employees to demonstrate that the company treats all employees (including those in supervisory positions) consistently and fairly.

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#### The HIRE Act and How It Affects Your Business

On March 18, 2010, the Hiring Incentives to Restore Employment Act or the HIRE Act (aka the "jobs bill") was signed into law to help reinvigorate the workforce. All employers, with certain exceptions may be eligible for these tax benefits. The following highlights some key aspects of the HIRE Act:

- An employer may be exempt from paying the employer portion of Social Security taxes for the remainder of the year on newly-hired individuals who are currently unemployed.
- If an employee is retained for at least one year, the employer would be eligible to receive up to a \$1,000 business tax credit for each qualified employee.

The 6.2% employer portion of the Social Security tax would be exempt for an employer claiming a qualified employee.

- Certain documentation requirements exist, such as an affidavit to certify a qualified employee.
- Recommended employer actions include identifying and tracking all employees who may meet the requirements of a qualified employee.

While more updates are expected to be released by the IRS, please refer to the Tool of the Month section of this newsletter for further guidance.

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#### Tool of the Month:

##### HIRE Act Guide

The federal HIRE Act recently signed into law on March 18, 2010 is intended to provide employers with incentives to hire and retain employees. The HIRE Act Guide will provide information on the following areas:

- Tax Implications,
- Administrative Issues, and
- Important Next Steps.

For immediate use, you can review the current HIRE Act Guide from the "Guides" area under the "Essentials" tab section of the HR Support Center website.

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