



Information Every Business Needs to Know

HR & BENEFITS ADVISOR

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Brought to you by: LAW OFFICES OF TRAVIS BOWEN, PC

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The American Recovery and Reinvestment Act - New Tax Credits, Subsidies & Incentives

The American Recovery and Reinvestment Act of 2009 (ARRA) continues to dominate the news, and has garnered many inquiries from our readers. To compound matters, the recent tax filing season confused many people—including tax professionals—particularly with regard to what benefits applied to 2008 tax filings, and which will first affect 2009 filings next year.

In light of the confusion, we list the following key highlights of the Act, with links to additional information and government resources:

COBRA: Health Insurance Continuation Subsidy. The IRS has extensive [guidance](#)

Recent Survey Finds Employees Willing to Work Less Hours to Save Jobs

Ninety-four percent of full-time employees, in the annual Work+Life Fit™ Reality Check survey are willing to save jobs by changing or reducing their schedule, or taking a pay cut. The 2009 survey also found:

Nine in ten employees (90%) reported the recession has forced them to change their employment plans including nearly half saying they're less likely to take a career break, for example to care for children or aging relatives.

But what has not changed during the economic downturn is work life flexibility. Most companies continue to offer the same or an increased amount of opportunities, and most employees reported their flexibility use has either increased or stayed the same during the past year.

Change My Schedule, Cut My Hours or My Pay Before You Cut My Job

In order to save their jobs and help their employers reduce costs, nearly 8 in 10 employees would be willing to work a compressed work week, while nearly 60 percent would take additional unpaid vacation days or furloughs (several weeks off without pay). Nearly half would share their jobs with colleagues (48%), or take a cut in both pay and hours (47%).

The Recession Forces Dramatic Changes in Employment Plans

While the recession has had little effect on work life flexibility, it has forced 90 percent of those surveyed to change their employment plans. Nearly 60 percent expect to stay with their current employer longer than first planned (58%) and do some form of work during



for employers, including an [updated Form 941](#), as well as [information for qualifying individuals](#).

Payroll Checks Increase.

The Making Work Pay Tax Credit translated into a \$400 to \$800 for many paychecks. The IRS has issued new [withholding tables](#) for employers. Taxpayers can check the [IRS withholding calculator](#) to make sure enough tax is withheld from their pay.

Increased Transportation Subsidy. [Employer-provided benefits for transit and parking](#) are up in 2009.

Up to \$2,400 in Unemployment Benefits Tax Free in 2009. [Individuals should check their tax withholding](#).

\$250 for Social Security Recipients, Veterans and Railroad Retirees. The [Economic Recovery Payment](#) will be paid by the Social Security Administration, Department of Veterans Affairs and the Railroad Retirement Board.

Health Coverage Tax Credit. [Credit increases from 65 percent to 80 percent of qualified health insurance premiums, and more people are eligible.](#)

First-Time Home buyer Credit Expands. Home buyers who purchase in 2009 can get [a credit of up to \\$8,000 with no payback requirement](#).

Money Back for New Vehicle Purchases. Taxpayers who buy certain new vehicles in 2009 can [deduct the state and local sales taxes](#) they paid.

retirement (58%). More than half (56%) reported saving more and spending less in anticipation of future job changes. And, in what could have significant consequences for child and elder care, 47% are less likely to voluntarily leave the workforce for a period of time.

*Survey sponsored by Work+Life Fit, Inc. and conducted by Opinion Research Corporation March 26 - 30, 2009. http://worklifefit.com/pdf/wlf_newsrelease_41609.pdf.

Dislocated Worker Program

The [Adult and Dislocated Worker Program](#), under Title I of the Workforce Investment Act of 1998, was designed to provide quality employment and training services to assist eligible individuals in finding and qualifying for meaningful employment, and to help employers find the skilled workers they need to compete and succeed in business.



The purpose of this program is to assist individuals who have been laid off or terminated, or who are scheduled to be laid off and need transition assistance to find or qualify for a new job. The program is one of several [DOL programs](#) that have been expanded as a result of an infusion of funding by the Recovery Act.

General Program Requirements

In order to qualify for this benefit program, you must be unemployed or about to become unemployed. In addition, one of the following must apply: your unemployment must be due to general declining economic conditions, current conditions must make it unlikely for you to return to your previous occupation or industry, or your job loss must be because your employer is shifting production to or importing goods you previously manufactured from Canada or Mexico.

Application Process

For information about the specific services available in your area, contact your local State Dislocated Worker Unit. Contact information for the unit nearest you can be found at: <http://www.doleta.gov/layoff> or call 877-872-5627 or contact the U.S. Department of Labor <http://www.dol.gov>.

For additional information

- [Dislocated Worker Program](#)
- www.doleta.gov/programs/ETA_default.cfm?#Dislocated
- www.doleta.gov/NEG/definition.cfm

Enhanced Credits for Tax Years 2009, 2010. Details on the earned income tax credit, additional child tax credit and American Opportunity Credit, a new higher education benefit.

Energy Efficiency Incentives. What individuals and businesses can do to reap tax rewards.

Net Operating Loss Carryback. Small businesses can offset losses by getting refunds on taxes paid up to five years ago. Information on the carryback, an expanded section 179 deduction and other business-related provisions is now available.

Age Discrimination

When the topics are reduction in hours, employee layoffs and termination, the issue that rears its head quite often is Age Discrimination. An awareness of the following laws is crucial to a successful workforce reduction implementation.

The Age Discrimination Act of 1975 prohibits discrimination on the basis of age in programs and activities receiving federal financial assistance. The Act, which applies to all ages, permits the use of certain age distinctions and factors other than age that meet the Act's requirements. The Age Discrimination Act is enforced by the Civil Rights Center.

The Age Discrimination in Employment Act of 1967 (ADEA) protects certain applicants and employees 40 years of age and older from discrimination on the basis of

Trade Adjustment Assistance for Dislocated Workers

Trade Adjustment Assistance (TAA) provides transition assistance to workers who have been determined by the U.S. Department of Labor to have been adversely affected by imports from or shifts in production to foreign countries. Benefits include training, job search allowances, job relocation allowances and trade readjustment allowances.

As a result of additional ARRA funding, all TAA programs have been reauthorized through Dec. 31, 2010. Current Trade Adjustment Assistance is expanded to trade-affected services sector workers and workers affected by offshoring or outsourcing to all countries, including China or India.

General Program Requirements

In order to qualify for this benefit program, you must be unemployed, about to be unemployed, or under-employed (working for very low wages) because the good you manufactured is now being imported.

Application Process

A petition for Trade Adjustment Assistance may be filed by a group of three or more workers, by a company official, by One-Stop operators or partners (including state employment security agencies and dislocated worker units), or by a union or other duly authorized representative of such workers. For petition forms and information on how to file a petition for benefits visit: <http://www.doleta.gov/tradeact>

Benefits for certified workers are generally available through the employment One-Stop Centers in local communities across the country. Locations and phone numbers for the One-Stop Centers can be found at: <http://www.servicelocator.org> or call 202-693-3560; the hearing impaired may call this toll-free TTY number: 877-889-5627. For more information visit <http://www.dol.gov/>, call toll-free: 866-487-2365,, or write to:

U.S. Department of Labor

Employment and Training Administration Division of Trade Adjustment Assistance
200 Constitution Avenue, NW
Room C-5311
Washington, DC 20210.



Wages: Severance



age in hiring, promotion, discharge, compensation, or terms, conditions or privileges of employment. The ADEA is enforced by the [Equal Employment Opportunity Commission \(EEOC\)](#).

Section 188 of the [Workforce Investment Act of 1998 \(WIA\)](#) prohibits discrimination against applicants, employees and participants in WIA Title I-financially assisted programs and activities, and programs that are part of the One-Stop system, on the ground of age. In addition, WIA prohibits discrimination on the grounds of race, color, religion, sex, national origin, disability, political affiliation or belief, and for beneficiaries only, citizenship or participation in a WIA Title I-financially assisted program or activity. Section 188 of WIA is enforced by the [Civil Rights Center](#).

For more information on this topic:

[Civil Rights Center](#) - Monitors and enforces the Age Discrimination Act in programs and activities receiving federal financial assistance.

[DOL Web Pages on This Topic](#)

Other discrimination issues that must be taken into consideration include:

[Disability](#)

[Ethnic/National Origin, Color, Race, Religion, Sex.](#)

Pay and Last Paycheck

Severance Pay

Severance pay is often granted to employees upon termination of employment. It is usually based on length of employment for which an employee is eligible upon termination. There is no requirement in the [Fair Labor Standards Act \(FLSA\)](#) for severance pay. Severance pay is a matter of agreement between an employer and an employee (or the employee's representative). Please [contact EBSA](#) if you have any questions.

For more information

- [DOL Web Pages on This Topic](#)
- ["How is Severance Pay Calculated and When is it Due?"](#) Answers from the elaws FLSA Advisor.
- Handy Reference Guide to the [Fair Labor Standards Act](#) Answers many questions about the FLSA and gives information about certain occupations that are exempt from the Act.

Last Paycheck

Employers are generally not required by federal law to give former employees their final paycheck immediately. Some states, however, may require immediate payment. The DOL also has mechanisms in place for the recovery of [back wages](#).

For More Information:

- See the Department of Labor's [Wage and Hour Division](#) website or the [state labor department](#).
- Compliance Assistance: [Last Paycheck](#)
- Coverage Under the [Fair Labor Standards Act \(FLSA\) Fact Sheet](#): General information about who is covered by the FLSA.
- [State Departments of Labor Web Sites](#): Links to state departments of labor web sites and contact information for each department.
- [Compliance assistance materials regarding termination issues](#) are available from the Office of Compliance Assistance Policy's Web site.



Newsletter created by: **LAW OFFICES OF TRAVIS BOWEN, PC**

136 East South Temple, Suite 1050, Salt Lake City, UT 84111
(801)364-0123
www.bowenlaw.com

