

Finding the Support You Need

A Guide to:

- **Hiring From Provider Agencies**
- **Hiring Your Own Support**
 - Managing Your Support Provider
 - Taxes
 - Insurance
 - Hiring A Fiscal Agent
 - Hiring An Employer-of-Record
 - Labor Laws

Finding the Support You Need

This handout has been developed for Minnesota's Self-Determination Project — a Robert Wood Johnson Foundation Initiative in partnership with the Minnesota Department of Human Services and Blue Earth, Dakota, and Olmsted Counties.

Finding the Support You Need

If you are reading this handout, chances are you have already received or soon will be receiving a support allocation from your county. If so, the next step is to begin looking for the support you need.

While much of what you need to know will be covered in the following pages, not every situation can be addressed, so don't hesitate to contact your county social worker or service coordinator for help.

Also keep in mind that while there are many common issues and decisions you share with others seeking support, everyone's circumstances are unique. This handbook is not intended as a substitute for obtaining the advice of a lawyer, tax advisor, accountant, or other professionals concerning the applicable laws, some of which are discussed in these handouts. Such laws include, but are not limited to, Minnesota and Federal Fair Labor Standards Act, Internal Revenue Service Regulations, and Worker's Compensation Regulations.

The Design of This Handout

This handout has been designed to be a "user-friendly" starting point for your search. Locating and arranging the support you need can be a challenge; finding the information you need should not be.

The overall format chosen can best be described as "buffet style". While these handouts can be read collectively as a single *handbook*, it may be easier to think of them as a *group* of individual handouts, all of which are designed to give you specific information on specific topics. You may either read them together, or you may pick and choose which topics best suit your interests and needs.

There are three important advantages this type of format offers:

- It gives you flexibility. You can explore different options, decide if they suit your needs, then return to the beginning and choose again.
- It does not force you to digest information that doesn't match your interests and needs.
- It gives you control in the process. You choose what's important to you. You choose the kinds of support options that interest you.

In the next few pages you will find an outline for each of the handouts. Take a few moments to scan each one and decide which handouts will best aid your search for support.

Hiring From Provider Agencies

This handout will discuss the following:

- How to get started...where and how to look
- Benefits of hiring from a provider agency
- Questions to ask potential provider agencies
- How to handle complaints and concerns

Hiring Your Own Support

This handout will discuss the following:

- Writing a job description
- Locating and contacting potential providers
- Screening, interviewing, and hiring providers
- Conducting background checks
- Drawing up a support agreement

Note: If you choose this handout, you may want to
also consult the following handouts:

Managing Your Support Provider

Hiring an Employer-of-Record

Hiring a Fiscal Agent

Taxes

Labor Laws

Insurance

Managing Your Support Provider

This handout will discuss the following:

- Record keeping and personnel files
- General supervision tips

Taxes

This handout will discuss the following:

- Your provider: employee or independent contractor?
- Taxes for employees
- Taxes for independent contractors
- Employer Identification Number

Note: If you choose this handout, you may want to also consult the following handouts:

- Hiring an Employer-of-Record
- Hiring a Fiscal Agent

Insurance

This handout will discuss the following:

- Worker's Compensation Insurance
- Liability Insurance

Hiring a Fiscal Agent

This handout will discuss the following:

- What a fiscal agent does
- Finding and working with a fiscal agent
- A sample account with a fiscal agent

Note: If you choose this handout, you may want to also consult the following handouts:

- Taxes
- Insurance
- Hiring an Employer-of-Record

Hiring an Employer-of-Record

This handout will discuss the following:

- What an employer-of-record does
- Your responsibilities
- The employer-of-record's responsibilities

Note: If you choose this handout, you may want to also consult the following handouts:

- Taxes
- Insurance
- Hiring a Fiscal Agent

Labor Laws

This handout will discuss the following:

- Do labor laws apply to you?
- "Companionship Services"
- Your responsibilities

Forms, Checklists, and Worksheets

Included in some of the handouts you'll find useful forms, checklists, and worksheets. In addition to the standard federal and state forms related to taxes and such, you will find the following:

Interview Questionnaire

Job Description

Sample Flyer/Advertisement

Employment Application

Employment Contract

Evaluating Provider Agencies

Telephone Screening

Notice of Unsatisfactory Performance

Employee Evaluation

Special Information

Employment Reference Worksheet

Personal Reference Worksheet

Reference Information Release

- Background Check Release
- Employee Time Sheet
- Emergency Telephone Numbers

Your Part in the Process

Along with the flexibility and control you'll gain by arranging your own support, you will also be taking on the job of managing those services responsibly. That may mean handling such things as hiring, training, and supervision of employees, paying those employees, and dealing with tax issues. It may also mean dealing with potential provider agencies, asking tough questions, doing some research, and making informed decisions about which support options are right for you.

Do not let this discourage you.

Many of your questions will be answered in the handouts you choose; for those that are not, check with your county social worker or service coordinator for further resources.

Hiring From Provider Agencies

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Hiring From Provider Agencies

Getting Started

If you choose to hire your support from a company or an agency, the first step is making contact.

Of course, many provider agencies can not only manage your support, but can also help identify your needs and assist you with record keeping and tax issues.

If hiring from a provider agency seems right for you, first you must find out what is available. Asking the following questions may give you a place to start:

- Who are my long time friends and social contacts?
Might they know of some agencies?
- What organizations have been helpful in the past?
- Have I heard any good "word-of-mouth" advertising about particular agencies?
- Do I already know someone who works at a local agency?

When talking to potential provider agencies, take notes. List the date of your conversation, the agency's name, who you spoke with, their telephone number, and any

comments that might help you make a decision later.

Among other forms and worksheets, at the end of this handout you will find a checklist of questions you might want to ask while talking to potential providers.

Benefits of Hiring from a Provider Agency

- **"One stop shopping"**. Many agencies offer a wide menu of supports, ranging from personal care to on-the-job assistance. This means that instead of receiving support from several sources—which may be confusing and difficult to juggle—your support comes from a single place.
- **Back-up help**. If your primary support person is unavailable due to illness or personal emergency, a provider agency may be better able to send you a substitute, so you won't find yourself worrying about being without support; the agency does the worrying for you. Also, this arrangement may work in cases where your primary support person is an independent contractor (more about independent contractors in the handouts *Hiring Your Own Support* and *Taxes*), but your back-up worker comes from a provider agency.
- **Less paperwork**. Many provider agencies can take on the responsibility of keeping records such as personnel information, payroll, insurance, and taxes. Make sure

to ask each agency about this option. (Such services may also be available through fiscal agents and employers-of-record. See these handouts for further information.)

While the above benefits may make provider agencies the right choice for you, keep in mind such services almost always cost more than you will pay if you choose to hire your own support. As with everything, you must weigh your costs against the benefits you receive in return.

Questions to ask Potential Provider Agencies

Most provider agencies are happy to give you information about their services, either over the phone or through the mail. Of course, it's always best to "shop around" and compare the services, philosophies, policies, and fees of the various agencies you are considering.

Remember, you're the customer. Don't be afraid to ask questions!

- Ask the agency to send you written information about their services, fees, and policies. Do they offer what you need? Shopping assistance? Home health care? Employment support? Financial management?
- Ask about billing. How often do they bill? Are there finance charges or late fees? Do they have a selection of billing options or periods that might work better for you?

Ask about schedules. Are services available at night, on weekends and holidays? If so, do these services cost more? How many employees will be assigned to help you? Can you choose your own support people from among their staff? Will the agency make arrangements to have "back-up" workers available?

Ask about background checks. How do they screen their employees? Are references checked? Many agencies are required to have criminal background checks done on current and potential employees.

Ask about employee training and education. What kind of training do they undergo? Are they licensed and registered, if necessary?

Ask about supervision. How are employees supervised? How is performance evaluated? Can you direct employees yourself, and to what degree?

Ask about contact people. Who do you talk to about billing, scheduling, the care you are receiving, etc.?

Ask about suspension or termination of services. If you must temporarily cancel or terminate services with the agency, how much notice do you need to give? Will you have the authority to terminate or suspend employees yourself?

Ask about hiring employees for private work. Is it allowed? What, if any, policies apply to your situation?

Ask about insurance. Is the provider agency insured against liability and/or malpractice?

Ask about bonding. If the agency's employees are not

insured, are they bonded? Much like liability and malpractice insurance, bonding is designed to protect agencies against claims filed in cases of accident or criminal accusations.

Example: Suppose you believe an employee has stolen an antique from your home, which you later prove in court. An employee bond would pay for whatever settlement the court orders. Be aware, however, that bonding only provides this protection if the theft is proven in court, and that the amount of protection is limited by the size of the bond. So, if the stolen antique was worth \$6,000 and the bond protection is only \$5,000, that is how much you would receive in compensation. (You can get more information about bonding either from your insurance agent, or you can check the yellow pages under "Bonds — Surety and Fidelity".)

- Lastly, inform the agency about any of your special needs. Can they address those needs? If so, how will they be handled? Example: You have pets that might need daily attention. Can the agency handle that?

Once you've settled on a provider agency and have drawn up a letter of agreement with them, make sure you have in writing a list of the services the agency will be performing. Not only will this help prevent confusion in the future, but if for any reason you need to suspend or terminate their support, you can refer to this list to

ensure you've cancelled all the services.

Once the agency begins providing support you may be asked to sign vouchers that confirm employees' work hours and/or the tasks they've completed. Before signing any voucher, review it thoroughly and keep a copy for your records, as vouchers can be used to double-check bills and statements.

What to do if you Have Complaints or Concerns

Before you enter into a relationship with a provider agency, ask about their complaint process. Most agencies are required to have procedures in place to investigate and resolve complaints. Understanding how and to whom to address your concerns may save you from future frustration.

If you have a complaint, your first step should be to inform the agency. Give them a chance to resolve the problem. More often than not, they will work hard to address your concerns and find a solution.

If, however, you've informed the agency of a concern and are dissatisfied with their response, you may contact one of the following three organizations for help:

State Office of Ombudsman for Mental Health and
Mental Retardation
121 7th Place East
Suite 420
Metro Square Building
St. Paul, MN 55101-2117
Phone (651) 296-3848 or 800-657-3506

Minnesota Office of Health Facility Complaints
393 North Dunlap
PO Box 64970
St. Paul, MN 55164
Phone (651) 643-2520 or 800-369-7994

Minnesota Department of Human Services
Community Supports for Minnesotans with Disabilities
444 Lafayette Road North
St. Paul, MN 55155-3857
Phone (651) 296-6117 or 800-627-3529

Evaluating Provider Agencies

A Sample Checklist

When you call the agency, is the phone answered promptly and politely?

Are your questions about services and costs readily/competently answered?

When listening to your concerns do the agency's staff appear attentive/interested?

Are you satisfied the agency's billing system?

What training/education do the agency's personnel undergo?

How does the agency handle employee substitution in times of absence?

How are the agency's employees supervised/evaluated? How much input would you have in this process?

How are the agency's employees screened? What kind background checks and interviews are conducted?

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Hiring Your Own Support

A Word About the Minnesota Human Rights Act

As we discuss the details of hiring your own support, it's important you keep in mind how the Minnesota Human Rights Act applies to your search.

The Minnesota Human Rights Act, enacted to prohibit illegal discrimination by any and all employers in the state, makes it illegal to treat potential employees or hired employees differently because of their race, color, creed, religion, national origin, sex, marital status, disability, age, sexual orientation, or because they may have received, or are receiving, any form of public assistance.

You cannot use any of the above characteristics as factors in making your hiring decision unless they are a "bonafide occupational qualification". For example, it is permissible to choose a female applicant over a male applicant because you are female and you will need help bathing or using the toilet. Aside from these kinds of considerations, you must make your hiring decision based solely on the applicant's qualifications and their ability to perform the job's tasks.

There are other exceptions to the Minnesota Human Rights Act. Most importantly, persons considered "domestic workers" are not covered under this act. Under the law, domestic workers are defined as "employees who are employed exclusively in the care of the family home and in serving members of the family".

Note: For more information about the Minnesota Human Rights Act and discrimination, contact the Minnesota Department of Human Rights at (651) 296-5663 or (651) 296-1283 TTY. !

Writing a Job Description

When hiring your own support, one ingredient is essential to getting the employer-employee relationship off to the right start: Clear expectations.

Before you hire someone they should understand what is expected of them. Discuss all aspects of the job, from work hours/to salary, to daily tasks, and everything in between. The better they understand your expectations, the better they can serve you and the fewer misunderstandings you will have in the future.

Thus, a job description is a brief overview of your expectations of the person you hire. A job description can also be used as a:

- Guide when interviewing.
- A checklist of duties to be performed.
- A tool to evaluate job performance.

You'll find a job description worksheet at the end of this handout, but below are some basics that should be included in any job description:

- The general role the person will play. How will they be helping you?
- The necessary qualifications.
- Specific daily tasks they will have to complete.
- Schedules and hours.

Searching for Support

You can find potential support providers from many areas: government agencies, private individuals, provider agencies, or a combination of several of these. It can be a challenging decision.

The money in your budget is yours to spend, but making choices on how to spend it can be difficult. You probably have a lot of questions, among them, Where do I go? Who can offer the support I need? Those are good questions. Here are some others that might help:

- Who are my long-time friends and social contacts? Might they be interested in helping me, or might they know of someone?
- Am I a member of a church that might offer the kind of help I need?
- What organizations or people have helped me in the past?
- Have I heard any good "word-of-mouth" advertising about any particular individual?

Asking these questions might uncover sources of help you weren't aware of, and by contacting friends, neighbors, social groups, or church members you are already dealing with people you know and trust. Think about the kind of people from whom you'd be comfortable receiving support.

Advertising for a Provider

You can advertise in many different ways: newspapers, newsletters, flyers, etc. Regardless of how you advertise, a successful ad or flyer must be:

- **Clear.** Be Clear about the kind of support you need.
- **Concise.** Be Concise in your wording. Short and to-the-point.
- **Specific.** Be Specific about what the person will be expected to do for you.

Advertising Do's and Don'ts:

- **Do** read other ads for ideas. Which do you like? Why? Which ones do you think would be most successful?
- **Do** include the basics of the job: Hours, duties, name of the position, how to reach you.
- **Do** include your personal preferences. Do you want an experienced worker? A non-smoker? A female versus a male?
- **Do** understand advertising rates if you are using a newspaper. Do they charge by word or by ad size? How many times will it run, and when?
- **Do** be positive when describing the job. Doing so tends to attract positive, upbeat people. A good question to ask when reviewing your ad is, Would I be interested in answering this ad?
- **Don't** list your full name, address, and phone number. Doing so may open you up for crank phone calls or unwanted visits.
- **Don't** overload the ad with information. Keeping in mind that it must be **clear, concise** and **specific**, your ad should be an overview. Save the "nuts and bolts" details for an interview.

You can find a sample flyer/advertisement at the end of this handout.

Where to Advertise

- Local newspapers.
- Newsletters. Community, church, local organizations, support groups.
- Job service offices, employment, and temporary agencies.
- Bulletin boards. Grocery stores, apartment buildings, churches, libraries, YMCA/YWCA, clinics.
- Area vocational schools and colleges. (Many have a student employment office that may be helpful).

Also, most local newspapers have a "Work Wanted" column in their classified sections, which you should check frequently. The provider you may be looking for may be looking for you.

Screening Applicants

Once you have found interested applicants, you'll want to screen them. This process comes in two steps: the telephone interview and the personal interview. As you receive responses, you may want to start a folder for each applicant, into which you put their application, release forms, your notes, etc.

The Telephone Interview

Some of the responses you receive from ads will come via the phone, so you should be prepared to "pre-interview" the applicant when they call. This conversation will not only help you decide if the person has the necessary skills and qualifications, but will also help you decide if you're comfortable with them. While you shouldn't necessarily make a final hiring decision based on a telephone conversation, do not ignore your "gut reactions" either.

Here are some tips for conducting a telephone interview:

- Take notes you can reference when making your decision. Make sure you get the applicant's name and telephone number.
- Be friendly and pleasant.
- Be honest and realistic in describing job duties, salary, and schedules.
- If the job may require lifting or other physical activity, ask if this would present a problem for them.
- Ask about previous experience. If yes, what kind?
- Without giving your address, generally describe where you live. Ask if commuting presents a problem.
- Ask if they are available for the hours and days you need them.
- Discuss any special equipment with which they may need to be familiar. Have they used that type?
- Ask open-ended questions to draw out the applicant;

this will help you get an idea whether their experiences and attitudes would suit your needs.

Example: Instead of asking, "Did you like your last job?", ask "What about your last job did you like and dislike?"

- Near the end of the conversation, ask the applicant if they have any questions about the job. Answer them the best you can.

After each phone interview, thank the applicant for their interest and tell them you're still interviewing for the position. Give them an idea of when you expect to hire someone.

Once you've finished all your phone interviews, review your notes and start thinking about which of the applicants you'd like to interview in person. When making this decision consider the following:

- Qualifications and experience.
- Availability.
- Ability to carry out the tasks they'll be assigned.
- And, equally important, how you felt about the applicant. What was your "gut reaction" to them? Did you like their answers? Their attitude? Do you think you would enjoy spending time with this person? Remember: Trust your feelings. However, be careful those feelings do not tend to discriminate against the applicant.

Once you've settled on a number of applicants you'd like to meet face-to-face, call each one and arrange an interview. You may want to consider having a friend join you for the interview; a second opinion can be helpful.

The Personal Interview

Make sure you're prepared for the interview. Be ready with a blank application, a job description, and background/reference check release forms. You will find copies/samples of these at the end of this handout.

When the applicant arrives, greet them pleasantly and do what you can to make them feel comfortable. Ask them to fill out the application and the reference/background information release forms, which give you authority to perform several kinds of checks later. (More on this in the coming sections.)

While they are doing this, review their resume if they have one. Once they've completed the application, review it while the applicant looks over the job description.

After reading their application, discuss the job description, specific duties they'll be asked to perform, and your expectations of them. Encourage the applicant to ask questions, but remember that *you* are conducting the interview; be sure to get all the information you need

to make a decision.

Here are some other issues and questions to cover during the personal interview:

- Rate of pay and how often you will pay them
- Scheduling — hours and days you need them to work
- Attendance and punctuality
- How much notice they'll need to give in case of sickness, bad weather, etc.
- Are they currently working? Where? For how long?
- Why did they leave their last job?
- What did (or do) they like and dislike about their last (or current) job?
- If there are gaps between jobs, Why?
- Are they looking for temporary or permanent work?
- Why are they interested in this kind of work?
- Why did they answer your ad instead of others they may have seen?

The kinds and number of questions you can ask are nearly unlimited, but as important as the answers you get are your impressions of the person. It's often difficult to judge a potential employee by your "feeling" about them, but it's important nonetheless. Here are some tips to help you do that:

- Does the applicant answer questions completely?

- Do they maintain good eye contact?
- Do they consistently hesitate or stumble with their answers?
- Do they ask questions? If so, do they seem interested in all aspects of the job, or just the pay and the hours they must work?
- Are they paying attention?
- Did they arrive on time and prepared for the interview?
- Imagine spending time with the applicant. Would they be pleasant to be around? Would you be comfortable receiving support from them?

You can take either "mental" notes or written notes about these impressions, but be sure to include them in your decision process. Of course, some applicants may be nervous about the interview, which can give you a false feeling about them, so make sure you consider not only your impressions, but the answers they gave as well. Doing so will help you get a well-rounded picture of each applicant.

Also remember that an applicant's attitude is as important as their experience level and technical knowledge. If they have limited experience, but a positive attitude, an eagerness to learn, and the ability to perform the basics of the job, they may be the perfect choice. *Remember: Skills can be learned; a great attitude cannot.*

As with the telephone interviews, after each personal interview, thank the applicant for their interest, let them know you'll be making a decision soon and that you'll be contacting them with your decision.

Once you've finished all the face-to-face interviews, go through the same process you used to narrow the field after the telephone interviews. Consider each applicant's experience level, their application, the answers they gave during the interview, their availability to work the hours and days you need, your impressions of them, and their general attitude. Again, ask the following questions:

- Can they perform the tasks I need done?
- Are they available when I need them?
- Do they have a solid work history?
- Was I satisfied with their answers? Why? Why not?
- How was their attitude? Were they positive?
Eager? Willing to learn?
- Did I feel comfortable with them?

After you've chosen the most promising applicant(s), you are ready to conduct background checks.

Background Checks

Performing these checks is simpler than it may sound and they are a valuable tool in the decision process.

Background checks fall into four categories: personal/employment, driving, and criminal.

Personal/Employment Reference Checks

Personal/employment reference checks are designed to gauge the applicant's personal character and work history. These checks can be done over the phone or by mail.

If you choose to do them by mail, include a list of questions (a sample questionnaire and reference check worksheet can be found at the end of this handout), a copy of the signed reference/background information release form, and a self-addressed stamped envelope.

Checking references by phone is quicker and it may also give you a better feeling for the "tone" of an answer. For example, if your mailed questionnaire asks "Did this employee perform all the tasks required of them?", you may get a simple "yes" answer. But if you ask the same question over the phone, you may get a very positive "Yes!" or a very hesitant "Yes...". Both are the same answer, but each tells you something more than you would get from a written answer.

When checking references over the phone, be sure to identify yourself and the reason you're calling. Keep track of who you spoke with, when you spoke with them,

the answers they gave, and your personal impressions.

Some employers (and acquaintances) will not discuss an applicant or their background without having received a copy of a signed reference/background information release form. Make sure you ask about this at the start of the conversation.

Here are some questions to ask when checking personal references:

- How long have you known this person? In what relationship?
- What are his/her best qualities?
- How do they get along with others?
- How would you describe their overall attitude?
- How do you feel they would perform in this type of job?
- Are there any problems or concerns I should know about?

Employment reference checks help you judge what kind of employee the applicant has been in the past. The following questions will help you do that:

- What position did the applicant hold?
- What were his/her duties and responsibilities?
- How did they get along with others?
- How would you describe their overall performance?

- How would you describe their overall attitude?
- Were they trustworthy? Honest?
- Would you hire them again?
- Were they punctual?
- How often were they absent?

Once you've collected all the personal/employment information you need, place your notes in the applicant's folder for future reference.

Driving Record

If the position will require driving, you should check their driving record. You can get a copy of this either by mail or by going directly to the Department of Transportation. You will need to provide them with the applicant's full name, their date of birth, their driver's license number, and a copy of the reference /background information release form. If you're requesting a driving record by mail, be sure to include your address and daytime phone number.

There is a small fee for obtaining a copy of someone's driving record, but that fee can change from year to year, so call the Department of Transportation, Motor Vehicle Division for the current amount and to whom you should make the check payable. (See below for address)

The driving record you receive will show the person's last

five years of driving history, including what, if any, moving violations they've received, including Driving Under the Influence (DUI) charges. It may also offer information about vehicle accidents.

Some things to consider when reviewing a driving record are,

- Is the applicants driver's license current?
- Has their license ever been revoked or suspended?
If so, why?
- Does it appear they have had an unusually large number of accidents?

Remember, you need to feel comfortable with the applicant's driving skills and background.

To obtain a copy of a driving record, contact:

Minnesota Department of Transportation
Motor Vehicle Division
Transportation Building, Room 108
395 John Ireland Blvd.
St. Paul, MN 55155
Phone (651) 296-6911
TTY (651) 297-2100

Criminal Background Checks

The Bureau of Criminal Apprehension will perform a criminal background check for a small fee. You will need to provide them the applicant's name, (last, first, middle initial), their date of birth, and a copy of their signed reference/background information release form. (Note: the release form must include the applicant's signature or the background check will not be performed.)

For more information about criminal background checks:

Bureau of Criminal Apprehension
1246 University Avenue
St. Paul, MN 55104.
Phone: (651) 642-0610

Making the Final Hiring Decision

So far you've located potential support, conducted your interviews, and checked each applicant's background. Now what? How do you decide which applicant best suits your needs? Who do you hire?

Here are some steps that might make that process easier. For each of the applicants, do the following:

- Review their application. Are they qualified? Do

they have the necessary experience? Are there any unexplained gaps in their work history?

- Re-read the notes you took about the applicant. How did you feel about them? Were they attentive? Positive? Knowledgeable? Eager? What was your "gut feeling" about them?
- Review your notes about their employment references. What did the applicant's past employers say about them? Were they trustworthy? Competent? Did they get along with others?
- Review your notes about their personal references. How long has the person known the applicant? Overall, how did that person describe the applicant's attitude? What are the applicant's best qualities?
- Look over their background checks and driving record. Does anything concern you here?

Hopefully, after reviewing all your information and considering the above questions, you'll feel ready to make a decision. However, if none of the applicants suit you, don't settle for the "best of the bunch". Keep looking until you find the one that's right for you.

Something else to keep in mind: Depending on your needs, you may want to consider hiring more than one person. Perhaps you can hire one person to work during the day and another at night. Or have two people work every other day or every other weekend. Consider several combinations of schedules until you've got one

that gives you the help you need when you need it, and gives your support people enough flexibility.

So let's assume you have decided to hire one or two of the applicants you've interviewed. Contact them and offer them the job. Discuss their starting wage, how often they will be paid, their schedule, and when you would like them to start.

The person may need some time to consider your offer; if so, tactfully set a date by which you'll need their answer. If, on the other hand, the person accepts your offer immediately, welcome them aboard and confirm their first day of work, at which time you'll review their duties and responsibilities. You may want them to sign off on these. (More on this and support agreements in the next section).

Once you've hired your provider(s), you should call the other applicants to let them know you've made a decision. Thank them for their interest. Ask if you can keep their names on file for future reference or for back-up support.

Most applicants will accept your decision without question, but some may want to know why they were not chosen. The best answer is the simplest and most truthful one: Tell the applicant that while you were impressed with their experience and qualifications, the person you

hired seemed better suited to your overall needs. You are not obligated to explain any further.

Support Agreements

A support agreement outlines the "ground rules" between you and your provider. Generally, a support agreement should cover the following: (Note: Those items marked by a "•" are required by law so be sure to include them in any signed agreement.)

- The date on which the agreement was entered into.
- The date on which services are to begin.
- The rate of pay per unit of time, or by whatever method you and the employee agree upon, so that they can easily compute their wages.
- The number of hours that will make up a "regular day's work".
- Whether additional work hours will be considered overtime; if so, the overtime pay rate must be specified.
- A statement about any "conditions of employment". These are conditions which, if not met by the employee, may cause them to be terminated or have pay deducted from their salary. Usually such conditions are job tasks the employee must perform. By laying out these "conditions of employment" in the support agreement, the employee understands up front the consequences of not

performing tasks you consider essential.

- Job duties (attach the job description)
- Work days
- Special training, if required
- Notification of absences and tardiness
- Termination and resignation

Both of you should sign and date two copies of the agreement. Each of you will keep a copy.

Should you have any legal questions about this type of agreement or the consequences of writing one, you should contact an attorney who specializes in federal and state labor laws.

Verification of Employment Eligibility

Since it is illegal to hire or continue to employ persons not authorized to work in the United States, the law requires you to verify your provider's employment eligibility with the federal government. You do this by completing a Federal Form 1-9, *Employment Eligibility Verification Form* . (You will find a copy of this form at the end of this handout.)

There are four exceptions to the above requirement. An 1-9 form does not have to be completed for the following:

- Persons hired before November 7, 1986, who are

continuing their employment and have a reasonable expectation of employment at all times.

- Persons you employ for casual domestic work in a private home on a sporadic, irregular, or intermittent basis.
- Persons who are independent contractors (more on independent contractors in the handout entitled Taxes.)
- Persons who provide labor to you who are employed by a contractor providing contract services.

If any of these conditions apply to your worker, you need not verify their eligibility to work in the United States.

For all others you must file an I-9 form.

Additional I-9 forms can be obtained from the local Immigration and Naturalization Service office or branch. For this number, consult your phone book.

A Word About Bonding

Bonding is a form of insurance carried for protection against claims filed in cases of accident or criminal accusations. Some independent contractors choose to "bond" themselves for this very reason, so you may wish to ask potential providers if they are in fact bonded.

This is how bonding works: You believe an employee has

stolen an antique from your home, which you later prove in court. The employee's bond would pay for whatever settlement the court orders. Be aware, however, that bonding only provides this protection if the theft is proven in court, and that the amount of protection is limited by the size of the bond the employee carries. So, if the stolen antique was worth \$6,000 and the employee's bond protection is only \$5,000, that is all you would receive in compensation.

You can get more information about bonding either from your insurance agent, or you can check the yellow pages under "Bonds — Surety and Fidelity"

Job Description

For each of the following categories, write a brief description of tasks your employee will be expected to perform.

Bathing/Assistance in bathroom

Dressing

Recreation/ Leisure

Mobility

Correspondence / mail

Shopping

Job Description (cont)

For each of the following categories, write a brief description of tasks your employee will be expected to perform.

Transportation

Housekeeping

Laundry

Meal preparation

Exercise / rehabilitation

Other

Sample Flyer/Advertisement

Looking for someone to provide in-home help for an elderly woman....

Job Description:

- Part-time. Tuesday - Thursday, 9:00 am - noon
- Run errands, light housekeeping, yard work
 - Occasional weekends

Salary:

- \$145.00 per week

Benefits:

- Meals
- Car allowance
- Flexible hours

Position Requirements:

- Reliable, trustworthy
 - Non-smoker
 - Clean driving record
- Position begins Decemeber 2nd.

Qualifications:

- Experience working with seniors
 - Excellent references
- No criminal or abuse record

If interested, please call (123) 555-6789 after 3:00 pm

Telephone Screening Form

Date _____

Caller's Name _____

Caller's Phone # (Day/Evening)

What kind of experience does caller have?

Can caller provide employment and personal references? _____

Does caller have a Social Security # _____

Does the caller have a Driver's License? _____ A reliable vehicle?

How long has caller lived in area? _____

Why is caller interested in this kind of work?

Is caller willing to undergo background checks? _____

What is caller's work availability? When start work? What schedule?

Does caller have any special experience and training?

Notes:

Employment Application

Name (first, middle, last)

Address.

Phone #

Social Security #__

Driver's License #_

Vehicle Make & Year
(if driving required)

Vehicle License #
(if driving required)

Education

High School

Date Graduated

College / University

Dates Attended

Major /Degree

Other Courses/
Education

Employment (most recent job first)

Employer_____

Position-

Supervisor-

Employer Phone #

Dates Employed

Reason for Leaving.

Employer.

Position-

Supervisor

Employer Phone #

Dates Employed.

Reason for Leaving.

Employer-

Position-

Supervisor

Employer Phone #

Dates Employed.

Reason for Leaving

Emploment Application (con't)

What days and hours are you available to work?_

Are you available on short notice? For extra hours?

List any additional skills/experience you have that may be applicable to this position:

Have you been charged with any traffic violations? If yes, please explain:.

Have you ever been convicted of a crime? If yes, please explain:

References (please provide two employment and two personal references

Employment

Name_____Employer/Position,

Address_____Phone #

Name_____Employer/Position,

Address_____Phone #

Personal

Name_____Relationship_____

Address_____Phone #

Name_____Relationship

Address_____Phone #

I declare all information provided is true and accurate

Applicant signature_____Date

Interview Questionnaire

What kind of work are you doing now? How long have you been there? Why are you looking for a new position?

What did you/do you like about your last/current job? Dislike?

If gaps between jobs, Why?

Are you looking for temporary or permanent work?

What interests you about this kind of work?

What are/were your duties in your last job? Describe your experiences in caring for people with disabilities.

Interview Questionnaire (cont)

How would your last /current employer describe you as an employee?

What would you say are your strongest/weakest qualities as an employee?

Let the applicant know about any special duties the job requires. Would these present a problem for you?

Do you have a reliable source of transportation?

Do you have any questions?

Notes:

Reference Information Release

Applicant's Name: _____

Potential Employer: _____ Position: _____

Former Employer: _____

I, _____, authorize _____ to release the following information to _____ so they may further evaluate my qualifications for the above-mentioned position.

The information I authorize you to share is (authorization valid only for those categories that are initialed):

Category:

Former Employee's Initials:

Job Performance _____

Attendance/Punctuality _____

Attitude _____

Job Knowledge _____

Reliability _____

Trustworthiness _____

Employment Dates _____

Reason for Leaving Previous Employer _____

Signature of Applicant (Former Employee).

Signature of Witness: _____

Date:

Applicant's Name: _____

Reference Name: _____ Phone #: _____

Relationship to Applicant: _____

How long have you known this person?

Do you feel this person is well-suited to providing support and/or assistance?

What are this person's strongest/weakest qualities?

How would you describe this person's general attitude? _____

Why do you believe this person is interested in this kind of work? _____

Do you consider this person reliable/trustworthy? _____

Is there anything else I should take into consideration about this person?

Notes:

Employment Reference Worksheet

Applicant's Name:

Employer:_____Phone Number:

Supervisor's Name/Title:_____

What was the applicant's position? Primary duties?

How long did the applicant work for your organization?

What were the applicant's strongest/weakest points?

Please grade the applicant's following attributes:

	Superior	Poor
Job Knowledge:		
Reliability:		
Trustworthiness:		
Attitude:		
Attendance/Punctuality		

What special training did this applicant undergo while with your organization?

Why did the applicant leave your employment?_

If you had the chance, would you re-hire this applicant?

Background Check Release

Applicant's Name: _____

Potential Employer: _____ Position: _____

I, _____, authorize _____ to conduct a comprehensive background check, which may include a criminal and motor vehicle record review. I authorize any agency or person contacted in pursuit of this background check to release any and all information requested. Furthermore, I will hold no person or agency liable for the release of this information, or for its use in conducting the above-mentioned background check. If hired by the above-mentioned "Potential Employer", I agree that periodic background checks can be conducted during my term of employment as deemed necessary by my employer.

The above authorization and its implications shall end when I leave the employment of the above mentioned "Potential Employer".

A photocopy of this authorization form shall be as effective and binding as the original.

Applicant's Full Name: _____.

Signature of Applicant: _____ Date: _____

Applicant's Social Security #: _____ Date of Birth: _____

Driver's License Number: _____ State Issued by: _____

Signature of Potential Employer: _____ Date: _____

Phone #:

Employee Contract (Sample)

This agreement, made this _____ day of _____ between _____ (hereafter referred to as "employer", and _____, hereafter referred to as "employee", is intended to clarify specific working conditions, terms of employment, and guidelines that will govern employer and employee behavior and responsibilities.

Term of Employment The employee is hereby employed as a _____ and shall work at the employer's residence or such other places as may be directed by the employer, starting on _____, 19____.

Duties: Employee shall perform the duties outlined in the attached job description and shall perform such other work that may agreed upon between the employer and employee.

Days/Hours of Employment: The employee shall work the following schedule:

Mondays _____ to _____	Fridays _____ to _____
Tuesdays _____ to _____	Saturdays _____ to _____
Wednesdays _____ to _____	Sundays _____ to _____
Thursdays _____ to _____	Total hours per week: _____

The above schedule may be amended as necessary by mutual agreement between employer and employee.

Compensation: As compensation for services rendered, employee shall receive from employer a salary of \$ _____ per _____ as gross wages, which shall be paid _____ (frequency). Payment of wages will be made _____ days after the close of the pay period. Employer or employer's agent will withhold and remit to appropriate federal, state, local agencies required taxes and deductions, including Worker's Compensation. A W-2 statement for the previous calendar year will be supplied to the employee no later than January 31.

Employee Benefits: There shall be no sick pay, holiday pay, vacation pay, or other employee benefits. Employee will not work and will not be paid on the following holidays: _____

The employee may take _____ weeks of unpaid vacation during one year of employment. Vacation dates will be set by mutual agreement between the employer and employee.

Absences/Tardiness: In the event the employee is unable to work at a scheduled time due to illness or other legitimate reason, employee shall give employer _____ hours advance notice. In case of an emergency or tardiness, employee shall notify employer as soon as possible.

Confidentiality: Employee agrees that all matters regarding employer or matters

Employee Contract (Sample) (con't)

discussed with employer are confidential and employee shall not disclose said matters to other persons without authorization from employer.

Performance Reviews and Pay Increases: Performance reviews will be given once each_____. A merit pay increase may follow a performance review, but such increases are not guaranteed. Merit increases will not be given if the employee's performance is unsatisfactory.

Vehicle use: The employer agrees to "use mileage" of____per mile when employee is asked to use their personal vehicle to perform job duties as directed by employer. The employee agrees to keep an accurate record of mileage incurred. The employee agrees to abide by all traffic and driving-related laws of the State of Minnesota, including proper use of seat belts at all time. The employee will provide adequate insurance on his/her own vehicle. If employer supplies vehicle, employer will provide adequate auto insurance for vehicle to be used; furthermore, employer will provide proof of such insurance on both vehicle and employee. The employee's travel from home to work and back again or to other assignments not related to work for employer shall not be reimbursed.

Meals: The employer will • will not • pay for employee's on-the-job meals during work assignments.

Work Rules: Grounds for dismissal will include: verbal or physical abuse; alcohol or drug use on the job; reporting to work intoxicated or under the influence of illegal substances; and____or more instances of tardiness in a month. On-the-job activities prohibited include: smoking in house or car; personal phone calls (except in the case of emergencies); visitors during the work period; the giving or taking of gifts, money, or other exchanges.

Training Requirements: If required, employee shall attend and successfully complete training/education courses as listed in attachment. To be effective, this attachment must be signed by both employer and employee.

Agreement Changes: Changes of any kind to this agreement shall be effective only if submitted in writing and agreed to by both employer and employee.

Termination: Employer may terminate this agreement if employee habitually neglects his/her duties as documented in this agreement or if employee's actions present a threat to the health /welfare of employer. Such termination will be given in writing to employee. This agreement may be terminated by either party by giving two week's written notice.

We agree to the terms of this agreement:

Employee_____Date_____Witness_____

Employer

Date

U.S. Department of Justice
Immigration and Naturalization Service

OMB No. 1115-0136
Employment Eligibility Verification

Please read instructions carefully before completing this form. The instructions must be available during completion of this form. **ANTI-DISCRIMINATION NOTICE.** It is illegal to discriminate against work eligible individuals. Employers **CANNOT** specify which document(s) they will accept from an employee. The refusal to hire an individual because of a future expiration date may also constitute illegal discrimination.

Section 1. Employee Information and Verification. To be completed and signed by employee at the time employment begins

Print Name: Last	First	Middle Initial	Maiden Name
Address (Street Name and Number)		Apt. #	Date of Birth (month:day:year)
City	State	Zip Code	Social Security #
I am aware that federal law provides for imprisonment and/or fines for false statements or use of false documents in connection with the completion of this form.		I attest, under penalty of perjury, that I am (check one of the following) <input type="checkbox"/> A citizen or national of the United States <input type="checkbox"/> A Lawful Permanent Resident (Alien # A _____) <input type="checkbox"/> An alien authorized to work until ____/____/____ (Alien # or Admission # _____)	
Employee's Signature			Date (month:day:year)

Preparer and/or Translator Certification. (To be completed and signed if Section 1 is prepared by a person other than the employee.) I attest, under penalty of perjury, that I have assisted in the completion of this form and that to the best of my knowledge the information is true and correct.

Preparer's/Translator's Signature	Print Name
Address (Street Name and Number, City, State, Zip Code)	
Date (month:day:year)	

Section 2. Employer Review and Verification. To be completed and signed by employer. Examine one document from List A OR examine one document from List B and one from List C as listed on the reverse of this form and record the title, number and expiration date, if any, of the document(s)

List A	OR	List B	AND	List C
Document title: _____		_____		_____
Issuing authority: _____		_____		_____
Document #: _____		_____		_____
Expiration Date (if any): ____/____/____		____/____/____		____/____/____
Document #: _____		_____		_____
Expiration Date (if any): ____/____/____		____/____/____		____/____/____

CERTIFICATION - I attest, under penalty of perjury, that I have examined the document(s) presented by the above-named employee, that the above-listed document(s) appear to be genuine and to relate to the employee named, that the employee began employment on (month:day:year) ____/____/____ and that to the best of my knowledge the employee is eligible to work in the United States. (State employment agencies may omit the date the employee began employment).

Signature of Employer or Authorized Representative	Print Name	Title
Business or Organization Name	Address (Street Name and Number, City, State, Zip Code)	
		Date (month:day:year)

Section 3. Updating and Reverification. To be completed and signed by employer

A. New Name (if applicable)	B. Date of rehire (month:day:year) (if applicable)
C. If employee's previous grant of work authorization has expired, provide the information below for the document that establishes current employment eligibility.	
Document Title: _____	Document #: _____
Expiration Date (if any): ____/____/____	
I attest, under penalty of perjury, that to the best of my knowledge, this employee is eligible to work in the United States, and if the employee presented document(s), the document(s) I have examined appear to be genuine and to relate to the individual.	
Signature of Employer or Authorized Representative	Date (month:day:year)

LISTS OF ACCEPTABLE DOCUMENTS

LIST A	OR	LIST B	AND	LIST C
<p style="text-align: center;">Documents that Establish Both Identity and Employment Eligibility</p> <ol style="list-style-type: none"> 1. U.S. Passport (unexpired or expired) 2. Certificate of U.S. Citizenship (<i>INS Form N-560 or N-561</i>) 3. Certificate of Naturalization (<i>INS Form N-550 or N-570</i>) 4. Unexpired foreign passport, with <i>I-551</i> stamp or attached <i>INS Form I-94</i> indicating unexpired employment authorization 5. Alien Registration Receipt Card with photograph (<i>INS Form I-151 or I-551</i>) 6. Unexpired Temporary Resident Card (<i>INS Form I-688</i>) 7. Unexpired Employment Authorization Card (<i>INS Form I-688A</i>) 8. Unexpired Reentry Permit (<i>INS Form I-327</i>) 9. Unexpired Refugee Travel Document (<i>INS Form I-571</i>) 10. Unexpired Employment Authorization Document issued by the INS which contains a photograph (<i>INS Form I-688B</i>) 	OR	<p style="text-align: center;">Documents that Establish Identity</p> <ol style="list-style-type: none"> 1. Driver's license or ID card issued by a state or outlying possession of the United States provided it contains a photograph or information such as name, date of birth, sex, height, eye color, and address 2. ID card issued by federal, state, or local government agencies or entities provided it contains a photograph or information such as name, date of birth, sex, height, eye color, and address 3. School ID card with a photograph 4. Voter's registration card 5. U.S. Military card or draft record 6. Military dependent's ID card 7. U.S. Coast Guard Merchant Mariner Card 8. Native American tribal document 9. Driver's license issued by a Canadian government authority <p style="text-align: center;">For persons under age 18 who are unable to present a document listed above:</p> <ol style="list-style-type: none"> 10. School record or report card 11. Clinic, doctor, or hospital record 12. Day-care or nursery school record 	AND	<p style="text-align: center;">Documents that Establish Employment Eligibility</p> <ol style="list-style-type: none"> 1. U.S. social security card issued by the Social Security Administration (other than a card stating it is not valid for employment) 2. Certification of Birth Abroad issued by the Department of State (<i>Form FS-545 or Form DS-1350</i>) 3. Original or certified copy of a birth certificate issued by a state, county, municipal authority or outlying possession of the United States bearing an official seal 4. Native American tribal document 5. U.S. Citizen ID Card (<i>INS Form I-197</i>) 6. ID Card for use of Resident Citizen in the United States (<i>INS Form I-179</i>) 7. Unexpired employment authorization document issued by the INS (other than those listed under List A)

Illustrations of many of these documents appear in Part 8 of the Handbook for Employers (M-274)

Managing Your Support Provider

This handout has been developed for Minnesota's Self-Determination Project — a Robert Wood Johnson Foundation Initiative in partnership with the Minnesota Department of Human Services and Blue Earth, Dakota, and Olmsted Counties.

Managing Your Support, Provider

As this may be the first time you've been an "employer", here are some guidelines for getting started.

Personnel Files

As soon as you hire someone, start a file on them that includes:

- Their application and resume
- A copy of the support agreement
- Their job description
- A copy of their references
- A copy of any background checks conducted
- Employment Eligibility Verification (Form I-9)
- The employee's completed W-4 Form
- The employee's time sheets
- A summary of the employee's withholdings
- General employee information (address, phone, etc.)

Of course, if you've hired an employer-of-record (more on this in the handout entitled *Employer-of-Record*) to handle your payroll and tax concerns, you can either let them maintain the above documentation, or have them give you copies on a regular basis. Whatever you choose, it is a good practice to keep complete records for yourself.

General Supervision Tips

- Give clear work direction. Don't assume someone knows what you want. Encourage them to ask questions. Demonstrate tasks if necessary.
- Explain any technical language or terms you may use.
- Ensure they know what to do in case of emergencies and explain what kind of emergencies they may encounter.
- Be patient. This is a new experience for them. Try to put yourself in their shoes.
- Praise good performance and initiative. Not only does it make them feel good, but it encourages continued good performance. Also, praise tends to counterbalance those times when you may have to correct them.
- Be consistent. Of course, it's your right to change your mind, but the more consistent you are in your decisions and requests, the better they can meet your needs.
- Lead by example. Treat the employee the way you want to be treated.
- Share information. Let them know what you expect, and give them the information they need to do their job.
- Remember: You're the boss. Be patient, fair and pleasant, but always remember you're in charge.

Employee Time Sheet

Employee's Name:

Week Starting: _____

Week Ending: _____

Day	Hours	Minus Lunch/ Off Time	Total Hours
Monday	to		
Tuesday	to		
Wednesday	to		
Thursday	to		
Friday	to		
Saturday	to		
Sunday	to		

Totals for Week:

_____ hours worked x \$ _____ per hour = total wages of \$ _____

Deductions:

For Pay Period

Year-to-Date

FICA

FUTA

SUTA

Federal Income Tax

State Income Tax

Total Check Amount (after deductions)

Date Check Issued.

Check Number _____

Special Information Form (Employee)

Name: _____

Address: _____

City / State / Zip: _____

Telephone: _____

Social Security Number: _____

Blood Type: _____

Allergies: _____

Additional Medical Information: _____

Contact in Case of Emergency:

Name: _____

Address: _____

City/State/Zip: _____

Home Phone: _____ Work Phone: _____

Employment Information:

Date Started Work: _____

Date Ended Work: _____

Reason For Leaving: _____

Special Information Form (Employer)

Name:

Address:_____

City / State / Zip:_____

Telephone:_____

Social Security Number:

Medicare Number:

Health Plan/Insurance ID#:_____

Blood Type:_____

Allergies:_____

Additional Medical Information:

Contact in Case of Emergency:

Name:_____

Address:_____

City / State / Zip:_____

Home Phone:_____ Work Phone:

Employer:_____

County Social Worker/
Service Coordinator:_____

Phone Number:

Emergency Telephone Numbers

For police, fire, medical emergencies.... 911

The address of this house is: _____

Major cross streets near this address are: _____

The phone number is: _____

Name

Phone #

Pharmacy: _____

Poison Control: _____

Doctor: _____

Spouse: _____

Family at Home: _____

Family at Work: _____

Neighbor: _____

Friend: _____

Clergy: _____

Back-up Provider: _____

County Social Worker/
Service Coordinator:

Employre Performance Evaluation

Date of Review:

Employee Name:.

	Poor			Superior	
Follows Work Schedule	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports to Work on Time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No Excessive Absences	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gives Prior Notice for Absences	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Performance:

	Poor			Superior	
Performs Duties Satisfactorily	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Follows Instructions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Needs Minimal Supervision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Job Knowledge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

	Poor			Superior	
Trustworthy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Open to Suggestion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Communicates Well	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Willing to Learn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Positive Attitude	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Notice of Unsatisfactory Performance

Date: _____

To: _____

From:

Subject: Unsatisfactory Performance

As we discussed in our meeting on _____ regarding your recent poor performance and/or behavior on the job, below are listed the items/issues that require improvement and the steps you will take to make those improvements:

Issue

Steps toward improvement _____

Issue _____

Steps toward improvement _____

Issue _____

Steps toward improvement _____

Issue _____

Steps toward improvement _____

Issue _____

Steps toward improvement _____

Be aware, you are a valuable employee. It is hoped that by addressing the above issues your performance will improve and no further corrective measures will be necessary.

Employer Signature _____

Employee Signature _____

Taxes

This handout has been developed for Minnesota's Self-Determination Project — a Robert Wood Johnson Foundation Initiative in partnership with the Minnesota Department of Human Services and Blue Earth, Dakota, and Olmsted Counties.

If you've hired someone yourself instead of having a provider agency do so, you will need to know what responsibilities, if any, you have regarding taxes. The following sections will discuss those issues.

Note: The information in the following sections only address tax guidelines as they relate to the employment of household/domestic workers. For information about any other types of employees contact the Internal Revenue Service.

Note: Tax guidelines, labor law information, and insurance requirements often change from year-to-year. To ensure you are following the appropriate guidelines, you may wish to consult a tax advisor, an accountant, the Internal Revenue Service, or the Minnesota Department of Economic Security.

What is an Employee?

The first step in understanding your tax responsibilities is to decide whether the IRS considers your support person an employee or an independent contractor.

The Internal Revenue Service considers many factors in determining the tax status of your provider. Consider the

descriptions listed below; if more than a few of them apply to your support person, they are likely considered an employee rather than an independent contractor. (Tax issues for independent contractors are covered in the next section.)

Employees....

- are told when, where, and how to work
- are trained to perform tasks/services in a particular manner.
- perform the services that are key to the overall success of the business.
- render their services personally.
- have a continuing relationship with the business.
- have hours that are set by someone else.
- are required to work or be available full-time.
- work on the premises of a business, or on a route, or at a location designated by the business.
- perform services in the order or sequence set by the business.
- submit reports to the business.
- are paid by the hour, week, or month.
- are provided tools, material, or equipment to perform their job.
- have no significant investment in the business.
- normally work for only one business at a time.

- don't offer their services to the general public.
- can be fired by the business.
- have the right to resign without liability.

Again, if several or more of the above factors apply to your provider, they are probably considered an employee, and you should handle your tax responsibilities accordingly. (More on this in the coming sections.)

Note: If you have further questions about a support person's status, you can either consult an attorney, or request a determination from the IRS by filing a Form *SS-8 Determination of Employee Work Status for Purposes of Federal Employment Taxes and Income Tax Withholding*. You can obtain a copy of this form from your local IRS branch.

Taxes for Employees

If your supporter is considered an employee, there are three factors that will determine what, if any, taxes you need to pay on them:

- The worker's relationship to you. Are they your spouse, parent, or child?
- How much you have paid them.
- Their age.

The following tables will help you decide how these factors apply to your situation and whether you need to withhold certain employment taxes—and, if so, what kind and how much.

Note: If you are required to withhold and report employment taxes, you may want to consider using what is called a "fiscal agent". This person can perform (and in some counties, is required to perform) these duties for you. If you wish to use a fiscal agent, see the handout entitled *Fiscal Agents*.

Employment Taxes — The Four Types

1) Income Tax

Income taxes are paid on just that: employee income. Ordinarily, employers are required to do income tax withholding. However, you are not required to withhold federal or state income tax from wages of a "household employee" unless you have agreed before hand to do so.

A household employee is defined as someone you pay to perform household work. Such employees might be: babysitters, nannies, health aides, private nurses, maids, caretakers, yard workers, miscellaneous domestic workers.

Note: Publication 15 from the Internal Revenue Service, Circular E *Employers Tax Guide*, includes information regarding withholding and payment of taxes. You may wish to consult this guide. For help in obtaining this or other IRS documents, consult your phone book to find the nearest IRS office or branch.

2) Social Security and Medicare (FICA) Taxes

Social Security and Medicare (FICA) Taxes set aside living and medical expense monies for employees to use when they retire, generally at age 65.

Do you need to pay FICA taxes?

If you...

Pay cash wages of \$1,100 or more during the tax year 1998 to any one household employee...

...Then you must..

withhold and pay Social Security and Medicare taxes (FICA)

Do not count wages paid to:

- Your spouse
- Your child under age 21
- Your parent (see below)
- Any employee under age 18 during the tax year.

Note: FICA taxes are 15.3% of wages paid. Your employee's share is 7.65%. Your share is a matching 7.65%.

FICA taxes must be paid on a parent who is employed by a child for domestic services if:

- The parent cares for a child who is under 18 and living with a son or daughter.
- The parent's child requires adult supervision for at least four continuous weeks in a calendar year due to a mental or physical handicap.
- The parent's son or daughter is a widow/widower, divorced, or married to a person who, because of physical or mental condition, cannot care for the parent's child during such a period.

3) Federal Unemployment Tax (FUTA)

The Federal Unemployment Tax (FUTA) compensates workers who lose their jobs.

Do you need to pay FUTA taxes?

If you...

Pay/paid total cash wages of \$1,000 or more in any calendar quarter during the tax year to all of your household employees... -

...Then you must...

...Pay federal unemployment taxes (FUTA).

Do not count wages paid to:

- Your spouse
- Your child under age 21
- Your Parent

Note: FUTA taxes are 0.8% of cash wages. Wages over \$7,000 per year per employee are not taxed. You may also owe SUTA taxes.

4) Minnesota Unemployment Tax (SUTA)

The State Unemployment Tax (SUTA) compensates workers who lose their jobs. You may or may not be required to pay SUTA taxes and do income withholding. To determine if you must pay SUTA, consult either Publication 15 from the Internal Revenue Service, Circular E *Employers Tax Guide* or an accountant or tax attorney.

Note: Publications and further help on this and other issues can be obtained by contacting the IRS. Consult your phone book to find the nearest IRS office or branch.

Taxes for Independent Contractors

An independent contractor is responsible for filing his or her own Social Security and Medicare payments, and for reporting his or her income as a self-employed worker. They are also responsible for arranging their own worker's compensation coverage.

At the end of the year you will likely need to provide them with federal Form 1099-MISC *Miscellaneous Income*, which reports how much you have paid them. You are also required to file a copy of this form with the Internal Revenue Service.

Note: Deciding if your provider is considered an independent contractor is also important when considering Worker's Compensation and minimum wage issues. For more information on these issues, consult the handouts entitled Insurance and Labor Laws.

Note: Since there are various factors to consider when deciding if a provider is an employee or an independent contractor, you may wish to consult either an attorney or an accountant on this issue.

Employer Identification Number

As an employer, you may use an Employer Identification Number (EIN) to report taxes and to generate tax statements for employees. An EIN is simple to get and will help streamline your dealings with the IRS and other government agencies with whom you may deal.

You obtain an Employer Identification Number from the State by submitting a completed form *SS-4 Application for Employer Identification Number*. You will find a copy of this form at the end of this handout.

Note: Self Duplicating, Carbon Paper Not Required

U.S. GOVERNMENT PRINTING OFFICE 1996-389-106

a Control number 22222		Void <input type="checkbox"/>	For Official Use Only ▶ OMB No. 1545-0008					
b Employer's identification number		1 Wages, tips, other compensation		2 Federal income tax withheld				
c Employer's name, address, and ZIP code		3 Social security wages		4 Social security tax withheld				
		5 Medicare wages and tips		6 Medicare tax withheld				
		7 Social security tips		8 Allocated tips				
d Employee's social security number		9 Advance EIC payment		10 Dependent care benefits				
e Employee's name (first, middle initial, last)		11 Nonqualified plans		12 Benefits included in box 12				
		13 See Instrs. for box 13		14 Other				
f Employee's address and ZIP code		15 Statutory employee <input type="checkbox"/>	Deceased <input type="checkbox"/>	Pension plan <input type="checkbox"/>	Legal rec. <input type="checkbox"/>	Hispanic emp. <input type="checkbox"/>	Substantia <input type="checkbox"/>	Deferred compensa <input type="checkbox"/>
16 State	Employer's state I.D. No.	17 State wages, tips, etc.	18 State income tax	19 Locality name	20 Local wages, tips, etc.	21 Local income tax		

Cat. No. 10134D

Department of the Treasury—Internal Revenue Service

Form **W-2** Wage and Tax Statement **1996**

For Paperwork Reduction Act of 1995
see separate instructions

Copy A For Social Security Administration

Do NOT Cut or Separate Forms on This Page

a Control number 22222		Void <input type="checkbox"/>	For Official Use Only ▶ OMB No. 1545-0008					
b Employer's identification number		1 Wages, tips, other compensation		2 Federal income tax withheld				
c Employer's name, address, and ZIP code		3 Social security wages		4 Social security tax withheld				
		5 Medicare wages and tips		6 Medicare tax withheld				
		7 Social security tips		8 Allocated tips				
d Employee's social security number		9 Advance EIC payment		10 Dependent care benefits				
e Employee's name (first, middle initial, last)		11 Nonqualified plans		12 Benefits included in box 12				
		13 See Instrs. for box 13		14 Other				
f Employee's address and ZIP code		15 Statutory employee <input type="checkbox"/>	Deceased <input type="checkbox"/>	Pension plan <input type="checkbox"/>	Legal rec. <input type="checkbox"/>	Hispanic emp. <input type="checkbox"/>	Substantia <input type="checkbox"/>	Deferred compensa <input type="checkbox"/>
16 State	Employer's state I.D. No.	17 State wages, tips, etc.	18 State income tax	19 Locality name	20 Local wages, tips, etc.	21 Local income tax		

Cat. No. 10134D

Department of the Treasury—Internal Revenue Service

Form **W-2** Wage and Tax Statement **1996**

For Paperwork Reduction Act of 1995
see separate instructions

Copy A For Social Security Administration

For Office Use Only:

ID	Date	<input type="checkbox"/> A	<input type="checkbox"/> R
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Minnesota New Hire Reporting Form

Please fill out completely and mail to:
 Minnesota New Hire Reporting Center
 P.O. Box 64212
 St. Paul, MN 55164-0212
 Or fax to: 227-4991 (metro)
 1-800-692-4473 (toll-free)
 For more information: 227-4661 (metro)
 1-800-672-4473

Employer Information

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Federal Employer Identification Number

Company Name

Street Address Line 1

City

State

Zip

Zip+4

Contact Phone

Ext.

Employer Contact

Street Address Line 2

New or Rehired Employee Information

Last Name

First Name

Middle Name/Initial

Street Address

City

State

Zip

Zip+4

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Social Security Number

Date of Birth:

--	--

Month

--	--

Day

--	--	--	--

Year

Please Copy This Form

Form VAB001-0595

Application for Employer Identification Number

(For use by employers, corporations, partnerships, trusts, estates, churches, government agencies, certain individuals, and others. See instructions.)

EIN _____
 OMB No. 1545-0003

▶ Keep a copy for your records.

Please type or print clearly.

1 Name of applicant (Legal name) (See instructions.)	
2 Trade name of business (if different from name on line 1)	3 Executor, trustee, "care of" name
4a Mailing address (street address) (room, apt., or suite no.)	5a Business address (if different from address on lines 4a and 4b)
4b City, state, and ZIP code	5b City, state, and ZIP code
6 County and state where principal business is located	
7 Name of principal officer, general partner, grantor, owner, or trustor—SSN required (See instructions.) ▶	

8a Type of entity (Check only one box.) (See instructions.)

<input type="checkbox"/> Sole proprietor (SSN) _____	<input type="checkbox"/> Estate (SSN of decedent) _____
<input type="checkbox"/> Partnership	<input type="checkbox"/> Plan administrator-SSN _____
<input type="checkbox"/> REMIC	<input type="checkbox"/> Other corporation (specify) ▶ _____
<input type="checkbox"/> State/local government	<input type="checkbox"/> Limited liability co.
<input type="checkbox"/> Other nonprofit organization (specify) ▶ _____	<input type="checkbox"/> Trust
<input type="checkbox"/> Other (specify) ▶ _____	<input type="checkbox"/> Federal Government/military
	<input type="checkbox"/> Farmers' cooperative
	<input type="checkbox"/> Church or church-controlled organization
	(enter GEN if applicable) _____

8b If a corporation, name the state or foreign country (if applicable) where incorporated

State	Foreign country
-------	-----------------

9 Reason for applying (Check only one box.)

<input type="checkbox"/> Started new business (specify) ▶ _____	<input type="checkbox"/> Banking purpose (specify) ▶ _____
<input type="checkbox"/> Hired employees	<input type="checkbox"/> Changed type of organization (specify) ▶ _____
<input type="checkbox"/> Created a pension plan (specify type) ▶ _____	<input type="checkbox"/> Purchased going business
	<input type="checkbox"/> Created a trust (specify) ▶ _____
	<input type="checkbox"/> Other (specify) ▶ _____

10 Date business started or acquired (Mo., day, year) (See instructions.)

11 Closing month of accounting year (See instructions.)

12 First date wages or annuities were paid or will be paid (Mo., day, year). Note: If applicant is a withholding agent, enter date income will first be paid to nonresident alien. (Mo., day, year) ▶

13 Highest number of employees expected in the next 12 months. Note: If the applicant does not expect to have any employees during the period, enter -0-. (See instructions.) . . . ▶

Nonagricultural	Agricultural	Household
-----------------	--------------	-----------

14 Principal activity (See instructions.) ▶

15 Is the principal business activity manufacturing? Yes No
 If "Yes," principal product and raw material used ▶

16 To whom are most of the products or services sold? Please check the appropriate box. Business (wholesale) N/A
 Public (retail) Other (specify) ▶

17a Has the applicant ever applied for an identification number for this or any other business? Yes No
 Note: If "Yes," please complete lines 17b and 17c.

17b If you checked "Yes" on line 17a, give applicant's legal name and trade name shown on prior application, if different from line 1 or 2 above.
 Legal name ▶ Trade name ▶

17c Approximate date when and city and state where the application was filed. Enter previous employer identification number if known.
 Approximate date when filed (Mo., day, year) City and state where filed Previous EIN

Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete.

Name and title (Please type or print clearly.) ▶

Business telephone number (include area code)
 Fax telephone number (include area code)

Signature ▶ Date ▶

Note: Do not write below this line. For official use only.

Please leave blank ▶	Geo.	Ind.	Class	Size	Reason for applying
----------------------	------	------	-------	------	---------------------

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Use Form SS-4 to apply for an employer identification number (EIN). An EIN is a nine-digit number (for example, 12-3456789) assigned to sole proprietors, corporations, partnerships, estates, trusts, and other entities for filing and reporting purposes. The information you provide on this form will establish your filing and reporting requirements.

Who Must File

You must file this form if you have not obtained an EIN before and:

- You pay wages to one or more employees including household employees.
- You are required to have an EIN to use on any return, statement, or other document, even if you are not an employer.
- You are a withholding agent required to withhold taxes on income, other than wages, paid to a nonresident alien (individual, corporation, partnership, etc.). A withholding agent may be an agent, broker, fiduciary, manager, tenant, or spouse, and is required to file Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons.
- You file Schedule C, Profit or Loss From Business, or Schedule F, Profit or Loss From Farming, of Form 1040, U.S. Individual Income Tax Return, and have a Keogh plan or are required to file excise, employment, information, or alcohol, tobacco, or firearms returns.

The following must use EINs even if they do not have any employees:

- State and local agencies who serve as tax reporting agents for public assistance recipients; under Rev. Proc. 80-4, 1980-1 C.B. 581, should obtain a separate EIN for this reporting. See Household employer on page 3.
- Trusts, except the following:
 1. Certain grantor-owned revocable trusts. (See the Instructions for Form 1041.)
 2. Individual Retirement Arrangement (IRA) trusts, unless the trust has to file Form 990-T, Exempt Organization Business Income Tax Return. (See the Instructions for Form 990-T.)
 3. Certain trusts that are considered household employers can use the trust EIN to report and pay the social security and Medicare taxes, Federal unemployment tax (FUTA) and withheld Federal income tax. A separate EIN is not necessary.
- Estates
- Partnerships
- REMICs (real estate mortgage investment conduits) (See the Instructions for Form 1066, U.S. Real Estate Mortgage Investment Conduit Income Tax Return.)
- Corporations

- Nonprofit organizations (churches, clubs, etc.)
- Farmers' cooperatives
- Plan administrators (A plan administrator is the person or group of persons specified as the administrator by the instrument under which the plan is operated.)

When To Apply for a New EIN

New Business.—If you become the new owner of an existing business, do not use the EIN of the former owner. IF YOU ALREADY HAVE AN EIN, USE THAT NUMBER. If you do not have an EIN, apply for one on this form. If you become the "owner" of a corporation by acquiring its stock, use the corporation's EIN.

Changes in Organization or Ownership.—If you already have an EIN, you may need to get a new one if either the organization or ownership of your business changes. If you incorporate a sole proprietorship or form a partnership, you must get a new EIN. However, do not apply for a new EIN if you change only the name of your business.

Note: If you are electing to be an "S corporation," be sure you file Form 2553, Election by a Small Business Corporation.

File Only One Form SS-4.—File only one Form SS-4, regardless of the number of businesses operated or trade names under which a business operates. However, each corporation in an affiliated group must file a separate application.

EIN Applied For, But Not Received.—If you do not have an EIN by the time a return is due, write "Applied for" and the date you applied in the space shown for the number. Do not show your social security number as an EIN on returns.

If you do not have an EIN by the time a tax deposit is due, send your payment to the Internal Revenue Service Center for your filing area. (See Where To Apply below.) Make your check or money order payable to Internal Revenue Service and show your name (as shown on Form SS-4), address, type of tax, period covered, and date you applied for an EIN. Send an explanation with the deposit.

For more information about EINs, see Pub. 583, Starting a Business and Keeping Records, and Pub. 1635, Understanding Your EIN.

How To Apply

You can apply for an EIN either by mail or by telephone. You can get an EIN immediately by calling the Tele-TIN phone number for the service center for your state, or you can send the completed Form SS-4 directly to the service center to receive your EIN in the mail.

Application by Tele-TIN.—Under the Tele-TIN program, you can receive your EIN over the telephone and use it immediately to file a return or make a payment. To receive an EIN by phone, complete Form SS-4, then call the

Tele-TIN phone number listed for your state under Where To Apply. The person making the call must be authorized to sign the form. (See Signature block on page 4.)

An IRS representative will use the information from the Form SS-4 to establish your account and assign you an EIN. Write the number you are given on the upper right-hand corner of the form, sign and date it.

Mail or FAX the signed SS-4 within 24 hours to the Tele-TIN Unit at the service center address for your state. The IRS representative will give you the FAX number. The FAX numbers are also listed in Pub. 1635.

Taxpayer representatives can receive their client's EIN by phone if they first send a facsimile (FAX) of a completed Form 2848, Power of Attorney and Declaration of Representative, or Form 8821, Tax Information Authorization, to the Tele-TIN unit. The Form 2848 or Form 8821 will be used solely to release the EIN to the representative authorized on the form.

Application by Mail.—Complete Form SS-4 at least 4 to 5 weeks before you will need an EIN. Sign and date the application and mail it to the service center address for your state. You will receive your EIN in the mail in approximately 4 weeks.

Where To Apply

The Tele-TIN phone numbers listed below will involve a long-distance charge to callers outside of the local calling area and can be used only to apply for an EIN. THE NUMBERS MAY CHANGE WITHOUT NOTICE. Use 1-800-829-1040 to verify a number or to ask about an application by mail or other Federal tax matters.

If your principal business, office or agency, or legal residence in the case of an individual, is located in:	Call the Tele-TIN phone number shown or file with the Internal Revenue Service Center at:
Florida, Georgia, South Carolina	Attn: Entry Control Atlanta, GA 39901 (404) 455-2380
New Jersey, New York City and counties of Nassau, Rockland, Suffolk, and Westchester	Attn: Entry Control Holtsville, NY 00501 (516) 447-4955
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Attn: Entry Control Andover, MA 05501 (508) 474-9717
Illinois, Iowa, Minnesota, Missouri, Wisconsin	Attn: Entry Control Stop 57A 2306 E. Bannister Rd. Kansas City, MO 64131 (816) 926-5999
Delaware, District of Columbia, Maryland, Pennsylvania, Virginia	Attn: Entry Control Philadelphia, PA 19255 (215) 574-2400
Indiana, Kentucky, Michigan, Ohio, West Virginia	Attn: Entry Control Cincinnati, OH 45999 (606) 292-5467
Kansas, New Mexico, Oklahoma, Texas	Attn: Entry Control Austin, TX 73301 (512) 460-7843

Alaska, Arizona, California (counties of Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Yolo, and Yuba), Colorado, Idaho, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming

Attn: Entity Control
Mail Stop 6271-T
P.O. Box 9950
Ogden, UT 84409
(801) 620-7645

California (all other counties), Hawaii

Attn: Entity Control
Fresno, CA 93888
(209) 452-4010

Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Tennessee

Attn: Entity Control
Memphis, TN 37501
(901) 365-5970

If you have no legal residence, principal place of business, or principal office or agency in any state, file your form with the Internal Revenue Service Center, Philadelphia, PA 19255 or call 215-574-2400.

Specific Instructions

The instructions that follow are for those items that are not self-explanatory. Enter N/A (nonapplicable) on the lines that do not apply.

Line 1.—Enter the legal name of the entity applying for the EIN exactly as it appears on the social security card, charter, or other applicable legal document.

Individuals.—Enter the first name, middle initial, and last name. If you are a sole proprietor, enter your individual name, not your business name. Do not use abbreviations or nicknames.

Trusts.—Enter the name of the trust.

Estate of a decedent.—Enter the name of the estate.

Partnerships.—Enter the legal name of the partnership as it appears in the partnership agreement. Do not list the names of the partners on line 1. See the specific instructions for line 7.

Corporations.—Enter the corporate name as it appears in the corporation charter or other legal document creating it.

Plan administrators.—Enter the name of the plan administrator. A plan administrator who already has an EIN should use that number.

Line 2.—Enter the trade name of the business if different from the legal name. The trade name is the "doing business as" name.

Note: Use the full legal name on line 1 on all tax returns filed for the entity. However, if you enter a trade name on line 2 and choose to use the trade name instead of the legal name, enter the trade name on all returns you file. To prevent processing delays and errors, always use either the legal name only or the trade name only on all tax returns.

Line 3.—Trusts enter the name of the trustee. Estates enter the name of the executor, administrator, or other fiduciary. If the entity applying has a designated person to receive tax information, enter that person's name as the "care of"

person. Print or type the first name, middle initial, and last name.

Line 7.—Enter the first name, middle initial, last name, and social security number (SSN) of a principal officer if the business is a corporation; of a general partner if a partnership; or of a grantor, owner, or trustor if a trust.

Line 8a.—Check the box that best describes the type of entity applying for the EIN. If not specifically mentioned, check the "Other" box and enter the type of entity. Do not enter N/A.

Sole proprietor.—Check this box if you file Schedule C or F (Form 1040) and have a Keogh plan, or are required to file excise, employment, information, or alcohol, tobacco, or firearms returns. Enter your SSN in the space provided.

REMIC.—Check this box if the entity has elected to be treated as a real estate mortgage investment conduit (REMIC). See the Instructions for Form 1066 for more information.

Other nonprofit organization.—Check this box if the nonprofit organization is other than a church or church-controlled organization and specify the type of nonprofit organization (for example, an educational organization).

If the organization also seeks tax-exempt status, you must file either Package 1023 or Package 1024, Application for Recognition of Exemption. Get Pub. 557, Tax-Exempt Status for Your Organization, for more information.

Group exemption number (GEN).—If the organization is covered by a group exemption letter, enter the four-digit GEN. (Do not confuse the GEN with the nine-digit EIN.) If you do not know the GEN, contact the parent organization. Get Pub. 557 for more information about group exemption numbers.

Withholding agent.—If you are a withholding agent required to file Form 1042, check the "Other" box and enter "Withholding agent."

Personal service corporation.—Check this box if the entity is a personal service corporation. An entity is a personal service corporation for a tax year only if:

- The principal activity of the entity during the testing period (prior tax year) for the tax year is the performance of personal services substantially by employee-owners, and
- The employee-owners own 10% of the fair market value of the outstanding stock in the entity on the last day of the testing period.

Personal services include performance of services in such fields as health, law, accounting, or consulting. For more information about personal service corporations, see the Instructions for Form 1120, U.S. Corporation Income Tax Return, and Pub. 542, Tax Information on Corporations.

Limited liability co.—See the definition of limited liability company in the Instructions for Form 1065. If you are classified as a partnership for Federal income tax

purposes, mark the "Limited liability co" checkbox. If you are classified as a corporation for Federal income tax purposes, mark the "Other corporation" checkbox and write "Limited liability co" in the space provided.

Plan administrator.—If the plan administrator is an individual, enter the plan administrator's SSN in the space provided.

Other corporation.—This box is for any corporation other than a personal service corporation. If you check this box, enter the type of corporation (such as insurance company) in the space provided.

Household employer.—If you are an individual, check the "Other" box and enter "Household employer" and your SSN. If you are a state or local agency serving as a tax reporting agent for public assistance recipients who become household employers, check the "Other" box and enter "Household employer agent." If you are a trust that qualifies as a household employer, you do not need a separate EIN for reporting tax information relating to household employees; use the EIN of the trust.

Line 9.—Check only one box. Do not enter N/A.

Started new business.—Check this box if you are starting a new business that requires an EIN. If you check this box, enter the type of business being started. Do not apply if you already have an EIN and are only adding another place of business.

Hired employees.—Check this box if the existing business is requesting an EIN because it has hired or is hiring employees and is therefore required to file employment tax returns. Do not apply if you already have an EIN and are only hiring employees. For information on the applicable employment taxes for family members, see Circular E, Employer's Tax Guide (Publication 15).

Created a pension plan.—Check this box if you have created a pension plan and need this number for reporting purposes. Also, enter the type of plan created.

Banking purpose.—Check this box if you are requesting an EIN for banking purposes only, and enter the banking purpose (for example, a bowling league for depositing dues or an investment club for dividend and interest reporting).

Changed type of organization.—Check this box if the business is changing its type of organization, for example, if the business was a sole proprietorship and has been incorporated or has become a partnership. If you check this box, specify in the space provided the type of change made, for example, "from sole proprietorship to partnership."

Purchased going business.—Check this box if you purchased an existing business. Do not use the former owner's EIN. Do not apply for a new EIN if you already have one. Use your own EIN.

Created a trust.—Check this box if you created a trust, and enter the type of trust created.

Note: Do not file this form if you are the grantor/owner of certain revocable trusts. You must use your SSN for the trust. See the Instructions for Form 1041.

Other (specify).—Check this box if you are requesting an EIN for any reason other than those for which there are checkboxes, and enter the reason.

Line 10.—If you are starting a new business, enter the starting date of the business. If the business you acquired is already operating, enter the date you acquired the business. Trusts should enter the date the trust was legally created. Estates should enter the date of death of the decedent whose name appears on line 1 or the date when the estate was legally funded.

Line 11.—Enter the last month of your accounting year or tax year. An accounting or tax year is usually 12 consecutive months, either a calendar year or a fiscal year (including a period of 52 or 53 weeks). A calendar year is 12 consecutive months ending on December 31. A fiscal year is either 12 consecutive months ending on the last day of any month other than December or a 52-53 week year. For more information on accounting periods, see Pub. 538, Accounting Periods and Methods.

Individuals.—Your tax year generally will be a calendar year.

Partnerships.—Partnerships generally must adopt the tax year of either (a) the majority partners; (b) the principal partners; (c) the tax year that results in the least aggregate (total) deferral of income; or (d) some other tax year. (See the Instructions for Form 1065, U.S. Partnership Return of Income, for more information.)

REMIC.—REMICs must have a calendar year as their tax year.

Personal service corporations.—A personal service corporation generally must adopt a calendar year unless:

- It can establish a business purpose for having a different tax year, or
- It elects under section 444 to have a tax year other than a calendar year.

Trusts.—Generally, a trust must adopt a calendar year except for the following:

- Tax-exempt trusts,
- Charitable trusts, and
- Grantor-owned trusts.

Line 12.—If the business has or will have employees, enter the date on which the business began or will begin to pay wages. If the business does not plan to have employees, enter N/A.

Withholding agent.—Enter the date you began or will begin to pay income to a nonresident alien. This also applies to individuals who are required to file Form 1042 to report alimony paid to a nonresident alien.

Line 13.—For a definition of agricultural labor (farmworker), see Circular A, Agricultural Employer's Tax Guide (Publication 51).

Line 14.—Generally, enter the exact type of business being operated (for example, advertising agency, farm, food or beverage establishment, labor union, real estate agency, steam laundry, rental of coin-operated vending machine, or investment club). Also state if the business will involve the sale or distribution of alcoholic beverages.

Governmental.—Enter the type of organization (state, county, school district, municipality, etc.).

Nonprofit organization (other than governmental).—Enter whether organized for religious, educational, or humane purposes, and the principal activity (for example, religious organization—hospital, charitable).

Mining and quarrying.—Specify the process and the principal product (for example, mining bituminous coal, contract drilling for oil, or quarrying dimension stone).

Contract construction.—Specify whether general contracting or special trade contracting. Also, show the type of work normally performed (for example, general contractor for residential buildings or electrical subcontractor).

Food or beverage establishments.—Specify the type of establishment and state whether you employ workers who receive tips (for example, lounge—yes).

Trade.—Specify the type of sales and the principal line of goods sold (for example, wholesale dairy products, manufacturer's representative for mining machinery, or retail hardware).

Manufacturing.—Specify the type of establishment operated (for example, sawmill or vegetable cannery).

Signature block.—The application must be signed by (a) the individual, if the applicant is an individual, (b) the president, vice president, or other principal officer, if the applicant is a corporation, (c) a responsible and duly authorized member or officer having knowledge of its affairs, if the applicant is a partnership or other unincorporated organization, or (d) the fiduciary, if the applicant is a trust or estate.

Some Useful Publications

You may get the following publications for additional information on the subjects covered on this form. To get these and other free forms and publications, call 1-800-TAX-FORM (1-800-829-3676). You should receive your order or notification of its status within 7 to 15 workdays of your call.

Use your computer.—If you subscribe to an on-line service, ask if IRS information is available and, if so, how to access it. You can also get information through IRIS, the Internal Revenue Information Services, on FedWorld, a government bulletin board. Tax forms, instructions, publications, and other IRS information, are available through IRIS.

IRIS is accessible directly by calling 703-321-8020. On the Internet, you can telnet to fedworld.gov. or, for file transfer protocol services, connect to ftp.fedworld.gov. If you are using the WorldWide Web, connect to http://www.ustreas.gov

FedWorld's help desk offers technical assistance on accessing IRIS (not tax help during regular business hours at 703-487-4608. The IRIS menus offer information on available file formats and software needed to read and print files. You must print the forms to use them; the forms are not designed to be filled out on-screen.

Tax forms, instructions, and publications are also available on CD-ROM, including prior-year forms starting with the 1991 tax year. For ordering information and software requirements, contact the Government Printing Office's Superintendent of Documents (202-512-1800) or Federal Bulletin Board (202-512-1387).

Pub. 1635, Understanding Your EIN

Pub. 15, Employer's Tax Guide

Pub. 15-A, Employer's Supplemental Tax Guide

Pub. 538, Accounting Periods and Methods

Pub. 541, Tax Information on Partnerships

Pub. 542, Tax Information on Corporations

Pub. 557, Tax-Exempt Status for Your Organization

Pub. 583, Starting a Business and Keep Records

Package 1023, Application for Recognition of Exemption

Package 1024, Application for Recognition of Exemption Under Section 501(a) or for Determination Under Section 120

Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	7 min.
Learning about the law or the form	18 min.
Preparing the form	45 min.
Copying, assembling, and sending the form to the IRS	20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. Do not send this form to this address. Instead, see Where To Apply on page 2.

Form W-4 (1995)

Want More Money In Your Paycheck?

If you expect to be able to take the earned income credit for 1995 and a child lives with you, you may be able to have part of the credit added to your take-home pay. For details, get Form W-5 from your employer.

Purpose. Complete Form W-4 so that your employer can withhold the correct amount of Federal income tax from your pay.

Exemption From Withholding. Read line 7 of the certificate below to see if you can claim exempt status. *If exempt, complete line 7; but do not complete lines 5 and 6.* No Federal income tax will be withheld from your pay. Your exemption is good for 1 year only. It expires February 15, 1996.

Note: You cannot claim exemption from withholding if (1) your income exceeds \$650 and includes unearned income (e.g., interest

and dividends) and (2) another person can claim you as a dependent on their tax return.

Basic Instructions. Employees who are not exempt should complete the Personal Allowances Worksheet. Additional worksheets are provided on page 2 for employees to adjust their withholding allowances based on itemized deductions, adjustments to income, or two-earner/two-job situations. Complete all worksheets that apply to your situation. The worksheets will help you figure the number of withholding allowances you are entitled to claim. However, you may claim fewer allowances than this.

Head of Household. Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals.

Nonwage Income. If you have a large amount of nonwage income, such as interest or dividends, you should consider making

estimated tax payments using Form 1040-ES. Otherwise, you may find that you owe additional tax at the end of the year.

Two Earners/Two Jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. This total should be divided among all jobs. Your withholding will usually be most accurate when all allowances are claimed on the W-4 filed for the highest paying job and zero allowances are claimed for the others.

Check Your Withholding. After your W-4 takes effect, you can use Pub. 919, Is My Withholding Correct for 1995?, to see how the dollar amount you are having withheld compares to your estimated total annual tax. We recommend you get Pub. 919 especially if you used the Two Earner/Two Job Worksheet and your earnings exceed \$150,000 (Single) or \$200,000 (Married). Call 1-800-829-3676 to order Pub. 919. Check your telephone directory for the IRS assistance number for further help.

Personal Allowances Worksheet

- A Enter "1" for yourself if no one else can claim you as a dependent A _____
- B Enter "1" if:
 • You are single and have only one job; or
 • You are married, have only one job, and your spouse does not work; or
 • Your wages from a second job or your spouse's wages (or the total of both) are \$1,000 or less. B _____
- C Enter "1" for your spouse. But, you may choose to enter -0- if you are married and have either a working spouse or more than one job (this may help you avoid having too little tax withheld) C _____
- D Enter number of dependents (other than your spouse or yourself) you will claim on your tax return D _____
- E Enter "1" if you will file as head of household on your tax return (see conditions under Head of Household above) E _____
- F Enter "1" if you have at least \$1,500 of child or dependent care expenses for which you plan to claim a credit F _____
- G Add lines A through F and enter total here. Note: This amount may be different from the number of exemptions you claim on your return ▶ G _____

For accuracy, do all worksheets that apply.

- If you plan to itemize or claim adjustments to income and want to reduce your withholding, see the Deductions and Adjustments Worksheet on page 2.
- If you are single and have more than one job and your combined earnings from all jobs exceed \$30,000 OR if you are married and have a working spouse or more than one job, and the combined earnings from all jobs exceed \$50,000, see the Two-Earner/Two-Job Worksheet on page 2 if you want to avoid having too little tax withheld.
- If neither of the above situations applies, stop here and enter the number from line G on line 5 of Form W-4 below.

..... Cut here and give the certificate to your employer. Keep the top portion for your records.

Form W-4 Department of the Treasury Internal Revenue Service	<h2 style="margin:0;">Employee's Withholding Allowance Certificate</h2> <p style="margin:0;">▶ For Privacy Act and Paperwork Reduction Act Notice, see reverse.</p>	OMB No. 1545-0010 <h1 style="margin:0;">1995</h1>
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1 Type or print your first name and middle initial: _____ Last name: _____	2 Your social security number: _____
Home address (number and street or rural route): _____ City or town, state, and ZIP code: _____	3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. <i>Note: If married, but legally separated, or spouse is a nonresident alien, check the Single box.</i> 4 If your last name differs from that on your social security card, check here and call 1-800-772-1213 for a new card. <input type="checkbox"/>
5 Total number of allowances you are claiming (from line G above or from the worksheets on page 2 if they apply) 5 _____ 6 Additional amount, if any, you want withheld from each paycheck 6 \$ _____ 7 I claim exemption from withholding for 1995 and I certify that I meet BOTH of the following conditions for exemption: • Last year I had a right to a refund of ALL Federal income tax withheld because I had NO tax liability; AND • This year I expect a refund of ALL Federal income tax withheld because I expect to have NO tax liability. If you meet both conditions, enter "EXEMPT" here ▶ 7 _____	8 Employer's name and address (Employer: Complete 8 and 10 only if sending to the IRS) _____ 9 Office code (optional) _____ 10 Employer identification number _____

Under penalties of perjury, I certify that I am entitled to the number of withholding allowances claimed on this certificate or entitled to claim exempt status.

Employee's signature ▶ _____	Date ▶ _____ 19__
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Deductions and Adjustments Worksheet

Note: Use this worksheet only if you plan to itemize deductions or claim adjustments to income on your 1995 tax return.

- 1 Enter an estimate of your 1995 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes (but not sales taxes), medical expenses in excess of 7.5% of your income, and miscellaneous deductions. (For 1995, you may have to reduce your itemized deductions if your income is over \$114,700 (\$57,350 if married filing separately). Get Pub. 919 for details.) 1 \$ _____
- 2 Enter: $\left\{ \begin{array}{l} \$6,550 \text{ if married filing jointly or qualifying widow(er)} \\ \$5,750 \text{ if head of household} \\ \$3,900 \text{ if single} \\ \$3,275 \text{ if married filing separately} \end{array} \right.$ 2 \$ _____
- 3 Subtract line 2 from line 1. If line 2 is greater than line 1, enter -0- 3 \$ _____
- 4 Enter an estimate of your 1995 adjustments to income. These include alimony paid and deductible IRA contributions 4 \$ _____
- 5 Add lines 3 and 4 and enter the total 5 \$ _____
- 6 Enter an estimate of your 1995 nonwage income (such as dividends or interest) 6 \$ _____
- 7 Subtract line 6 from line 5. Enter the result, but not less than -0- 7 \$ _____
- 8 Divide the amount on line 7 by \$2,500 and enter the result here. Drop any fraction 8 _____
- 9 Enter the number from Personal Allowances Worksheet, line G, on page 1 9 _____
- 10 Add lines 8 and 9 and enter the total here. If you plan to use the Two-Earner/Two-Job Worksheet, also enter this total on line 1 below. Otherwise, stop here and enter this total on Form W-4, line 5, on page 1 10 _____

Two-Earner/Two-Job Worksheet

Note: Use this worksheet only if the instructions for line G on page 1 direct you here.

- 1 Enter the number from line G on page 1 (or from line 10 above if you used the Deductions and Adjustments Worksheet) 1 _____
- 2 Find the number in Table 1 below that applies to the **LOWEST** paying job and enter it here 2 _____
- 3 If line 1 is **GREATER THAN OR EQUAL TO** line 2, subtract line 2 from line 1. Enter the result here (if zero, enter -0-) and on Form W-4, line 5, on page 1. **DO NOT** use the rest of this worksheet 3 _____

Note: If line 1 is **LESS THAN** line 2, enter -0- on Form W-4, line 5, on page 1. Complete lines 4-9 to calculate the additional withholding amount necessary to avoid a year end tax bill.

- 4 Enter the number from line 2 of this worksheet 4 _____
- 5 Enter the number from line 1 of this worksheet 5 _____
- 6 Subtract line 5 from line 4 6 _____
- 7 Find the amount in Table 2 below that applies to the **HIGHEST** paying job and enter it here 7 \$ _____
- 8 Multiply line 7 by line 6 and enter the result here. This is the additional annual withholding amount needed 8 \$ _____
- 9 Divide line 8 by the number of pay periods remaining in 1995. (For example, divide by 26 if you are paid every other week and you complete this form in December 1994.) Enter the result here and on Form W-4, line 6, page 1. This is the additional amount to be withheld from each paycheck 9 \$ _____

Table 1: Two-Earner/Two-Job Worksheet

Married Filing Jointly				All Others	
If wages from LOWEST paying job are—	Enter on line 2 above	If wages from LOWEST paying job are—	Enter on line 2 above	If wages from LOWEST paying job are—	Enter on line 2 above
0 - \$3,000	0	39,001 - 50,000	9	0 - \$4,000	0
3,001 - 6,000	1	50,001 - 55,000	10	4,001 - 10,000	1
6,001 - 11,000	2	55,001 - 60,000	11	10,001 - 14,000	2
11,001 - 16,000	3	60,001 - 70,000	12	14,001 - 19,000	3
16,001 - 21,000	4	70,001 - 80,000	13	19,001 - 23,000	4
21,001 - 27,000	5	80,001 - 90,000	14	23,001 - 45,000	5
27,001 - 31,000	6	90,001 and over	15	45,001 - 60,000	6
31,001 - 34,000	7			60,001 - 70,000	7
34,001 - 39,000	8			70,001 and over	8

Table 2: Two-Earner/Two-Job Worksheet

Married Filing Jointly		All Others	
If wages from HIGHEST paying job are—	Enter on line 7 above	If wages from HIGHEST paying job are—	Enter on line 7 above
0 - \$50,000	\$380	0 - \$30,000	\$380
50,001 - 100,000	700	30,001 - 60,000	700
100,001 - 130,000	780	60,001 - 110,000	780
130,001 - 230,000	900	110,001 - 230,000	900
230,001 and over	990	230,001 and over	990

Privacy Act and Paperwork Reduction Act Notice.—We ask for the information on this form to carry out the Internal Revenue laws of the United States. The Internal Revenue Code requires this information under sections 3402(f)(2)(A) and 6109 and their regulations. Failure to provide a completed form will result in your being treated as a single person who claims no withholding allowances. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, and the District of Columbia for use in administering their tax laws.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping 46 min., Learning about the law or the form 10 min., Preparing the form 69 min. If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Attention: Tax Forms Committee, PC:FP, Washington, DC 20224. **DO NOT** send the tax form to this address. Instead, give it to your employer.

Application for Business Registration

Form
ABR

All applicants must complete lines 1 through 14 and must register for at least one tax type.

1 Federal tax ID number (if you applied for one but have not received it yet, or you don't have a number, see instructions)

□□-□□□□□□□□

2 Full legal name of the business (Sole-proprietors: fill in your last name, first name, middle initial)

3 Business trade name (doing business as), if you have one

4 Complete address of business location (Do not use P.O. box)

City or town State Zip code

Is this business located on a Minnesota Indian reservation? No Yes
If yes, specify which one:

5 Mailing address if different from above

City or town State Zip code

6 Daytime phone number

()

Other phone number Fax number

() ()

7 List all owners, general partners, or officers (attach a separate sheet, if needed)

Name (last name, first name, middle initial)

Social Security number

Title

Home address (street, city, state, zip code)

Business phone number

Home phone number

() ()

Name (last name, first name, middle initial)

Social Security number

Title

Home address (street, city, state, zip code)

Business phone number

Home phone number

() ()

Name (last name, first name, middle initial)

Social Security number

Title

Home address (street, city, state, zip code)

Business phone number

Home phone number

() ()

Name (last name, first name, middle initial)

Social Security number

Title

Home address (street, city, state, zip code)

Business phone number

Home phone number

() ()

8 Type of legal organization (check only one box):

- Cooperative
- Estate or trust
- Financial institution
- Insurance
- Other, specify: _____
- Limited liability company
- Limited liability partnership
- Minnesota corporation
- Minnesota S corporation
- Non-Minnesota corporation
- Non-Minnesota S corporation
- Nonprofit Minnesota corporation
- Nonprofit non-Minnesota corporation
- Nonprofit organization
- Partnership
- Sole-proprietor

9 I wish to register to file the following tax types (check all that apply): See instructions

- corporate franchise
- fiduciary income
- insurance franchise
- local taxes
- MinnesotaCare taxes
- nonresident entertainer
- partnership
- S corporation
- special taxes (specify from list on page 10 of instructions): _____
- sales and use tax
- withholding tax

10 If you are applying for a new Minnesota tax ID number, indicate the reason:

- new business
- business entering Minnesota
- more than 50% change in ownership of a business other than a corporation:
- purchased existing business: prior Minnesota ID number: _____
former owner's name: _____

11 Current Minnesota tax ID number(s), if you have any: _____

Should this number be canceled? No Yes, cancel effective Month _____ Day _____ Year _____

All applicants

Business Activity

Standard Industrial Classification (SIC) Codes (Fill in codes from the list on pages 11 and 12 of the instructions.)

12 Primary Secondary

If nothing on the list applies to your business, describe briefly your business activity:

13 Accounting period used by business: Calendar year Fiscal year (fill in end date: Month _____, Day _____)

14 Types of goods and services provided (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Food products (groceries) | <input type="checkbox"/> Farm machinery |
| <input type="checkbox"/> Clothing | <input type="checkbox"/> Special tooling (custom made tooling used in manufacturing) |
| <input type="checkbox"/> On-sale/off-sale liquor | <input type="checkbox"/> Printing and publishing (newspapers, periodicals) |
| <input type="checkbox"/> 3.2 Beer | <input type="checkbox"/> Waste collection services |
| <input type="checkbox"/> Prescription drugs | <input type="checkbox"/> Mobile homes |
| <input type="checkbox"/> Over-the-counter drugs | <input type="checkbox"/> Interstate trucking |
| <input type="checkbox"/> Aquaculture equipment (growing of aquatic life) | <input type="checkbox"/> Logging equipment |
| <input type="checkbox"/> Car rentals | <input type="checkbox"/> 900 number telephone sales |
| <input type="checkbox"/> Guest room rentals | <input type="checkbox"/> None apply to my business |

If you have any information not requested on this form that is pertinent to your application, please use this space and additional sheets, if necessary, to write in that information.

You must notify our office if:

- any information is changed at any time after you file this application,
- you go out of business,
- you quit making taxable sales, leases or services, or
- you no longer have employees.

Otherwise, you may receive notices indicating your account is delinquent.

If you want to register by phone or notify our office of changes, call:

(612) 282-5225 in the Twin Cities area, or
1-800-657-3625 from elsewhere.

If you have questions about your business taxes, call:

(612) 296-6181 in the Twin Cities area, or
1-800-657-3777 from elsewhere.

If you choose not to register by phone, return this entire Form ABR packet to:

Minnesota Department of Revenue
Mail Station 4445
St. Paul, MN 55146-4445.

Telecommunications Device for the Deaf (TDD) user may call our office directly at (612) 297-2196, or through Minnesota Relay Service at 1-800-627-3535.

OR fax it to: (612) 297-2265

Information will be made available in an alternative format, such as Braille, large print or audio tape, upon request.

The Minnesota Department of Revenue offers free introductory seminars on Minnesota sales and employment taxes at regional locations around the state and in the metro area.

These three-hour seminars provide:

- Information you need to understand your role in collecting and filing sales or employment taxes.
- Line-by-line instructions on preparing your tax returns.
- Documentation requirements and record-keeping suggestions.
- A seminar guidebook that serves as a reference for preparing your returns.

Please check (optional):

- Yes, I am interested in attending an employment tax class.
- Yes, I am interested in attending a sales tax class.

If you checked a box to indicate you are interested in attending a free introductory seminar, we will notify you when classes are available in your area. If you have any other questions about classes or seminars, call (612) 297-4213 in the Twin Cities metro area; or 1-800-888-6231 in Greater Minnesota; or write to Minnesota Business Education Program, Minnesota Department of Revenue, Mail Station 9960, St. Paul, MN 55146-9960.

Insurance

This handout has been developed for Minnesota's Self-Determination Project — a Robert Wood Johnson Foundation Initiative in partnership with the Minnesota Department of Human Services and Blue Earth, Dakota, and Olmsted Counties.

Insurance

The two types of insurance that concern you as a potential employer are Worker's Compensation Insurance and Liability Insurance. Both are designed to protect you and your support person in case of injury, disease or property damage.

Worker's Compensation Insurance

Worker's Compensation Insurance provides compensation to worker's with work related injuries or diseases. Compensation may include replacement of lost wages and payment of medical and rehabilitation costs. To be eligible for Worker's Compensation Insurance, a worker's injury or disease must arise from, and in the course and scope of, employment.

Note: Failure to provide necessary Worker's Compensation coverage may lead to penalties of up to \$1,000 per employee per week of non-compliance. If a work injury does occur to an employee of an uninsured employer, the Special Compensation Fund will seek to collect from that employer reimbursement of all monies paid out on each claim, including additional penalty fees. The Special Compensation Fund also has the authority to put a lien on contracts, payments, lottery winnings and state tax refunds.

Note: A work-related injury or disease is defined as a physical condition that is caused, made worse, precipitated, or accelerated by the work or the work environment.

Note: Injuries can occur either at work, or outside of work if the employee has been sent on assignment by his/her supervisor and the injury occurs either in transit or at the outside work site.

Worker's Compensation coverage is not required for some types of employees. Below is a list of employees for whom Worker's Compensation Insurance coverage is not required. Be aware, this list does not necessarily cover all circumstances. For a complete list of guidelines, contact either a tax attorney or an accountant.

The following employees do not need to be covered by Worker's Compensation Insurance:

- Your spouse, parent, and/or child (including stepchildren), regardless of age.
- Independent contractors.
- Some workers employed as household employees in, for, or about a private residence. For details on this particular exclusion, consult either a tax attorney or an accountant.

Note: For Worker's Compensation purposes, a household worker is defined as one who performs domestic, repair, grounds, or maintenance tasks in, for, or about a private home or household.

The cost of Worker's Compensation Insurance is based on the type of work the employee is doing and the amount of the employer's annual payroll. It can be purchased through any licensed insurance agent (in the yellow pages under "Insurance"). If you have trouble getting insured, your insurance agent may tell you about the "assigned risk pool", which is available to all employers.

A final word about Worker's Compensation Insurance: Though its cost may seem steep, it is only a fraction of what you would pay in penalties should an uninsured employee or yours be injured. Going without it is not worth the risk.

Liability Insurance

While you, as an employer, are not legally required to carry liability insurance, you may wish to consider doing so. Liability insurance protects you in three ways:

- It protects you from costs and damages from a lawsuit should someone be injured in your home, either by you or by accident

- It protects you from having to pay medical costs should you be injured in your home, either by someone else or by accident
- It protects you from having to pay replacement costs should your property be damaged by someone.

Check with your insurance agent or consult an agent about the cost of coverage and for details about what situations such a policy covers. Depending on what, if any, homeowners or renters insurance you already carry, you may be covered in some cases. If not, your agent may be able to attach a rider to your policy to increase and/or change your coverage.

As with Worker's Compensation Insurance, Liability Insurance is a small price to pay to be protected in case of lawsuits, injury, and/or property damage

This handout has been developed for Minnesota's
Self-Determination Project — a Robert Wood
Johnson Foundation Initiative in partnership with
the Minnesota Department of Human Services and
Blue Earth, Dakota, and Olmsted Counties.

Hiring a Fiscal Agent

To many of us, the idea of withholding, depositing, and reporting employment taxes seems complicated and time-consuming. If this is the case with you, you may wish to hire a fiscal agent to handle all your tax-related issues.

A fiscal agent can manage all your payroll functions including paycheck distribution and withholding and reporting employment taxes and miscellaneous employee deductions. However, keep in mind that even if you contract these services from a fiscal agent, you will still be considered the official employer of your employees, and will be held responsible for the appropriate handling of these issues.

Specifically, a fiscal agent can perform the following functions:

- Issue paychecks with the necessary pay stubs indicating earnings and withholding.
- Withhold and deposit the necessary federal and state employment taxes (Income, FICA, FUTA, SUTA).
- File federal and state quarterly and/or annual reports.
- Complete and distribute W-2 forms for each employee and a W-4 transmittal at the end of the tax year.
- Provide, in some cases, direct deposit options to employees.

Finding and Arranging for a Fiscal Agent

There are several ways to find a fiscal agent.

First, ask for recommendations from friends or colleagues; perhaps they have used or know of a fiscal agent in the local area.

Second, look in your phone book's yellow pages under "Payroll Services", "Accounting", "Bookkeeping", or "Taxes" Some agencies provide these services state-wide or even nationally, so chances are you will be able to find several from which to choose.

While services do vary, setting up an account with a fiscal agent is simple. Different agents may ask for different information, but you should be prepared with the following details:

- Your Employer Identification Number
- Your employees' W-4 forms
- Your federal and state tax deposit coupon books
- The number of hours each employee works
- Each employee's rate of pay
- Any additional deductions your employees wish to have taken from their paychecks

Generally, you will be asked to provide adequate funds for each payroll outlay, including taxes. From this

amount your fiscal agent will make the necessary employment withholdings and deposits and file the necessary reports, including W-2 forms.

Below is an example of what you may be charged for the services of a fiscal agent. Please remember fees and rates vary from agency to agency and from year to year, so be sure to get accurate and timely estimates before entering into an agreement with a fiscal agent.

Set up payroll account	\$4.50 (one time charge)
New employee set up charge	\$10.00 (for each new employee)
First 10 checks issued	\$1.50 each
Next five checks issued	\$1.00 each
Remaining checks issued	\$.85 each

Example: Using the above sample rates, you set up an account with your fiscal agent for three new employees who are paid twice per month. Your cost for the first month of fiscal services would be:

Set up payroll account	\$4.50 (one time charge)
New employee set up charge	\$3.00 (\$1.00 x 3 empl.)
Paycheck issuance charge	\$9.00 (\$1.50 per check x 2 checks per month x 3 employees)
Total monthly service charge	\$16.50

Of course, charges for following months would be less because there would be no account set-up charges and no new employee set-up charges.

Screening a fiscal agent is a lot like screening potential employees, but your primary concern should be the agent's fees, their experience level, and the range of services they provide. Look for someone who understands your situation, has the necessary experience, and whose fees are within your budget.

Once you have found the fiscal agent that is right for you, they will need to submit, in writing, an application and authorization to the Director of the Internal Revenue Service Center (in Minnesota: IRS Center, Kansas City, MO, 64999). This application and authorization is an important step. It notifies the IRS that your fiscal agent is authorized and required to act in your behalf in fiscal and tax matters, and it should be accompanied by federal Form 2678 *Employer Appointment of Agent*. Once this application is approved by the IRS Service Center Director, a letter of authorization will be sent to your agent. Authorization is effective the date the letter is postmarked.

Before the agent starts working with you, you may wish to outline with them in writing, their fees, the functions they will perform, and what information you will need

to provide them. Remember, the job your fiscal agent will be performing is important; it is equally important that you share a clear understanding of the relationship.

Form **2678**
(Rev. October 1993)

Department of the Treasury – Internal Revenue Service
Employer Appointment of Agent
 Under Section 3504 of the Internal Revenue Code
(For use by employers or payers)

OMB Number
1545-0748
Expires: 10-31-95

1. To

Director

Service Center

Instructions

Employer or Payer: Please complete this form and give it to the agent.

Agent: Please attach a letter requesting authority to do either all that is required of the employer for wages you pay on the employer's behalf or all that is required of the payer for requirements of backup withholding. *(See applicable Revenue Procedures 70-6 84-33.)* Forward both the letter of request and Form 2678 to the Director of the Internal Revenue Service Center where you file your returns. *(See reverse side for addresses.)*

Note: Rev. Proc. 70-6 is available in Publication 1271 and Rev. Proc. 84-33 is available in Publication 1272.

2. Employer's or Payer's name

3. Employer's or Payer's address *(Number and street, city, town or post office, State and ZIP code)*

4. Employer identification number

5. Agent's name

6. Agent's address *(Number and street, city, town or post office, State and ZIP code)*

7. Agent's employer identification number

8. Effective for *(Check the box or boxes that apply)*

- Employment taxes *(Rev. Proc. 70-6)*
- Backup withholding *(Rev. Proc. 84-33)*

9. If filing under Rev. Proc. 70-6, does this apply to all employees?

- Yes No

10. Effective date of appointment by employer or payer

Under section 3504 of the Internal Revenue Code, please authorize this agent to do all that is required under *(Check the one(s) that apply)*

- Chapter 21 *(FICA)*
- Chapter 22 *(Railroad Retirement)*
- Chapter 24–
 - Withholding and/or
 - Backup withholding
- Chapter 25 *(General Provisions)* of Subtitle C

The agent named above has been appointed either to pay wages for employers and/or report and deposit backup withholding amounts for payers. This appointment is effective on the date shown in Item 10.

It is understood that the agent and the employer or payer are subject to all provisions of law and regulations *(including penalties)* which apply to employers or payers.

Signature of employer or payer

Date

Title of signing official *(Indicate whether the person signing is an owner, partner, member of firm, fiduciary, or a corporate officer.)*

For Internal Revenue Service Use Only

Effective date granted by IRS

Hiring an Employer- of-Record

This handout has been developed for Minnesota's Self-Determination Project — a Robert Wood Johnson Foundation Initiative in partnership with the Minnesota Department of Human Services and Blue Earth, Dakota, and Olmsted Counties.

Hiring an Employer-of-Record

An employer-of-record is a person or agency that handles some employer-related duties for you and those you hire to provide your support. Though an employer-of-record technically employs your provider(s), you still locate, hire, train, and supervise your support people.

If you choose to hire an employer-of-record, responsibilities may be divided as follows:

Your Responsibilities:

- Determine tasks, hours, and wages.
- Find and select support people.
- Notify the employer-of-record of hirings and terminations.
- Complete the paperwork necessary to retain an employer-of-record (to be provided by the employer-of-record).
- Train and supervise your support person.
- Submit to the employer-of-record time sheets for your support person.
- Pay, or arrange payment to, the agency acting as the employer-of-record for their services, including any additional fees necessary to handle tax and insurance.

Employer-of-Record's Responsibilities:

- Provide information about the process and paperwork necessary to maintain your business relationship with them.
- Conduct background checks.
- Complete necessary tax and insurance paperwork (I-9 forms, W-4 forms, etc.)
- Issue paychecks based on submitted time records.
- Withhold and deposit income taxes.
- Handle FICA, FUTA, SUTA, Worker's Compensation and Liability insurance.
- Provide W-2 forms and complete reports required by state and federal law.

Remember, while hiring an employer-of-record may be the right option for you, such services do cost money. As with everything, weigh the benefit you'll receive from having an employer-of-record against the limitations of your budget, and make an informed decision.

If you want more information about employers-of-record or wish to discuss the pros and cons of hiring one, see either your county social worker or service coordinator.

Labor Laws

This handout has been developed for Minnesota's Self-Determination Project — a Robert Wood Johnson Foundation Initiative in partnership with the Minnesota Department of Human Services and Blue Earth, Dakota, and Olmsted Counties.

Labor Laws

First, as you are reading this handout, keep in mind that labor laws and regulations change frequently. While this handout will give you some basic labor law information, not all situations and circumstances can be covered.

Since violating labor law does carry serious penalties, you may wish to consult an accountant and/or a tax attorney.

Federal and State labor laws oversee issues like minimum wage, payment of overtime wages, and employment of minors. As labor law regulations are designed to apply to most employers and employees, chances are you will be required to follow them. To determine whether labor law regulations do in fact apply to you, ask yourself the following questions about your support person(s):

- Do you, or will you, pay the employee over \$1,000 in the calendar year; or
- Does that employee work for one or more employers for more than eight total hours in any work week?

If you answered "Yes" to either of these questions, you as an employer must comply with federal and state and labor laws. Among other things, these laws require payment of minimum wage rates and overtime wage rates to employees.

There is another exception to labor law coverage, however: companionship services.

Companionship Services

Companionship services are services which offer fellowship, care, and protection for a person of advanced age or physical or mental handicap that cannot care for him or her self.

These services may include household work such as meal preparation, bed making, laundry, and other similar tasks. However, if these types of tasks make up 20% or less of the total weekly work hours, they do not fall under the category of companionship services. Example: if a provider is scheduled to work 10 hours per week, tasks performed as household work must take two hours or less (20% of the total 10 hours) to be considered companionship services.

Keep in mind that rules applying to Companionship Services do not include any work performed for persons of advanced age or physical or mental handicap by trained personnel such as a registered or practical nurse.

If the above exceptions apply to a person providing companionship services for you, you are not bound by federal labor laws regarding the minimum wage and overtime requirements outlined in the next section.

Your Responsibilities Under Labor Laws

Under federal and state labor laws employers are required to follow certain guidelines. Be aware, the following list of guidelines do not necessarily cover all circumstances. To obtain a comprehensive list, contact either a tax attorney or an accountant.

- High school students and youths under the age of 18 may not work past 11:00 pm prior to a school day and may not start work before 5:00 am on a school day.
- A minor under the age of 16 may not work past 9:00 pm and may not start work before 7:00 am.
- Employees of large companies must be paid a minimum wage of \$5.15 per hour.
- Employees of small companies must be paid a minimum wage of \$4.90 per hour.
- Overtime pay: In any work week, an employee must be paid 1.5 times their hourly wage for each hour worked over 40 hours. Example: Your employee is paid \$6.00 per hour. This week they work 42 hours. You must pay them 40 hours at \$6.00 per hour, plus 2 hours at \$9.00 per hour ($\6.00×1.5).
- There is no federal requirement to pay overtime for time worked on weekends or holidays, or if more than the usual number of hours are worked on a single day.
- There is no federal requirement to pay employees for holidays or vacation days.

- Live-in employees do not have to be paid overtime wages, but they must be paid at least minimum wage for all hours worked, unless they are considered a companionship service worker, in which case the rules covering minimum wage and work hours do not apply.

Determining the actual hours worked by a live-in support person will take cooperation between the two of you, but generally you can exclude their sleeping time, meal time, and other periods when they are not performing duties and are free to pursue personal interests, either inside or outside the home. The agreement you reach with your support person regarding work hours versus free hours should be mutual.

To be considered "off-work" time, free periods (aside from meal and sleep time) must be long enough for the support person to make efficient use of it. If meal and sleep times are interrupted by duties they must perform, the interruption must be counted as work time.

Once you and your worker have agreed on these details, you should outline them in writing and keep a record to which you both can refer. Doing this may prevent misunderstandings in the future.

Also keep in mind that the best laid plans don't always

work flawlessly. Be willing to openly discuss scheduling issues (or anything else, for that matter), that don't seem to be working as they should. .