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Articles:

Payroll Recordkeeping, by K. Fohlbrook

Keeping good records is an important part of having employees. It is the law and in the event you are challenged regarding pay, overtime, or worker's compensation issues, the burden is generally on employers to prove their case.

Employers are required to have employees complete the following tax registration forms:

- **W-4 Form** (Federal) – This form records the employee's name, address, social security number and number of withholding allowances to be claimed. The amount of Federal income tax withheld from pay is based on the information provided by the employee on this form. The employee signs this form and it is kept on file with the employer.
- **MI-W4 Form** (State) – Similar to the Federal W-4 form, it is used to determine how much State income tax should be withheld, and it is also kept on file with the employer.
- **I-9 Form** (Federal) – The purpose of this form is to prove that the person employed is not an illegal alien for employment purposes, and the employer is responsible for reviewing certain types of identification such as a driver's license and a social security card. This form is kept on file with the employer. Penalties for not having a properly completed I-9 on file for each employee can be stiff; therefore, it should be a mandatory part of your new employee information packet.
- **New Hire Reporting Form** (State) – Michigan requires this form to be completed for all new employees hired. A copy of this form should be kept in your files, but unlike the above forms, *this form needs to be submitted to the state either via mail or fax* with the new employee information.

Besides the required tax forms, good recordkeeping in general is an important part of payroll. You should have the following on file for each employee:

- Personal information: name, address, birth date, social security number
- Workweek information: hour and day week begins, hours required to work for the week
- Pay calculations: hours worked per day and pay period, pay rate, overtime rate calculations, deductions from pay

Most of this information can be acquired through maintaining a payroll register. Most employers require the employee to fill out some type of time sheet or time cards to record hours worked in a specific pay period.

It is also a good idea to have your pay policies in writing. This can help to avoid misunderstandings between you and your employees and, in the event you are challenged, it will help your case. Any extra benefits offered to employees like vacation, sick, holiday pay, insurance, retirement, etc, should be put in writing. This is especially important if these benefits are not available to all employees.

A few tips for a written pay policy:

- Be as specific as possible. If you pay holiday pay, which holidays? How many vacation days do employees receive? What type of insurance coverage is available? It is a good idea to obtain a receipt from employees acknowledging that a copy of the pay policy was received and then keep it in their employee file.
- If certain employees are excluded from certain categories or benefits, you should detail these clearly. We also recommend that a qualified legal advisor review your document before you give it to any of your employees.

Payroll issues can get complicated but compliance is necessary to operate your business on a legitimate level. It will also give you peace of mind and protection for yourself, your business and your employees.

Legislation in Process:

A bill has been introduced into the House and referred to the Ways and Means Committee to amend the Internal Revenue Code to allow individuals to defer recognition of <u>reinvested</u> capital gains from mutual funds until the time those shares are sold.

Play to Win!

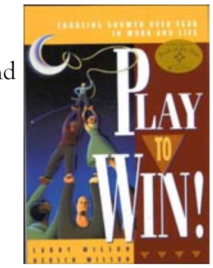
Choosing Growth Over Fear In Work and Life

by K. Tanis

In the adventure that is your life, do you play not to lose or do you play to win? In the book Play to Win! Choosing Growth Over Fear in Work and Life, Larry and Hersch Wilson take a look at the rules people commonly live by in their game of life. They redefine winning and losing. Most people define winning as being financially successful and having respect from our peers. But what people really want is to be fulfilled - to have happiness and emotional security. There is no direct correlation between success and fulfillment. Success seems to always involve being compared to others. Fulfillment is the deeply felt sense that your life is full, whole, and complete. Fulfillment is knowing that if you died tomorrow, your life would have meant something - that you made a difference. Fulfillment is found not by working harder and running faster, but by stopping and thinking differently. If you want to thrive you have to pursue both success and fulfillment.

> *"Stop, Challenge, and Choose."*

Building on this premise, the authors go on to teach us how to challenge our thinking, beliefs, and interpretations in order to achieve fulfillment. They use what they call the "Stop, Challenge, and Choose" model as a tool to help us change our response patterns in situations and solve problems more effectively. They explain and emphasize defining objective reality and looking for new interpretations of what happens to us instead of making the interpretations be about our self worth.



The authors then go on to examine obstacles to achieving our goal of fulfillment. Fear is by far the largest obstacle. A majority of the book is devoted to illustrating how our fears keep us from growth and teaching us how to face our fears in order to live our life to the fullest instead of spending it avoiding fear. The authors make several very important points and give valuable advice for facing our fears, which is given in small enough bits so as not to be intimidating.

The book goes on to recognize the importance of connecting with our spiritual side and using our talents to serve others. The last section of the book lays out the plan for putting everything we have just learned into action and achieving the fulfillment we all desire.

I found this book to be very well written. It was outlined and had subtitles for each section, which made it easy to follow. It broke down complex subjects into small and manageable sections. With my busy schedule, I was able to read a little bit at a time and still get a lot from the book. If you are a person who desires more fulfillment in your life, then this book is for you!

Check out H&S Companies Grand Rapids Office!

H&S Companies announces the opening of its Grand Rapids office at 2025 East Beltline Avenue SE, Suite 208, just south of Calvin College. H&S Companies (Hendon & Slate CPAs, H&S Financial and H&S Computers) employs 30 team members (12 of which are Certified Public Accountants) and has other offices in Muskegon, Fremont, Whitehall and Hart.

NaLee Park has joined the H&S team and will be in charge of the Grand Rapids office. NaLee has a Masters of Law degree in Taxation from New York University, a Juris Doctor degree from the University of Wisconsin and a Bachelor of Arts with honors from the University of Michigan. While working in Thailand, NaLee became involved in international taxation for multi-national U.S. corporations. She has been involved in individual income tax preparation since 1999 and wrote a tax paper on corporate tax shelter regulations. NaLee intends to specialize in the area of tax law.

Investing and Asset Allocation

Everyone has heard the phrase, "Don't put all your eggs in one basket." This idea also applies to investing, and will be one of the biggest factors in determining your financial future. We are talking about Asset Allocation. Studies have found that the division of your investments into the different categories is more important than the individual stocks, bonds, and mutual funds on the overall performance of your portfolio.

There are several asset allocation strategies available and range from complicated software programs to very simple calculations. For example, one common theory is to subtract your age from 100 and that is the percentage of your investments that should be in stocks with the remaining in bonds, cash, and real estate. An individual who was 30 would have 70% of his or her portfolio in stocks while somebody who was 55 would invest 45% of their portfolio in stocks. While this does follow the concept that the younger you are, the more risk you can afford to take, time horizon, or the number of years you have to save, is only one of the factors that should be taken into consideration when planning your investment mix.

You should also consider your individual risk tolerance. While everybody wants to earn the highest possible return, not all investors can handle the fluctuations that occur more often with stock investments. Are you comfortable with a portfolio mix that has a high chance of short term declines in value but with an opportunity for portfolio growth significantly greater than inflation? Or would you prefer a portfolio with a low chance of short term declines but with growth only slightly greater than inflation? What risk you are willing to accept in exchange for a chance to earn a higher return, will help determine what percentage of your savings will be in stocks and bonds.

Another factor in your asset allocation plan is your financial goals. You should determine both your long and short term goals, because they are competing for the same money. Do you want to travel often during retirement, or will you be paying for a child's education? These items should be a consideration in your asset allocation.

by L. Hansen

Short term fluctuations in stocks may not be a big concern for your future travel if retirement is 20 years down the road, but it would be very important if you also have a child entering college in four or five years. Also, what is the amount of money that you will need for your goal. If you will need $40,000 for your child's education, you will have to invest more aggressively than if your goal is only $20,000.

As you can see, it would be difficult to find a standard asset allocation strategy to fit all investors. However, once you have figured out your individual mix of investments, it is important that you review it regularly. Asset allocation is not a one time event. It is an ongoing process. Market fluctuations and changes in your circumstances may require the rebalancing of your assets.

To some, this may seem like an overwhelming task, and of course nobody can predict the future, but a little extra thought and preparation now can go a long way in helping you accomplish your financial goals for the future.

Special Interest Section - Summer Recipe

SPINACH SALAD WITH PEACHES & PECANS

¾ C PECANS
2 RIPE PEACHES
4 C BABY SPINACH, RINSED & DRIED
¼ C POPPYSEED SALAD DRESSING

PREHEAT OVEN TO 350 DEGREES; ARRANGE PECANS IN A SINGLE LAYER ON A BAKING SHEET AND ROAST IN PREHEATED OVEN FOR 7-10 MINUTES; UNTIL THEY JUST BEGIN TO DARKEN. REMOVE FROM OVEN & SET ASIDE.

PEEL PEACHES AND SLICE INTO BITE-SIZED SEGMENTS. COMBINE PEACHES, SPINACH AND PECANS IN A LARGE BOWL. TOSS WITH DRESSING UNTIL EVENLY COATED (ADDING A LITTLE ADDITIONAL DRESSING IF NECESSARY)

20 MINUTES PREPARATION TIME

Technology - To Buy or Not to Buy,

by R. Hansen

For small businesses, becoming more efficient, more productive, and communicating better with customers is often a daunting task. But how do you achieve this? Have you considered purchasing new technology? And where would you start?

David Lantz, the author of "Buying Technology: Understanding What You Need and Why You Need It", provides tips on buying technology. He realizes too many small businesses buy technology based upon price alone, without giving any thought to the vendor's qualifications. Don't fall into the trap of simply purchasing plastic and steel connected by wires to do what you've always done. Instead, make purchases that will affect how you conduct your day-to-day business.

New technologies are emerging which allow you to dramatically cut costs, greatly increase productivity, and enhance profits. However, when it comes to buying technology, most small businesses fall victim to one of three technology traps:

1. Buy on price.
2. Delay any decisions for fear of making the wrong choice.
3. Hire a consultant for the express purpose of having someone to blame when things go wrong.

To help avoid the pitfalls associated with buying technology, David recommends three important ingredients:

1. Develop a good understanding of your internal business operations.
2. Understand how specific technology could make you more efficient, reduce cost, or improve relationships with customers.
3. Learn more about the technology in general.

Based upon the above recommendations, David has broken down his book into three parts. Part I Understanding Your Business, asks the questions:

1. What business am I in?
2. How do I define success?
3. What areas need improvement?
4. Do I have a clear objective before meeting the technology consultant?
5. Do I have a process for helping uncover the applications and products required to meet the business objectives?

In Part II Understanding the Value of Technology to Your Business, he identifies several trends impacting American businesses. Here David provides a series of case studies designed to illustrate technologies that have emerged in response to the changing climate such as:

Customers want what they want when they want it;
Wanted: suppliers whose computers will talk to my computers

Lastly, Part III is titled Making the Decision to Buy Technology. This part is designed to help assess your technology needs, which includes a glossary of terms used throughout the book.