

tmta talk

A publication of the
Tooling, Manufacturing &
Technologies Association

**FROM ROB'S
ROOST**
By ROB DUMONT
PRESIDENT & CEO

Advocating for Manufacturing in America

You will recall that in last month's issue of TMTA Talk I alerted you to the upcoming Golf Outing on June 26th. As the event approaches I am pleased to say that we are seeing sponsors signing up to support the effort and most pleased to say that we have a number of registrants for golfing as well.

Once again this year we are pleased to be able to offer a one week stay in a luxury condominium at Sandestin Resort in Florida courtesy of the Ralph C. Wilson Agency. Last year's winner has just returned and all reports are that it was a thoroughly enjoyable stay. Remember, unlike former years when the 'big prize' was contingent upon getting a hole in one, the stay at Sandestin will be awarded by way of a drawing. So sign up and get ready for a great day in the sun with fun and feel free to bring nonmember guests.



Often have I said that in order to get the full benefit of the TMTA value proposition you have to avail yourself of that which is provided for your benefit. So, be it know to all that **Practical Power** (last year's winners of the Chair's Cup) tells me that there is some truly great funding avail-

able for those who want to upgrade their lighting fixtures to save on power costs. Practical Power is a member company and a TMTA Endorsed Service Provider. You will find contact information on page seven of this issue.

And, while on the subject of successes experienced by those who patronize our Endorsed Service Providers I am pleased to report having recently received some very positive feedback on the assistance rendered a member company by John M. Packer & Associates and their modestly priced Unemployment Cost Control Program. Just a quick reminder that this year's claims for unemployment insurance are next year's premiums!

(Rob's Roost continues on Page 7)

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tmta Calendar of Events

June 2014

| | |
|-----------|-----------------------------------------------------------------------------|
| 14 | Flag Day |
| 18 | TMTA Board of Directors meeting |
| 26 | TMTA 79 th Annual Golf Outing & Dinner at Cherry Creek Golf Club |

Visit www.thetmta.com for detailed, up-to-date information on all events.



Ortho Evra Generic Now Available

Ortho Evra, a female contraceptive patch, is now available in generic form. The generic drug is called Xulane and is available at \$0 cost share for female Blues members with preventive drug benefits under the Affordable Care Act.

This means the brand name product, Ortho Evra, is no longer offered at \$0 cost share since its generic is now available. It is a nonpreferred drug on the Custom drug list and the Clinical drug list. It is not covered on the Custom Select drug list, for members with a closed benefit, or for members without contraceptive drug coverage.

For your member has any questions, please have them call the number on the back of their BCBS identification card.

New Model COBRA Notices Issued

Earlier this month, the Department of Labor published a new model general COBRA notice and a new model election COBRA notice to clarify the availability of the Health Insurance Marketplace coverage to workers eligible for COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985).

A new Obama administration rule requires employers to inform laid-off workers that, in addition to paying the full cost of their former work-based coverage under COBRA, former employees also have the option of buying insurance through the health law's online Marketplace. When properly completed, the use of these new model notices will be considered good faith compliance with the notice content requirements of COBRA.

The Department of Health and Human Services (HHS) has provided an additional special enrollment period for these former workers based on exceptional circumstances so that persons eligible for COBRA and COBRA beneficiaries may select a health plan in the federal Marketplace (if eligible for such coverage) notwithstanding the fact that they previously elected COBRA coverage. Affected individuals have through July 1, 2014 to select a health plan in the federal Marketplace. It has been suggested that employers may want to reach out to affected

individuals to make them aware of this special enrollment right.

The new model general COBRA notice and the new model election COBRA notice may be found on the TMTA website at www.thetmta.com under Information/Networking — Company Forms & Information. Also found are links to new COBRA FAQ and information for both employers and employees.

ACA Deductible Provision for Small Employer Groups Repealed

When President Obama signed into law the Protecting Access to Medicare Act earlier this year, he made an important change to the Affordable Care Act (ACA) affecting small employer group plans. The Medicare act's main purpose was to prevent double-digit cuts in Medicare reimbursement to doctors from taking effect this year. Tucked inside was a provision that eliminates the deductible limits imposed under the ACA.

The elimination of the deductible limits, originally set at \$2,000 for single and \$4,000 for family, is good news for small employer groups who are looking for a way to retain high deductible health plans (HDHP) and potentially use a health care reimbursement account (HRA), flexible spending account (FSA), or health savings account (HSA) in conjunction with the HDHP.

The repeal is retroactively effective to when the ACA was enacted in March 2010. There were no changes to the annual out-of-pocket maximum limits set by the ACA.

IRS Memorandums issued on FSA Practices

The Internal Revenue Service Office of Chief Counsel has issued 2 memorandums that provide guidance on certain administrative issues affecting employers that sponsor health flexible spending accounts (FSAs).

Memorandum 201413005 provides guidance on various issues related to the \$500 health FSA carryover and its effect on employees' health savings account (HSA) eligibility. Memorandum 201413006 provides guidance on procedures an employer may use to correct health FSA payments made for ineligible expenses or expenses that are not properly substantiated.

Late last year, the IRS modified the "use it or lose it" rule for FSAs to allow a \$500 annual carryover of unused contributions; however, several issues were left unaddressed including the effect of the carryover on an employee's

HSA eligibility. Memorandum 201413005, "Health Flexible Spending Arrangement (health FSA) Carryovers and Eligibility for a Health Savings Account (HSA)," includes the following clarifications:

- An individual who is covered by a general purpose FSA is not HSA eligible, even if the coverage is solely as the result of a carryover from the prior year. Moreover, an individual covered by a general purpose FSA solely as the result of a carryover may not contribute to an HSA, even for months in the plan year after the FSA no longer has any amounts available to pay or reimburse medical expenses.
- An individual who elects to enroll in HSA-compatible FSA coverage in the following plan year may elect to have general purpose FSA funds carried over to a limited purpose FSA in order to preserve the individual's HSA eligibility for that next plan year. An individual may also elect to decline or waive a carryover for the following year. Plans may apply the HSA-compatible carryover automatically for an individual who elects coverage in a high deductible health plan (HDHP) for the following plan year. Carryover amounts may not be carried over to a non-health FSA or another type of cafeteria plan benefit.
- If an individual elects to carry over unused amounts from a general propose health FSA to a limited-purpose FSA, the carryover amount is available after the general purpose FSA's run-out period.

Memorandum 201413006, "Correction Procedures for Improper Health Flexible Spending Arrangement Payment" addresses the options for correcting an improperly made payment. Cafeteria plan rules provide that after an expense for a qualified benefit has been incurred under an FSA, it must first be substantiated before the expense is reimbursed. The substantiation process always occurs before the expense is reimbursed in the case of paper requests. The problem of collection occurs when participants use a debit card. In this case, an expense may be incurred and paid via the debit card before it is substantiated.

Proposed cafeteria plan regulations set out the following specific correction procedures that an employer must apply to correct improper payments:

- Deny access to the card. The debit card must be deactivated and the employee must request payments of medical expenses from the FSA through other methods until the amount of the improper payment is recovered.

- Require reimbursement. The employer must demand that the employee repay the improper payment to the plan.
- Withhold amounts from pay. If the employee fails to repay the plan after the employer demands it, the employer must withhold the improper payment amount from the employee's pay to the full extent allowed by law.
- Offset. If any portion of the improper payment remains outstanding after attempts to recover the amount are made as described above, the employer must apply an offset against properly substantiated claims incurred during the same plan year.
- Treat amount as any other employer debt. If all the above steps fail to result in repayment of the improper payment amount, the employer must treat the improper payment as it would any other business indebtedness.

The Memorandum clarifies that after the debit card is deactivated, the correction procedures may be applied in any order as long as application is consistent for all participants. However, all steps must be applied before an employer can forgive an improper payment as an uncollectible business debt. The correction steps should be applied during the plan year in which the improper payment was made and a third party administrator may apply the steps on behalf of the employer. These steps may also be utilized when a debit card is not involved.

If the improper payment is forgiven as a business indebtedness, the employer must report the amount as wages on a Form W-2 as taxable income reported for the taxable year in which the debt is forgiven and the amount included in income is subject to income tax withholding, FICA and FUTA. Form 1099 should not be used for this purpose.





Michigan Minimum Wage Raised

Michigan's Governor Snyder signed a bill raising the minimum wage to \$9.25 by 2018 as Republicans controlling the state government moved to head off a November ballot measure that could raise pay even more.

The current minimum wage is \$7.40 an hour. The new bill will raise the minimum wage gradually by 25% over the next 4 years. The increases are as follows: \$8.15 on September 1, 2014; \$8.50 on January 1, 2016; \$8.90 on January 1, 2017; and \$9.25 on January 1, 2018. The legislation includes a provision requiring the minimum wage to grow annually with inflation by up to 3.5% starting in 2019. The inflation link is with the Midwestern states rather than the U.S. rate of inflation. In addition, it increases the wage for workers who get tips to 38% of the minimum wage; from \$2.65 currently to \$3.52.

Since it already had more than 300,000 signatures, Raise Michigan, a group of labor and community organizers, still submitted a petition calling for a Michigan November ballot initiative to raise the minimum wage to \$10.10 an hour. Secretary of State officials say the process for the ballot initiative will continue and the agency will check to see whether there are enough valid signatures to appear on the November ballot. Some say the petition is moot because the law the initiative is trying to change was repealed by the Legislature the day before the petition was submitted. It is unclear if the new law could prevent the \$10.10 measure from appearing on the ballot. The issue could likely end up in Michigan courts.

Michigan Unemployment Insurance Agency Free Seminars

Michigan employers will have an opportunity to learn more about the state's unemployment insurance tax and benefit programs at one of several free seminars that will be held around the state this summer and fall. The 2014 Employer Seminars will be conducted by the Unemployment Insurance Agency (UIA).

These sessions cover the areas of Michigan's unemployment insurance system that employers most often have questions about; such as how an employer's tax rate is calculated, how benefits are charged to employers, how

the UIA's new Michigan Web Account Manager (MiWAM) works, and more.

All seminars are held from 8a.m. to 1p.m. Employers can register online or obtain more information by visiting the UIA website at www.michigan.gov/uiia and clicking on "What's New."

Common FLSA Violations

The Fair Labor Standards Act (FLSA) was passed in 1938, setting the standards for minimum wage, overtime pay, recordkeeping and child labor. The FLSA affects most private and public employers. Here are **some of the more common** FLSA violations:

Misclassification of Employees:

- Exempt vs Non-Exempt — Exempt employees are not entitled to receive overtime pay as guaranteed by the FLSA whereas non-exempt employees are required to receive 1.5 times their hourly rate for time worked over 40 hours during the workweek. To qualify as an exempt employee, an employee's salary and duties must meet the requirements as defined by the FLSA. Job title or the importance of an employee's work does not determine exempt status.

- Independent Contractor — Calling someone an independent contractor does not make him/her one. Some companies use independent contractor status as a probationary or employee-substitution classification. Independent contractors work independently and are not subject to local supervision or to the time clock. Misclassification can expose employers to liability for tax obligations, employee benefits, and more.

- Intern vs Employee — The Wage and Hourly Division has recently ramped up enforcement of using interns as substitutes for paid employees. An intern must be a training position and cannot be required to do work that will be used for actual business purposes unless as part of a training regimen. If an intern performs the same work as a paid employee, the intern's work must not be used as a substitution for the work from the paid employee.

Miscalculation of Compensation:

- If you hire a sales person sell on a commission-only basis and that person's commissions don't add up to the minimum wage, you're in violation of the FLSA. Sales people, except those who can be classified as exempt under the outside sales representative or other category, are required to be paid at least the Federal minimum wage of \$7.25 and are subject to overtime pay.

- Nonexempt employees must be paid 1.5 times their hourly rate for time worked over 40 hours during the workweek. With few exceptions, the FLSA requires overtime be paid based on a Monday-Saturday workweek. Some employers may attempt to change the workweek to evade paying overtime.

- Using compensatory time off as a substitute for overtime pay to nonexempt employees is another big FLSA no-no. Also, forget allowing employees to “carry over” hours from one week to the next. For example, an employee cannot ask to work longer on a Monday to make up hours he lost because he had to leave early on Friday, and not get paid overtime for Monday’s work (if more than 40 hours are worked that week). An employee cannot consent to an FLSA violation.

- Employers must keep accurate time records. If your employees’ timesheets consistently read “9-5”, this may be a red flag to the FLSA. Timesheets should accurately reflect the time actually worked, not just the employees’ work schedule or it could indicate overtime violations. If an employee arrives to work early and begins working before their shift or works after the end of the shift, this time should be compensated.

- Some employers do not pay overtime if the employee did not seek and obtain advanced permission to work overtime. The FLSA does not distinguish between approved and unapproved overtime; therefore, if the employee works the overtime hours the employer must pay for that overtime. The law typically requires employers to pay hourly employees for breaks that last less than 20 minutes. Although employers do not have to pay for a 30- or 60-minute meal break each day, it is essential that the employee is completely relieved from duty and is not performing any work whatsoever during these meal breaks, otherwise, the employee must be paid for these time periods.

- If an employer requires employees to attend meetings or training sessions directly related to the employee’s job and it is considered mandatory or for the benefit of the employer, it is compensable time and must be included when calculating the employee’s wages and overtime. If an employee is performing work-related functions outside of the office, even voluntarily, via use of their cell phone or computer, they must be compensated for the time spent performing these duties as well.

- The FLSA does not require employers to provide paid vacation time. However, if the employer does, the time accrued becomes part of the employee’s compensation.

If employment terminates, the employee is entitled to payment for vacation time accrued.

- The FLSA has specific rules on when deductions can be made to exempt employees’ pay. Deductions for things such as habitually lateness cannot be made. When an employer has a practice of making improper salary deductions, the employer may lose the right to classify the employee as “exempt” from the FLSA. The FLSA and most state laws place strict restrictions on what an employer can deduct from exempt and nonexempt employees’ pay. Check with the law before deducting anything outside of amounts required by law or authorized in writing by the employee.

TMTA’s 79th Annual Golf Outing and Dinner

Due to last year’s success, the TMTA’s 79th Annual Golf Outing and Dinner will again be held at the Cherry Creek Golf Club in Shelby Twp., Michigan on Thursday, June 26, 2014.

All member companies should have received their information and reservation forms by now, but, they can also be found on the TMTA website at www.thetmta.com. Remember that tee assignments are made in the order that ticket requests are received so return your reservation form early.

New this year, we have provided member companies with a guest flyer that they may pass out to their customers as a way to generate interest in our event. The Golf Outing is an opportunity for members to not only spend time together, but also to treat their favorite customers to a day of golf, food, prizes and camaraderie. The guest flyer contains general information about the event without listing prices.

In keeping with tradition, the event will include a generous continental breakfast during registration, a day of scramble style golf with a shotgun start, and lunch and beverages served on the course all followed by our time-honored evening of dinner, open bar and ‘Made in America’ themed prizes!

*Plan on joining TMTA again this year
at one of the longest running
annual golf events in the country!*

In Memoriam



It is with deep sadness and regret that we note the passing of **Bernard "Buz" Hagen**, owner of **Michigan Spline Gage Co.**, on April 8, 2014 at the age of 73. Beloved husband of Sharon; loving father of Robert, Michelle, Michael and Kathleen; and adoring grandfather of eight.

Mr. Hagen's passion was his family and his business. He was proud of his company going as far as to considered his employees family. Mr. Hagen greatly influenced customers, employees and friends with his fairness, honesty and integrity.

Mr. Hagen enjoyed spending time at his cottage with family and friends. He will be greatly missed by all who knew him, especially his family and friends, for his sincere, supportive, loving nature and kindheartedness.

Memorial donations may be made in his name to the American Diabetes Association, 30200 Telegraph Road, Suite 105, Bingham Farms, MI 48025 or to the Capuchin Soup Kitchen, 1820 Mt. Elliott Street, Detroit, MI 48207.

Our heartfelt condolences go out to his family and friends.

For more information about the TMTA, our advocacy, events and benefits, visit us at www.thetmta.com

INFLATION TALK

CPI-W Urban Wage Earners and Clerical Workers

| Month | 82-84 | 1967 | 57-59 |
|------------|----------------|----------------|----------------|
| Apr | 233.443 | 695.356 | 808.69* |
| Mar | 232.560 | 692.725 | 805.63* |
| Feb | 230.871 | 687.695 | 799.78* |
| Jan 2014 | 230.040 | 685.220 | 796.90* |
| Dec | 229.174 | 682.639 | 793.90* |
| Nov | 229.133 | 682.517 | 793.76* |
| Oct | 229.735 | 684.311 | 795.85* |
| Sept 2013 | 230.537 | 686.700 | 798.62* |

CPI-U All Urban Consumers

| Month | 82-84 | 1967 | 57-59 |
|------------|----------------|----------------|----------------|
| Apr | 237.072 | 710.162 | 825.90* |
| Mar | 236.293 | 707.830 | 823.19* |
| Feb | 234.781 | 703.300 | 817.92* |
| Jan 2014 | 233.916 | 700.710 | 814.91* |
| Dec | 233.049 | 698.110 | 811.89* |
| Nov | 233.069 | 698.171 | 811.96* |
| Oct | 233.546 | 699.601 | 813.62* |
| Sept 2013 | 234.149 | 701.406 | 815.72* |

Note: April 2014 CPI-W represents a 2.0% increase from one year ago; CPI-U a 2.0% increase.

* Base Year 1957-59 is no longer released. BLS has issued the following conversion factors from the 82-84 year:

CPI-W—.2886674 CPI-U—.2870447

(Rob's Roost continued from Page 1)

We are asking you to respond to a survey aimed at updating our data on our membership. We are interested in particular in getting e-mail addresses for all members so we can improve our ability to communicate with you and inform you of a variety of events which might be of interest to you or your staff. This being an election year we want to be able to react quickly to developments and keep you informed on a timely basis. Please help us to help you and complete the survey — it is neither lengthy nor onerous.

For those of you having websites; TMTA has a portion of our website dedicated to MADE IN AMERICA and we will be very pleased to include a link to your website from ours via that portal, just let elaine@thetmta.com know that you would like us to institute such a link.

We would be very pleased to have you, as a member of the TMTA, include the TMTA logo on your website indicating that you are members and supporters of the TMTA which is an association ADVOCATING FOR MANUFACTURING IN AMERICA.



Be a TMTA Golf Sponsor!

Show your support for your Association and receive company recognition by having your company's name displayed on a placard at a golf hole, at the driving range or on each golf cart during one of the longest running golf events in the country, the TMTA 79th Annual Golf Outing and Dinner.

You'll also receive a discount on ticket prices to the event and acknowledgement for your company as an event sponsor in an upcoming edition of TMTA Talk with a circulation of nearly 1,000 issues.

Become an event sponsor for the TMTA Golf Outing & Dinner today by completing the Golf Sponsorship application mailed to member companies earlier this month or found online at www.thetmta.com.

We look forward to hearing from you!

TMTA ENDORSED SERVICE PROVIDERS

Blue Cross Blue Shield/BCN

(Health insurance program)

TMTA contacts:

Bill Percha 586-904-9700 (cell)

Elaine Burger-Laskosky 248-488-0300, ext. 1309

CAPTRUST (formerly Freedom One Financial)

(401(k) Retirement program)

Provider contact:

John Young 248-620-8100

Euler-Hermes - (credit insurance program)

Provider contact:

Jay Poplawski 248-355-1414, ext. 158

John M. Packer & Associates

(Unemployment cost control program)

Provider contact:

Nathan Wiest 800-482-2971

Practical Power LLC - (Electrical savings program)

Provider contact:

Mark Bunting 248-726-7598

Ralph C. Wilson Agency, Inc.

(Insurance management)

Provider contact for Benefits coverages:

Robert Farris 248-355-1414, ext. 109

Provider contact for P&C and WC coverages:

Jay Poplawski 248-355-1414, ext. 158

Reliance Standard/Ameritas

(Life/Dental insurance programs)

TMTA contacts:

Bill Percha 586-904-9700

Stella Krupansky 248-488-0300, ext. 1310

Results Systems Corporation

(Business management consulting)

Provider contact:

Paul Hindelang 248-244-8550

SVS Vision - (Safety & Vision programs)

Provider contact:

Monica Dyja 800-611-3683 or www.svsvision.com

Schena Roofing & Sheet Metal Co., Inc.

(Commercial/industrial roofing contractor)

Provider contact:

586-949-4777

Staffworks Group - (Staffing needs)

Provider contact:

Bill Brann 877-304-9690

TMTA receives a benefit from some of its Endorsed Providers when you, as a member, patronize them. This is one way we are able to maintain the level of dues.



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Need help finding the right insurance?**
**Contact Bill Percha
at 248-355-1414**
(Tell Bill that TMTA sent you!)