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Newsletter

The Independent Recruiter's Resource for Temporary and Contract Placements

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TFI COMMUNITY SERVICE AWARD

This year's 2006 TFI/TAPC Community Service Award was presented to **James Del Monte** with JDA & Associates. The award was given to James by **Judy Collins** of TFI at the TAPC Awards banquet in Houston in April along with a \$1000 donation to James' charity of choice – The Memorial Lutheran School. James has been a contributing factor to the staffing community for many years. This is the 5th year that TFI has partnered with the TAPC in sponsoring this award and we look forward to continuing to recognize the outstanding civic contributions made by members of Texas' staffing community.



LOOKING NORTH!!



TFI has recently formed a new company which will provide payroll services to independent recruiters in Canada. TFI Contract will provide the same services as TFI Resources, i.e., employer of record, payroll funding, and payroll processing, but is incorporated in Nova Scotia and will provide services to recruiters/staffing companies in all provinces except Quebec. If you have the opportunity to make a temporary or contract placement in Canada, let us know. We can help!

OUT AND ABOUT.....



Take a quick look at our schedule for the remainder of 2006. If we are going to be in your area, we would love to see you!

September 14: NAPS/IPA National Conference; Holiday Inn City Centre, Chicago, Illinois

September 21: HAAPC Fireside Chat; Hilton Post Oak, Houston, Texas

September 22: HAAPC Mini Conference; Hilton Post Oak, Houston, Texas

October 11: NAPS National Conference; Hyatt Embarcadero, San Francisco, California

October 27: CSP Owner/Manager Retreat; Sycuan Resort, San Diego, California

November 7: ASA National Conference; The Venetian Resort Hotel, Las Vegas, Nevada

OUR NEWEST ADDITIONS!



Anne Guedrum

Anne became a member of the TFI payroll team in October of 2005. She graduated from Southern Methodist University with a bachelor's degree in Philosophy and Sociology. Her experience in marketing and customer service makes her a significant new member.



Monika Castaneda

Monika joined the TFI administrative team in December of 2005. She is currently at Houston Baptist University finishing her Bachelor's degree. The accumulation of her experience in sales and customer service has made her a great addition to TFI.



Sara Stovall

Sara is a native Houstonian who joined the TFI payroll team in June of 2006. She recently graduated from Baylor University with a BA in Psychology and is currently pursuing an MBA at the University of Houston with an emphasis in human resources.



Jamie Waldron

Jamie joined the TFI marketing team in July of 2006, after she and her husband moved to Houston from Wisconsin. Jamie is a graduate of the University of Wisconsin at Milwaukee, having obtained a Bachelors of Business Administration with an emphasis in Marketing.

TFI TIDBITS.....

As always, TFI has been active in many state and national associations. We recently joined the new Colorado chapter of the National Association of Personnel Consultants (NAPS). Judy attended their inaugural conference in Denver, which featured Greg Doersching and Jeff Skrentny.



TFI also became a member of two staffing associations in New York. The New York Staffing Association (NYSA), which is an affiliate of the American Staffing Association (ASA), is one of the largest chapters in the ASA network.¹ We also joined Recruiting and Staffing Professionals of New York (RSPNY), another new association of New York staffing professionals.²

¹The New York Staffing Association. www.nystaffing.org

² Recruiting and Staffing Professionals of New York. www.rspny.org

REIMBURSING EMPLOYEES' BUSINESS EXPENSES



In most cases, employees who incur business expenses while traveling need to be reimbursed for their costs. As long as the regulations of an accountable plan are followed, business expense reimbursements are not considered wages and therefore are not subject to income tax withholding, FUTA, Medicare, and social security taxes.

Three employee requirements must be met in order to qualify for an **Accountable Plan**:

1. The employee must have paid or incurred deductible expenses while performing services as our employee.
2. The employee must adequately account to us for these expenses within a reasonable amount of time.
3. The employee must return any amount in excess of expenses within a reasonable period of time.

What is considered a "reasonable amount of time"? In general, it is considered reasonable for an employee to receive an advance within 30 days of the time they incur an expense. Expenses must be substantiated within 60 days after they were incurred, meaning they must document each expense by providing the date, place, amount, and purpose. Any excess amounts advanced must be returned within 120 days after the expense was incurred.



If the three requirements of an accountable plan are *not* met, the amount is considered a payment under a **Nonaccountable Plan**. When the requirements are not met, the amount is considered to be wages and is subject to income tax withholding, FUTA, Medicare, and social security taxes.

One alternative to the organizational and administrative burden of these employee expense reimbursements is a **Per Diem** plan. Through a per diem program, employees are reimbursed for business travel at a fixed rate, rather than the amounts they actually spent. Per diems are a daily amount that must be for ordinary and necessary business expenses, the amount must be set so that it does not exceed expected expenses, and it must be at or below the federal per diem rates. Per diem amounts are in place for lodging, as well as for meals and incidental expenses. Federal per diem rates are adjusted annually to account for inflation and are listed in Publication 1542, which can be obtained by calling the IRS at 1-800-829-3676.



As long as per diems don't exceed the federal per diem rates, employees do not have to report the actual amounts of their incurred business expenses. Do note that employees *are* still required to report the date, place and purpose of the expenses. If per diems exceed the approved federal rates, the excess amount

must be reported as wages, and is then subject to income tax withholding, FUTA, Medicare, and social security taxes.

Above material compiled from:

- 1). *Internal Revenue Service*. "5. Wages and Other Compensation." *Publication 15, Circular E, Employer's Tax Guide*, January 1999: 8-9.
- 2). "Hello, Room Service? Fed Adjusts Per Diems for '98." *Payroll Legal Alert*, January 1998: 3.
- 3). *Gripping, J.D., Marjorie J.* "Accountable Plans Revisited by New IRS Rev. Proc." *IOMA's Payroll Manager's Report*, April 2000: 5-6.

NEW STAFFING RECORDS SET

The year 2006 has boasted a record-breaking year for staffing industry employment. A new first quarter record was set, according to data released by the American Staffing Association. U.S. staffing firms employed an average of 2.8 million temporary and contract workers per day from January through March – up 5.5% or nearly 150,000 workers compared with the same period last year. During the second quarter, U.S. staffing firms employed an average of 2.9 million temporary and contract workers per day from April through June – up 3.3%, or more than 92,000 workers, compared with the same period last year. It was the seventh consecutive quarter in which the staffing industry employed more people than in the same period of any previous year.

"While we're seeing slower employment growth in recent months, staffing companies continue to report increased demand from customers looking for work force flexibility and access to talent," says ASA president and CEO Richard Wahlquist. "Customer interest in permanent placement remains particularly strong. It's a good time for job seekers. Staffing companies have plenty of temporary, contract, and permanent positions for people at all skill levels, especially those in professional and technical occupations."



For the second quarter of 2006, U.S. sales of temporary and contract staffing services totaled \$18.0 billion according to an ASA survey, an increase of 5.2% over the same period last year. As with staffing employment, it was the seventh consecutive quarter in which the industry posted greater sales than in the same period of the previous year.

Above information taken from: 1). *Butsch, Jennifer*. "Staffing Jobs Break First Quarter Record." *American Staffing Association Staffing Week*, 29 May 2006: 2. 2). *Berchem, Steve*. "Staffing Employment Reaches New High." *American Staffing Association Staffing Week*, 28 August 2006: 2.

FINAL PAY



If an employee is laid off, discharged, fired, or otherwise involuntarily separated from employment, the final pay is due within a certain number of calendar days, which varies depending on the state. If the employee quits, retires, resigns, or otherwise leaves employment voluntarily, the final pay is due on the next regularly-scheduled payday following the effective date of resignation. "Mutual agreement" separations are generally regarded as involuntary, although that result is not inevitable and ultimately depends upon a close look at all the events and circumstances leading to the work separation. Whether a work separation is voluntary or involuntary is determined according to existing rules for deciding the nature of the work separation in unemployment compensation cases. Basically, if the employee initiates the work separation and leaves while continued work is still available, the work separation is voluntary. If the employer initiates the work separation, i.e., the employee has no choice but to leave at a certain time, the work separation will be considered involuntary.

The terms of bonus and commission payment policies for after an employee leaves a company must be clearly stated at the time of hire. The agreement should specify how the bonus can be earned, when it is to be paid, and what happens to a bonus that is not determined or paid out until after the employee has left the company.

Above excerpt taken from: "The Texas Payday Law – Basic Issues." *Especially for Texas Employers*, 2nd Edition: 71-72.