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The Employer Advantage

Understanding the Immigration Reform and Control Act - IRCA

"For employers, the hiring of foreign workers presents at once the greatest reward and the highest risks," writes David Ware, attorney.

"Immigrants have always had the reputation of being hard-working because they have so much at stake." Other advantages, according to Ware, include the diversity of the workplace and immigrants' prowess in international business relations.

One of the goals of The Immigration Reform and Control Act (IRCA) of 1986 was to halt the flow of illegal immigration into the United States by penalizing employers who hired them. Because of this legislation, many employers are leery about hiring foreign nationals.

The INS has stepped up enforcement dramatically in recent months. Proceedings and fines against employers who violate immigration laws have increased by 1000 percent!

No employer can afford to conduct a shoddy employment application process. Part of our service to you is insuring that the I-9 form is completed accurately. This is your best protection against hiring a worker illegally.

There are additional hazards you need to be cautious of when you hire. Because of the IRCA's "two edged-sword" approach, an employer who is "too careful" about hiring undocumented workers may risk a charge of discrimination.

For example, the IRCA prohibits discrimination against "foreign looking" applicants, and makes a "U.S. citizens only" hiring policy illegal for most employers.

Managers and supervisors who oversee the application and hiring process at your worksite need to be trained to document the fact that the application process is the same for any applicant, regardless of race.

Be sure that you do not prefer one document over another for purposes of completing the I-9 form. **As long as the documents are allowed by law and appear to be genuine on their face and relate to the person, they should be accepted.**

What's Inside:

Workers' Comp Penalties:
Preventing the risk for employers

Failing to report all employees to our company can be an expensive proposition. For example, a drywall contractor with another PEO was fined $361,000 for failing to provide workers' compensation.

The company neglected to enroll six new employees with the PEO Company before allowing them to work on a jobsite. By not reporting these employees and paying them in cash, they were not covered under the PEO's workers' compensation contract.

This practice is extremely risky. The employer faces the risk of fines, and since the PEO does not have the employees covered under their workers' compensation contract, the employer retains all responsibility for the risk. If an employee gets hurt, the business owner may have to pick up the tab.

More specifically, the owner of the business becomes personally liable for all medical bills and the injured employee's pay, should the employee be unable to return to work. These costs can be almost endless because the business owner no longer has the protection of the workers' compensation laws.

The answer is simple: make certain you enroll your employees as soon as you hire them.

If the State enters your business or jobsite, they will call us to confirm employee names. If the names do not match, you might find yourself in a tricky situation. Besides, who has $361,000 to throw away in fines?

Depression Affects Your Bottom Line

Depression costs employers more than $23 billion per year in absenteeism and reduced productivity. **Studies indicate that nearly 80% of Americans struggle with some form of depression annually.** Depression-related incapacity lasts about two and a half times longer than that due to other illnesses.

For most people a rewarding job actually reduces the risk of depression. It provides meaning to our day, creates opportunities for friendships, and is a reminder that other people value us. **Some symptoms of depression at work may be:**

- Making mistakes more often
- Inability to concentrate
- Forgetfulness
- Tardiness to work or meetings
- Absenteeism
- Arguing with colleagues or clients
- Inability to delegate tasks
- Working too hard
- Working slowly.

Research suggests that exercising regularly, eating lunch with co-workers every day (not isolating yourself), and wearing attractive clothing that makes you look good and feel competent can also help. Some businesses even hire a massage therapist to come to the office once or twice a week to help employees reduce stress. In some cases, just chatting about a problem with a co-worker can help an employee function better.

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Take A Vacation!

You need your employees to take some time off

While everyone is extremely busy, now is a good time to take a look at your payroll records and be sure that everyone in the company is taking advantage of vacation time. "No way," you say. "There's a recession on. We're on a tight budget and we'd rather not pay people for work they don't do." **There are some compelling reasons to encourage, and even to require employees to take time off, however. Here are just a few:**

Health Risks

A 20-year study conducted by the Centers for Disease Control has found a link between a lack of vacations and higher risk of heart attack and death.1 While common sense tells us all work and no play is dangerous, an increasing number of scientific data proves it. Executives who create a corporate culture of "how dare you take a vacation at a time like this," are short-sighted at best and are endangering their employees' health at worst.

No time for vacation = poor management practices

Rumor has it that the "secret formula" for a popular cola drink is such a closely-kept secret that only two executives in the company know what it is, and neither of those two executives ever travel on the same airplane flight (thus eliminating the possibility that both of them might die at the same time and be unable to pass the secret on).

This cola bottling company has discovered a truth that many small business owners have missed: If there is any employee in your company who is so essential to the day-to-day processes of your company that you simply could not function without them, you have a significant risk management problem that needs to be addressed. In other words, good management practices require that no employee is ever "indispensable." Giving your essential employees time off helps you discover your areas of weakness before a crisis.

In addition, employees need the reassurance that they won't take a week off only to come back and find a week's worth of work waiting in their in-box. Whether you use temporary staff, employ cross-training techniques, ask other employees to stand in, or simply require less work, good management means that **no employee should face the prospect of avoiding a vacation simply because the burden of preparing beforehand or catching up afterwards makes the vacation "not worth it."**

Uncover fraud and dishonesty

On rare occasions, employees who are hesitant to use their time off have a reason for being "indispensable:" They have "under-the-table" dealings in the works that might be uncovered by stand-in co-worker. **Be suspicious of any employee who refuses to take time off.** Your employee handbook could specify the fact that the employer reserves the right to require employees to take time off.

Vacation time-off usually benefits the company more than it costs

"Sometimes you need to walk away for 10 days or two weeks to see all the things you've done right and all the things you've done wrong. It's necessary to give you that feeling that it was all worth doing," says Doug Fineberg, an attorney. 2 Maybe the vacations will produce the "mental clarity" that will help your employees envision ways to make your company even more profitable. And we could all use a little inspiration in this economy!

1. "Vacation Time-Here and Now" Business and Legal Reports. http://www.careerjournal.com/columnists/workfamily/20010412-workfamily.html

2. Shellenbarger, Sue. "Canceling a Vacation Could Cost You Dearly." Wall Street Journal Online. http://www.careerjournal.com/columnists/workfamily/20010412-workfamily.html

How About A Referral?

Like yours, our best source of business is referrals from satisfied clients. If you are satisfied with our services, please recommend us to others. Please have referrals call 1-800-454-2446 and ask them to identify themselves as a referral from you.

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Retirement Income

Avoid three financial management mistakes

Statistics indicate that at least 95% of all Americans who reach age 65 don't have enough money to retire. The problem is apparently the fact that most individuals save only about 3% of their income for retirement, when they actually should be saving three to five times that amount.

Avoid the three biggest financial management mistakes:

- Not saving enough
- Having a high percentage of assets in low-yield investments like CDs and money market accounts
- Not considering the tax ramifications of investments

David Bach of Dean Witter suggests that you begin by making an inventory of all your assets.

Next, know how much goes to taxes, and figure your net worth.

The third step is to make a realistic evaluation of your retirement goals: How many more years do you plan to work, and how much will you need when you retire?

Fourth, take into account any major purchases you plan to make between now and retirement, such as a new home, or college education for your children.

Finally, create a specific financial plan for how much you need to put away now in order to achieve your goals.

Be sure to take into account the effect that inflation might have on your reserves.

Consider making an investment in the services of a financial advisor as a coach, and above all, educate yourself about finances.

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