

OURERC A LOCAL BUSINESS NEWSLETTER

Powered by Employer's Resources of Colorado



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Have Questions? We are here to help!

Want to see specific topics covered in the monthly newsletters? Let us know.

END OF YEAR REMINDERS

- ⇒ If you'd like End of Quarter or End of Year reports please notify your Payroll Specialist so they may work on them as soon as the year has closed.
- ⇒ Update addresses by December 31st to help ensure W-2 delivery.
- ⇒ Notify your payroll specialist of any adjustments or additional pay to be added to end of year wages.
- ⇒ Submit all bonuses a minimum of 3 days in advance for processing.
- ⇒ Open Enrollment for the 2020 benefits year has concluded. No benefit changes will be able to be made unless there is a qualifying life event. Benefit plans for the upcoming year will commence on January 1, 2020.
- ⇒ All FSA/DCA/HSA accounts must be enrolled in annually as is required by the IRS - *these do not roll over.*

2020 MINIMUM WAGE

2020 Colorado State Minimum Wage

With the passage of Amendment 70, effective January 1, 2020, Colorado's minimum wage will increase to \$12 per hour.



ERC Holiday Hours

Christmas Closing

December 24th and 25th

ERC will be closing at 12pm on Tuesday, December 24th and closed all day on Wednesday, December 25th. We will resume regular operating hours on Thursday, December 26th.



New Year Closings

December 31st and January 1st

ERC will be closing at 12pm on Tuesday, December 31st and closed all day on Wednesday, January 1st. We will resume regular operating hours on Thursday, January 2nd.



2020 401 (K) CONTRIBUTIONS

The IRS announced that employee 401(k) contributions in 2020 can increase by \$500 to \$19,500 per employee. For participants ages 50 and over, the additional "catch-up" contribution limit will rise to \$6,500, up by \$500.

What does this mean for you?

According to Fidelity Investments, [employees' average 401\(k\) contribution rate is now 8.8 percent](#) of their pay, nearly a full percentage point higher than 10 years ago.

Companies should inform their employees with in the annual increase in the employee limit, that increasing your contribution amount will help you in the long-term retirement savings.

Those who have not been contributing enough per paycheck to reach the annual cap and who can afford to do so can increase their contributions before the end of the year so that they reach the full annual limit, [according to SHRM](#).

Sponsors of defined benefit pension plans should note that the IRS announced the following cost-of-living adjustments under tax code Section 415, also taking effect on Jan. 1:

- **Annual benefit limit.** The maximum annual benefit that may be provided through a defined benefit plan rises to **\$230,000** from \$225,000.
- **Separation from service.** For a participant who separates from service before Jan. 1, 2020, the annual benefit limit for defined benefit plans is computed by multiplying the participant's compensation limit, as adjusted through 2019, by **1.0176**. This is an increase from the previous year, when the participant's compensation limit, as adjusted through 2018, was multiplied by 1.0264.

W-2 ADJUSTMENTS

If you or any employees have any non-cash income, any fringe benefit income that needs to be reported on a W-2, or any

adjustments—moving expenses, employer paid parking, third party sick pay, company vehicles, service awards, gifts to be taxed or qualified transportation fringe

benefits—please notify your payroll specialist as soon as possible to ensure they are reported properly.

NAVIGATING BONUSES

It is almost bonus time for many employers and that means navigating the differences between discretionary and non-discretionary bonuses.

A discretionary bonus means that the bonus is not tied to anything contractual—it is given solely at the discretion of the employer; the amount, the requirements, and the timing are not disclosed in advance. To determine what the tax liability is for discretionary bonuses, contact your payroll specialist for an accurate calculation.

A non-discretionary bonus can be thought of as an incentive payment. It is a bonus that is tied directly to a contractual agreement or is related to work completed. This kind of bonus must be taken into account for overtime and is

required to be taxed at the W-4 rate.

ALL BONUSES ARE SUBJECT TO FEDERAL TAXES.

If you are concerned about bonus amounts for employees, please contact your payroll specialist to help you accurately calculate the tax rate and take home amounts. If you would like to ensure that your employees receive a specific amount of 'take-home' bonus pay, your payroll specialist can also assist you in determining the total pre-tax amount that should be paid.

For more information check out this website:

<https://hrdailyadvisor.blr.com/2013/07/10/discretionary-versus-non-discretionary-incentive-pay-and-bonuses/>

Address changes must be submitted no later than December 31st for them to reflect on 2019 W-2s. W-2s will still be available online for your convenience.

NAME CHANGES AND I-9 COMPLIANCE

NAME CHANGE?

DON'T FORGET THIS IMPORTANT STEP!

Any time there is a legal name change, the employee should present their identification documents with their new

name (either from List A or List C depending on original documents presented) to their employer so the employer may reverify the documents and complete Section 3 of the I-9 as per USCIS guidance.

If an employee has changed their name and *not* presented their new identification, please have them contact Laurie McCarthy, Director of HR, to get this step completed and stay within USCIS compliance.

For full details on I-9 compliance in the event of reverification and rehires, please visit the USCIS website: <https://www.uscis.gov/i-9-central/complete-correct-form-i-9/completing-section-3-reverification-and-rehires>

W2 / 1095 TAX INFORMATION

Want to access your tax information online? Insure you will receive all of your tax information on time and online.

ERC allows you to access your W2 / 1095 information online. For the full directions please visit the forms section of the ERC Website.

In summary, visit <https://ew2online.w2copy.net> then you will need to create an account online. That account will give you access to all of your necessary paperless tax document.

If you have questions, please contact the ERC team. We are happy to help.

2020 401(K) & 403(B) PLANS

If an employee has both a 401(k) and 403(b) retirement plan, whether from the same or different employers, their combined contributions to both plans together are capped at \$19,500 next year plus the \$6,500 catch-up contribution for participants who are age 50 or older, while employer-plus-employee contributions top off at \$57,000 for both plans combined.

The IRS allows participants who contribute to a 403(b) plan and a 457 plan can contribute to each separately up to each plan's annual limit.

EXEMPT W-4 STATUS EMPLOYEES

For most people, W-4 elections will roll over from year-to-year unless the employee completes a new form with different deductions. However, for those employees who claim "Exempt" on their W-4, they are required to complete a new form every year. If they fail to complete new forms, the IRS requires employers to automatically default their filing status to "Single and 0" **which is the highest tax deduction possible.**

Please inform your employees of this requirement and contact your payroll specialist if you have any questions or need further details.

BONUS CHECK PROCEDURES

In an effort to streamline the distribution of bonus checks, we ask that you provide us adequate time to process these funds and calculate the individual checks correctly.

Please allow us a minimum of three business days prior to the check date to process all bonus checks in order to engage in an error free process.

Please keep in mind that if you intend bonus checks to be reflected on 2019 taxes, the checks must be processed and dated with a 2019 date; **we cannot backdate a check.**

If you plan to distribute bonus funds without processing them through ERC, we cannot process them for tax purposes.



HR TIPS: COMPANY HOLIDAY PARTIES

Company Holiday parties should be a time to celebrate and enjoy your coworkers. Holiday parties can also be a HR nightmare. ERC has curated a few tips to keeping your holiday party fun and trouble free.

Party preparation:

- Employers should inform employees that attendance is not required.
- Employees need to have clear communication that attendance does not constitute working hours and employees will not be compensated for attending.
- All party expectations should be set before the holiday party. Here are a few examples to include:
- Illegal drugs will not be tolerated.
- Excessive drinking will not be tolerated.
- Company policies apply to work events even outside the office and normal business hours.
- Sexual harassment and dress code policies will be enforced. Remind employees and management the rules and how to handle if they witness any violations of the company policies.
- If your company chooses to do a gift exchange, remind employees that all gifts should be business and family appropriate.



During the event:

- Do not encourage or allow any [discriminatory](#) behavior:
- Be sensitive to diversity in your workforce. Consider the theme, decorations, and music.
- Do not hang mistletoe. Instead host a photo booth with fun costume items.
- Invite family to attend; such as spouses and possibly children.
- If you serve alcoholic beverages, provide wrist bands or have the bartender verify all individuals drinking are 21 and over.
- The bartenders should be advised to refuse service to anyone who is visibly drunk.
- Bartender should notify management or a supervisor if someone is intoxicated.

After the event:

- Provide alternative transportation options for employees who choose to drink, either by having designated drivers or by using a transportation service (i.e. Lyft or Uber)
 - You can even provide an event code and with a designated amount for each employee to encourage smart transportation.
- Consider providing discounted hotel rooms if you host your party at a hotel.
- Investigate all complaints arising from events at the party.
- Failure to respond to any single complaint can lead to greater liability than the alleged misconduct.
- Do not dismiss complaints associated with the Company's holiday party without first conducting a thorough investigation.

For additional information or questions please contact ERC HR. We are here to help our partners navigate all complaints and proper procedures.