



Introducing Anna Trapp

EMPO's New HR Consultant

Anna Trapp joined EMPO as a Human Resources Consultant in mid-July 2010 to fill the vacancy created by Annelise Larson, who decided to pursue her MBA on a full-time schedule.

Anna has both a Bachelor's and a Master's degree in HR-related subjects, as well as a current Professional Human Resource (PHR) certification. Anna has five years of solid HR experience as a generalist, recruiter, trainer and project coordinator for several Twin Cities based organizations including Target, GMAC-RFC, Lazard Middle Market, and most recently, St. David's Center for Child and Family Development. Anna is very skilled in many areas of HR, and we are delighted that Anna has joined our EMPO team.



2011 Annual Benefits Enrollment Updates

Jacqueline Bowker, Senior Benefits Specialist

It's hard to believe another year has flown by, and here we are preparing for Annual Enrollment 2011!

Our transition to Lincoln Financial Group in January 2010 was a huge success! EMPO has received positive feedback from clients and staff regarding rates, customer service excellence, and expedited claims processing. We are delighted to announce that both our plan designs and plan rates will remain the same for the 2011 Lincoln programs. Clients are invited to contact the EMPO Benefits Team to discuss our suite of Lincoln products to determine how we can assist your organization with the expansion of your benefits program. There are several valuable options available to employees at no cost to the company, such as Voluntary Dental, Voluntary Life, Voluntary Short Term and Voluntary Long Term Disability.

As part of our ongoing commitment to provide innovative insurance solutions, EMPO is excited to promote our new 2010 partnership with Aflac. Aflac's portfolio includes competitively priced Accident, Cancer, Hospital Confinement, and Personal Intensive Care policies. An EMPO-endorsed Aflac representative will contact each EMPO client by early November 2010 to promote this opportunity and to determine if you are interested in offering these great products to your staff. If your group currently offers EMPO Aflac policies to staff, the Aflac representative will partner with you to schedule an annual Aflac meeting for your staff.

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New State Registration

Jodi Goda, VP of Operations

Part of EMPO's commitment to you is to ensure you remain in compliance regarding the ongoing regulatory considerations as they apply to employees outside of a state in which you currently do business.

Over the last few months, we have received communications from clients seeking guidance regarding expanding their business into a new state. We are excited to hear about clients growing their businesses. In evaluating whether you should enter a new state, you will want to work closely with your business and tax advisors to complete a thorough review of the registration, licensing, and reporting requirements for that state. As a client of EMPO, there may be special consideration needed in reviewing these requirements. In order to best serve you, it is important that you involve your HR Consultant early in the review process. Each state has its own rules regarding conducting business in that state. Adherence to those rules is essential for keeping your organization in good standing.

We have observed that many clients are unaware of all the considerations involved in bringing on staff that reside and/or work in another state. Our New State Registration Questionnaire is attached to the e-newsletter e-mail. This questionnaire is designed to give us the basic information we need to ensure our records are current and complete as you go through the process of establishing your business in a new state.

We ask that you complete the New State Registration Questionnaire and return it to your HR consultant no later than 30 days prior to bringing on staff in a new state. This will allow us sufficient time to ensure that we complete all required registration and notification requirements. Failure to provide the requested 30-day notice may lead to a delay in processing of new hire paperwork as well as jeopardize your organization's good standing in the new state.

In addition, effective September 1, 2010, when you enter a new state there will be a one-time charge of \$500 added to the first pay-cycle in which we process payroll in that new state. On an ongoing basis you will be charged an annual maintenance fee of \$300 for each state other than the home state in which you maintain employees. That charge will be added to the first payroll of the year. This fee will help to offset the licensing and registration fees incurred by EMPO for multi-state transactions.

As always we remain committed to assisting you in growing your business. Should you have any questions or want to discuss this process in more detail, please contact your HR Consultant at 612-285-8707.



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EMPO First Aid, AED, and CPR Training and Certification

James Browning, Safety Consultant & Trainer

Employers are required by OSHA standard 29 CFR 1910.151 to have a person or persons adequately trained to render first aid for worksites that are not in near proximity (no more than six minutes from the workplace) to an infirmary, clinic, or hospital. Furthermore, first aid supplies must be available in adequate quantities and be readily accessible. EMPO is partnering with CintAs First Aid Supplies and Safety Training to offer one-day First Aid, cardiopulmonary resuscitation (CPR), and automated external defibrillator (AED) training and certification seminars for EMPO clients and their employees, to be held in November and/or December depending on interest. The cost will be \$40.00 for each attendee, which must be received by EMPO prior to the date of training.

Training will take place at CintAs' First Aid Supplies and Safety Training Center located at 8703 Brooklyn Blvd, Brooklyn Park, MN 55445. The training will begin at 8:00 AM and last 5 to 6 hours.

Anyone interested in attending one of these seminars should email EMPO Safety Consultant James Browning at jbrowning@empocorp.com, or call James at (612) 285-6215. Please notify James no later than November 10, 2010, of your interest in attending one of our seminars.



EMPO's New 401(k) Representatives

In June 2010, all EMPO clients were advised by a letter from Alan Reid that Regal Financial is handling EMPO's 401(k) Plan with Transamerica. Over the course of the next several months, Brian Yarch (LUTCF, ChFC), a very knowledgeable financial representative, and perhaps others from the Regal office, will be contacting EMPO's clients directly to make an introduction and offer assistance. Should you have questions or need assistance prior to the time Brian or another Regal representative meets with you, Regal Financial can be reached at the toll-free number 800-357-4757.

Retirement Plans For Small Businesses

Regal Investment Advisors

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If you're self-employed or own a small business and you haven't established a retirement savings plan, what are you waiting for? A retirement plan can help you and your employees save for the future. And you'll be in good company--over 1 million small businesses with 100 or fewer employees currently offer workplace retirement savings plans.



Tax advantages

A retirement plan can have significant tax advantages:

- Your contributions are deductible when made
- Your contributions aren't taxed to an employee until distributed from the plan
- Money in the retirement program grows tax deferred (or, in the case of Roth accounts, potentially tax free)
- You may be able to claim a tax credit equal to 50% of the cost to set up and administer a retirement plan, up to a maximum of \$500 per year for each of the first three years of the plan
- Certain low- and moderate-income employees may be entitled to a tax credit ("saver's tax credit") for a portion of their contributions to the plan

Types of plans

Retirement plans are usually either IRA-based (like SEPs and SIMPLE IRAs) or "qualified" (like 401(k)s, profit-sharing plans, and defined benefit plans). Qualified plans are generally more complicated and expensive to maintain than IRA-based plans because they have to comply with specific Internal Revenue Code and ERISA (the Employee Retirement Income Security Act of 1974) requirements in order to qualify for their tax benefits. Also, qualified plan assets must be held either in trust or by an insurance company. With IRA-based plans, your employees own (i.e., "vest" in) your contributions immediately. With qualified plans, you can generally require that your employees work a certain number of years before they vest.

Which plan is right for your business?

With a dizzying array of retirement plans to choose from, each with unique advantages and disadvantages, you'll need to clearly define your goals before attempting to choose a plan.

For example, do you want:

- To maximize the amount you can save for your own retirement?
- A plan funded by employer contributions? By employee contributions? Both?
- A plan that allows you and your employees to make pretax and/or Roth contributions?
- The flexibility to skip employer contributions in some years?
- A plan with the lowest cost? Easiest administration?

The answers to these questions can help guide you and your retirement professional to the plan (or combination of plans) most appropriate for you. *(continued on page 5)* See disclaimer on page 6.

Retirement Plans for Small Businesses

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Simplified employee pension (SEP) plan

A SEP allows you to set up an IRA (a “SEP-IRA”) for yourself and each of your eligible employees. You contribute a uniform percentage of pay for each employee, although you don’t have to make contributions every year, offering you some flexibility when business conditions vary. For 2010, your contributions for each employee are limited to the lesser of 25% of pay or \$49,000. Most employers, including those who are self employed, can establish a SEP. SEPs have low start-up and operating costs and can be established using an easy two-page form. The plan must cover any employee aged 21 or older who has worked for you for three of the last five years and who earns \$550 or more.

SIMPLE IRA plan

The SIMPLE IRA plan is available if you have 100 or fewer employees. Employees can elect to make pretax contributions in 2010 of up to \$11,500 of pay (\$14,000 if age 50 or older). You must either match your employees’ contributions dollar for dollar--up to 3% of each employee’s compensation --or make a fixed contribution of 2% of compensation for each eligible employee. (The 3% match can be reduced to 1% in any two of five years.) Each employee who earned \$5,000 or more in any two prior years, and who is expected to earn at least \$5,000 in the current year, must be allowed to participate in the plan.

SIMPLE IRA plans are easy to set up. You fill out a short form to establish a plan and ensure that SIMPLE IRAs are set up for each employee. A financial institution can do much of the paperwork. Additionally, administrative costs are low.

Profit-sharing plan

Typically, only you, not your employees, contribute to a qualified profit-sharing plan. Your contributions are discretionary--there’s usually no set amount you need to contribute each year, and you have the flexibility to contribute nothing at all in a given year if you so choose (although your contributions must be “substantial and recurring” for your plan to remain qualified). The plan must contain a formula for determining how your contributions are allocated among plan participants. A separate account is established for each participant that holds your contributions and any investment gains or losses. Generally, each employee with a year of service is eligible to participate (although you can require two years of service if your contributions are immediately vested).

401(k) plan

The 401(k) plan (technically, a qualified profitsharing plan with a cash or deferred feature) has become a hugely popular retirement savings vehicle for small businesses. According to the Department of Labor, an estimated 48 million American workers are enrolled in 401(k) plans with total assets of about 2.4 trillion dollars. With a 401(k) plan, employees can make pretax and/or Roth contributions in 2010 of up to \$16,500 of pay (\$22,000 if age 50 or older). These deferrals go into a separate account for each employee and aren’t taxed until distributed. Generally, each employee with a year of service must be allowed to contribute to the plan.

You can also make employer contributions to your 401(k) plan--either matching contributions or discretionary profitsharing contributions. Combined employer and employee contributions for any employee in 2010 can’t exceed the lesser of \$49,000 (plus catch-up contributions of up to \$5,500 if your employee is age 50 or older) or 100% of the employee’s compensation. In general, each employee with a year of service is eligible to receive employer contributions, but you can require two years of service if your contributions are immediately vested. *(continued on page 6)*

Retirement Plans for Small Businesses

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401(k) plans are required to perform somewhat complicated testing each year to make sure benefits aren't disproportionately weighted toward higher paid employees. However, you don't have to perform discrimination testing if you adopt a "safe harbor" 401(k) plan. With a safe harbor 401(k) plan, you generally have to either match your employees' contributions (100% of employee deferrals up to 3% of compensation, and 50% of deferrals between 3 and 5% of compensation), or make a fixed contribution of 3% of compensation for all eligible employees, regardless of whether they contribute to the plan. Your contributions must be fully vested.

Another way to avoid discrimination testing is by adopting a SIMPLE 401(k) plan. These plans are similar to SIMPLE IRAs, but can also allow loans and Roth contributions. Because they're still qualified plans (and therefore more complicated than SIMPLE IRAs), and allow less deferrals than traditional 401(k)s, SIMPLE 401(k)s haven't become a popular option.

Defined benefit plan

A defined benefit plan is a qualified retirement plan that guarantees your employees a specified level of benefits at retirement (for example, an annual benefit equal to 30% of final average pay). As the name suggests, it's the retirement benefit that's defined, not the level of contributions to the plan. In 2010, a defined benefit plan can provide an annual benefit of up to \$195,000 (or 100% of pay if less). The services of an actuary are generally needed to determine the annual contributions that you must make to the plan to fund the promised benefit. Your contributions may vary from year to year, depending on the performance of plan investments and other factors.

In general, defined benefit plans are too costly and too complex for most small businesses. However, because they can provide the largest benefit of any retirement plan, and therefore allow the largest deductible employer contribution, defined benefit plans can be attractive to businesses that have a small group of highly compensated owners who are seeking to contribute as much money as possible on a tax-deferred basis.

As an employer, you have an important role to play in helping America's workers save. Now is the time to look into retirement plan programs for you and your employees.

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Continued 2011 Annual Benefits Enrollment Updates

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This year, electronic Annual Enrollment packets are being emailed to employers between October 25 and October 29, 2010. Please forward the Annual Enrollment packets to your staff or print the information as necessary. **Annual enrollment begins November 1 and ends November 30, 2010.** The plan year begins 1/1/2011 and ends 12/31/2011.



During annual enrollment, employees have the opportunity to add, drop, or change flexible spending account elections, vision, legal services, and medical and dental benefits. The electronic Annual Enrollment packet will include brief plan descriptions, premium rates, and the necessary enrollment forms. If employees do not make any changes to their benefits, they will continue uninterrupted in 2011. The **only exception** is the flexible spending account(s). The 2010 flexible spending accounts do not rollover into the new year. **New this year: Employees are required to log onto www.eflex.com to complete a personalized online 2011 enrollment form to elect their annual flexible spending accounts.** Online instructions will be included in the Annual Enrollment packet. If an employee is unable to access his or her Flexible Spending Account application online, he or she will need to contact the EMPO Benefits Team to request a paper form.

EMPO's goal is to ensure Annual Enrollment 2011 is simple, efficient, and successful. If you have any questions or concerns about Annual Enrollment or would like additional information about how Lincoln Financial Group and Aflac products can be a valuable addition to your employee benefits collection, please contact the EMPO Benefits Team at 612-285-8707 or benefits@empocorp.com.

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