

# Membership Matters

Quarterly News from The 501 Alliance

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**March 2015**

## **Post a Job...For Free!**

We recently added an exciting new feature to our web site. Members can now post jobs to our web site for free. This is a great opportunity to supplement your other recruiting methods, without incurring any additional costs. In addition, anyone who visits our web site can click on the Employment Opportunities icon and view all of the jobs listed.

To use this new feature, log-in to our web site at [501alliance.org](http://501alliance.org) using your user name and password. Then click on "Post a Job" from the member menu and provide the required information about the job. You even have the option to include your company's logo or a video. Once you have posted your job, we will be automatically notified that you have submitted a job and we will review your posting before it is uploaded to our web site within 72 hours.

Job postings will be available for 30 days and then they will be removed by the Administrator. You must be a member and registered on our web site to post a job. If you have not registered yet, please contact Mike Pennanen at 800-968-9675, ext. 2950 for your PIN.

As a reminder, you can also perform the following tasks on the web site; quarterly and amended contribution reports can be completed, printed and submitted electronically; contribution rate notices can be viewed and printed; and copies of quarterly contribution reports that were submitted through the web site can be printed for previous quarters.

## **Mark Your Calendar for the Next Annual Meeting**

All member agencies are invited to attend the annual meeting of The 501 Alliance on Friday, May 15, 2015. This meeting will be held from 11:00 a.m. to 11:45 a.m. at the University Club of Michigan State University in Lansing. A complimentary lunch will also be provided immediately following the meeting. Directions to the venue and an invitation to attend will be included in the annual report that will be mailed in early May.

Topics of discussion and events include financial and claim reports for 2014, results from the annual audit and the election of board members. In addition, the winner of the Harry and Shirley Klein Legal Scholarship will be announced and introduced to the membership. This is your chance to meet the Board of Directors and to network with your peers from across the state. If you have any questions about attending the annual meeting, please contact the Administrator at 800-968-9675.

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### Misclassification of Workers

#### **Situation:**

The question of independent contractor vs. employee is an important one, especially with regard to the Unemployment Insurance (UI) Program. Businesses with employees in any state are subject to the UI laws in that state and must report wages and pay unemployment taxes. Employers who misclassify employees as independent contractors expose themselves to penalties and interest.

How can a company ensure that its workers are properly classified as an “employee” or an “independent contractor?” It comes down to one simple word -- **control**.

#### **What You Need To Know:**

When a worker is an employee, the company is subject to withholding income and Social Security taxes as well as paying Medicare, worker’s compensation and unemployment insurance taxes. If the worker is an independent contractor, among other things, the company is not responsible for these taxes. A company can call a worker an “independent contractor,” but that does not necessarily make it so. If the company exerts control not just over what gets done, but how it gets done, when it gets done, and by whom it is done, that level of control may establish an employee/employer relationship.

The state of Michigan utilizes a Common Law Test to measure this level of control, which considers the 20 principles listed below.

- |   |   |                                  |
|---|---|----------------------------------|
| - Instructions                                    | - Set hours of work                           | - Furnishing tools and materials |
| - Training  | - Full-time required                          | - Significant investment         |
| - Integration                                     | - Working on company premises                 | - Realization of profit or loss  |
| - Hiring, supervising and paying assistants       | - Right to terminate                          | - Payment by hour, week or month |
| - Payment of business/travel expenses             | - Order or sequence set                       | - Right to discharge             |
| - Continuing relationship                         | - Oral or written reports                     | - Services rendered personally   |
| - Making services available to the general public | - Working for more than one company at a time |                                  |

There is no set, standard number when determining the classification of a worker. In other words, 11 affirmative answers will not always render the person an independent contractor while only 9 means he/she is an employee. This test considers the overall essence of the control – or lack thereof - that the company exerts over the worker.

To assist with the proper classification of a worker, the IRS provides Form SS-8 on its website: <http://www.irs.gov/uac/Form-SS-8,-Determination-of-Worker-Status-for-Purposes-of-Federal-Employment-Taxes-and-Income-Tax-Withholding>

#### **Action Steps:**

The subject of misclassification of workers will be on the radar of both the federal and state governments for 2015 and beyond. It is imperative that companies ensure its workers are properly classified, and if not, remedy as soon as possible to avoid possible penalties and fines.