

tmta talk

A publication of the
Tooling, Manufacturing &
Technologies Association

**FROM Rob's
Roost**
By Rob Dumont
PRESIDENT & CEO

United States — Mexico — Canada Agreement

Concluding trade talks that began in April of 2017, the U.S., Mexico and Canada have reached an agreement on a new, modernized trade agreement said to be for the 21st Century: The United States – Mexico – Canada Agreement (USMCA).

In a joint statement released by United States Trade Representative Robert Lighthizer and Canadian Foreign Affairs Minister Chrystia Freeland: "...USMCA will give our workers, farmers, ranchers and businesses a high-standard trade agreement that will result in freer markets, fairer trade and robust economic growth in our region. It will strengthen the middle class, and create good, well paying jobs and new opportunities for the nearly half billion people who call North America home."

Some of the issues addressed include:

- Intellectual property provisions that mandate protection for pharmaceuticals and agriculture; updated patent protections; and, enforcement terms targeting piracy and counterfeit goods.
- Digital trade requirements preventing discrimination against electronic products and, stronger protections for cybersecurity.
- Included is an increase in *de minimis* shipment value levels.

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tmta Calendar of Events October 2018

9/30 - 10/5	Michigan Manufacturing Week
10/15	MC Certificate of Creditable or Non- Creditable Coverage Due

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



ACA: Employer Reporting and the IRS

Regardless of what has been said during the past year, the ACA Employer Mandate still stands and, therefore, so do all the IRS reporting requirements. And IRS enforcement has started!

Employers with 50 or more full time employees, including full time equivalents are considered applicable large employees (ALEs). ALEs are required to identify and offer affordable coverage to all full-time employees (those working 30 hours or more per week) and to file Forms 1094-C and 1095-C to prove it to the IRS. ALEs were generally required to offer coverage beginning in 2015 and are required to file the Forms listed regarding the prior year's compliance. That means you would file in 2016 for the 2015 year and report in 2017 for year 2016...

The IRS identified potentially noncompliant ALEs based on their Form W-2 total employee count reported for the 2015 calendar year. Those ALEs that did not file Forms 1094-C and 1095-C are receiving a Letter 5699, *Request for Employer Reporting of Offers of Health Insurance Coverage*. Companies that receive the Letter 5699 should respond to the IRS completely and accurately within 30 days.

An ALE that fails to comply with the Section 6056 reporting requirement may be subject to penalties for failure to file correct information returns by required deadlines. No relief is provided for ALEs that fail to file by the deadlines, however, penalties may be waived or reduced if the failure is due to reasonable cause and not willful neglect. The first page of the Letter 5699 contains IRS contact information and employers should reach out to the IRS to let them know they are working on the request and in case they have any questions.

The IRS requires ALEs to select one of the following responses to Letter 5699 and return your response to the IRS within 30 days from the date of the letter:

- I was an ALE for calendar year 2015 and already filed Form 1094-C and Forms 1095-C with the IRS using the following name _____ and employer identification number (EIN) _____ on date _____.

- I was an ALE for calendar year 2015 and my Form 1094-C and Forms 1095-C are included with this letter. (An ALE should not select this option if it is required to file electronically.)
- I was an ALE for calendar year 2015 and will file my Form 1094-C and Forms 1095-C with the IRS using the following name _____ and EIN _____ by date _____ (if more than 90 days from the date of the letter, the ALE must provide an explanation.)
- I was not an ALE for calendar year 2015.
- Other (the ALE must include a statement explaining why it has not filed the required returns and any actions that it plans to take.)

Penalties are as follows:

- General: \$260 per violation to an annual maximum of \$3,218,500 (lower cap for employers with \$5 million or less in annual gross receipts).
- Corrected within 30 days: \$50 per violation to an annual maximum of \$529,500.
- Corrected after 30 days but before Aug.1: \$100 per violation with an annual maximum of \$1,589,000.
- Intentional disregard: \$520 per violation. Failure of the filing requirement, the penalty is equal to the greater of either the listed penalty amount or 10% of the aggregate amount of the items required to be reported correctly.

Remember that the failure to provide a form to the IRS and to a given participant is considered two separate failures. The IRS will use any information provided in response to Letter 5699 to identify noncompliant ALEs and assess any penalties that may be owed.

Recent changes made to the ACA include:

- Individual Mandate: repealed the requirement that individuals are required to have ACA-compliant health coverage or pay a penalty—starting in 2019, the penalties here will go to zero.
- Cadillac Tax: has been delayed for 2 more years until 2022.
- Health Insurer Tax: has been suspended for 2019 (tax levied on the health insurers based on the premiums they collect).

MI Passes Paid Sick Leave Benefit

On September 5, 2018, the Michigan legislature adopted the paid sick leave ballot proposal — the Earned Sick Time Act (Act). Covered employers are ones that employ one or more employees in Michigan. The Act requires employers to provide employees with one hour of paid sick leave for every 30 hours worked. All employees would be entitled to use 72 hours in one year but whether that time is paid or unpaid depends on the size of the employer. Small employers are those with fewer than 10 employees. These small business employees may accrue up to a maximum of 40 hours of paid sick time and 32 hours of unpaid sick time each year unless the employer elects a higher number. Employees begin accruing paid sick leave upon the Act's effective date (3/1/19) or upon hire, whichever is later.

Earned sick time carries over from year to year, but the annual maximums still apply. While there is no length of service or hours of service requirement to be eligible for paid sick leave, employers may require employees hired after 4/1/19 to wait 90 calendar days before using accrued paid sick leave.

Employers may limit employees' use of paid sick leave to 72 hours per year. For paid sick leave purposes, a "year" is any regular and consecutive 12-month period as determined by the employer. In determining who is a small employer, all individuals who work for compensation including full-time, part-time, and temporary employees must be counted. Small employers must have less than 10 employees on payroll during 20 or more calendar workweeks in the current or preceding calendar year.

Employers must allow employees to use accrued sick leave due to any of the following reasons:

- An employee's own mental or physical illness, injury or health condition, including the need for medical diagnosis, care or treatment, and preventive medical care.
- An employee's family member's mental or physical illness, injury or health condition, including the need for medical diagnosis, care or treatment, and preventative medical care.
- Closure of the employee's place of business by order of a public official due to a public health emergency or closure of an employee's child's school or place of care by order of a public official due to a public health emergency, or when it has been determined by health authorities that the employee's or the employee's family member's presence in the community would jeopardize the health of others due to a communicable disease.

- If an employee or an employee's family member is a victim of domestic violence or sexual assault, to obtain medical care, psychological or other counseling for physical or psychological injury or disability. To relocate due to domestic violence or sexual assault, participation in criminal proceeding related to domestic violence or sexual assault.

- For meetings at a child's school or place of care related to the child's health or disability, or the effects of domestic violence or sexual assault on the child.

Family members include: a biological, adopted or foster child, stepchild or legal ward, a child of a domestic partner or a child to whom the employee stands *in loco parentis*; a biological parent, foster parent, stepparent, adoptive parent or a legal guardian of an employee, or an employee's spouse, domestic partner or a person who stood *in loco parentis* when the child was a minor; a person to whom the employee is legally married under the laws of any state or a domestic partner; a grandparent or grandchild; a biological, foster or adopted sibling; and any other individual related by blood or affinity whose close association with the employee is equivalent to a family relationship.

Employees must be paid at a pay rate equal to the employee's normal hourly wage or, if greater, the minimum wage when the employee uses paid sick leave. For an employee who may earn varying hourly wage rates depending in the work performed, the "normal hourly wage" means the average hourly wage of the employee in the pay period immediately prior to the pay period that the employee uses paid sick leave. For companies who require reasonable documentation to verify that the use of paid sick leave was for a permitted reason, documentation must be provided in a timely manner. If there is a delay with the note, an employer may not delay the employee's paid sick leave. If an employer requests documentation for the use of paid sick leave, the employer must pay for all costs associated with the employee obtaining such documentation.

Employees must be permitted to carry over unused, accrued paid sick time from year to year, with no limit. Employers are not required to pay out an employee's accrued, but unused sick leave upon termination, resignation, retirement or other separation of employment. An employee who is rehired within six months by the same employer is entitled to have his or her paid sick leave reinstated. In addition, the employee must be permitted to use his paid sick leave upon rehire.

For questions or more information, contact the Michigan Earned Sick Time Act on the internet, or your endorsed insurance provider.

“Monday Morning Work”

by: Murray Sittsamer,
president of The Luminous Group

What do you do on Monday mornings? Do work on:

1. The email, phone call or other request that first grabs your attention?
2. Something you didn't get to last week?
3. Whatever your boss or customer is pushing you to do?
4. A project or task that has a near term deadline?
5. The most important thing on your list?

Most people candidly answer one of the first four, though they know #5 is the best answer. While we intend to make our organizations better and advance our personal goals, inertia often gets in the way. And sometimes, we don't even have clarity on what is most important.

Inertia = A tendency to do nothing or to remain unchanged.

I'm not so worried about people doing nothing. But I do know that many organizations remain unchanged. Customer problems repeat. Delivery performance hangs around the same level. Employee turnover or some other painful issue persists.

Inertia can be a very strong force in an organization. Few people want to rock the boat. Fewer people know how to rock the boat tactfully without turning others off.

One concept I like is mandatory Monday morning work. It's not add-on work or something you do when you have extra time. Are there one or two things that you must do to make some progress on big goals each week? Something so important that you have to complete it or else you'll be on the same plateau next week, next month, or even next year?

If you let it slip to Tuesday... maybe you'll get to it Thursday... or Friday... or *maybe* next week. Yes, it can be hard to overcome inertia.

Try it Yourself

As we head into the second half of 2018, consider what you and your company are doing to overcome inertia. How will you set your 2020 objectives (only 18 months away!). Who will you go to for help? Will you work on

problems as they arise; or do you use problems that arise to work on correcting systemic weaknesses?

It's hard work. But it can be done, one Monday morning at a time. If you'd like some specific ideas to help your team develop momentum to win more, give a call to me and I'd be glad to help.

The Luminous Group is a Michigan-based resource helping manufacturing companies improve quality and profitability. Contact Murray Sittsamer at 248-538-8677.

401k Special Tax Notices Should be Updated

In December of 2017, President Trump signed into law the tax reform legislation known as the “Tax Cuts and Jobs Act” (TCJA). The IRS requires that each qualified retirement plan sponsor provide a special tax notice to each plan participant.

Many plan sponsors rely on their third-party administrators to prepare and provide the special tax notice when processing distributions to participants. However, the plan sponsor (you) is ultimately responsible for making the participant disclosure and could face potential fiduciary breach claims under ERISA to the extent a participant relied on any inaccurate statements. Plan sponsors should check with their third-party administrators to ensure that the necessary updates have been made.

The special tax notice must describe that the TCJA extended the 60-day deadline to rollover a plan loan offset to an IRA or employer plan to avoid having the loan be treated as a taxable distribution for individuals who fail to meet the repayment terms because of their separation from service (or in the event of a plan termination). Participants will now have until the individual's tax return filing due date (including extensions) to repay the loan offset amount, plus any withholding, effective for tax years beginning after 2017.

The participant may be required to pay a tax penalty equal to 10% of the loan balance if the participant is under age 59-1/2 at the time of the distribution. A participant can avoid being taxed on the loan balance if the loan balance is treated as an “eligible rollover distribution” under the IRS code.

The IRS has not yet updated its model notices to incorporate the change, so the IRS model notice cannot be relied upon.

(Rob's Roost continued from Page 1)

- There are protections for U.S. financial service suppliers including updates to transparency requirements.
- New currency requirements with commitments against competitive devaluation.

Chapter 19, the dispute resolution mechanism was, during negotiations, a major sticking point and will be maintained in the new USMCA without substantial changes.

Further, the deal includes rights for collective bargaining and that 40 to 45 per-cent of the parts of a vehicle be produced by workers being paid at least \$16 per hour. (Mexican auto workers' wages are about 75% below this level).

It is also noteworthy that this is a first in Trade Agreements anywhere in that the parties agree that higher wages are a target.

Unlike its predecessor NAFTA, the USMCA is 'fixed term' agreement of 16 years duration. In the Agreement it is stated: "*This Agreement shall terminate 16 years after the date of its entry into force, unless each Party confirms it wishes to continue the Agreement for a new 16-year term*". Unlike all prior open-ended agreements USMCA permits parties to consider, as the end of term of the Agreement approaches, whether the Agreement has served its' people well. Factually, there is a requirement that a review be undertaken at the six-year point of the Agreement.

Originally the U.S. sought a five-year span in the Agreement but, as in all negotiations you give up something to get something.

Time will, of course, tell whether this new and somewhat different Agreement serves the interests of our membership well. Hopefully it will!



We would like to take this opportunity to welcome the following new member to the Tooling, Manufacturing & Technologies Association:

- ❖ **Westco Metalcraft, Inc.** located in Livonia, MI; they specialize in prototypes/short run stampings, tooling; visit their website at www.westcometalcraft.com

**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

Call-A-Doctor - (Telehealth Program)

Provider contact:

Ed Stines 248-524-3221, ext. 21

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

G-Tech Lighting - (Electrical savings program)

Provider contact:

Mark Bunting 248-690-6564

John M. Packer & Associates

(Unemployment cost control program)

Provider contact:

Brian Packer 800-482-2971

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

Rachel Hindelang 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 Dya 800-787-6300 or www.svsvision.com

Schena Roofing & Sheet Metal Co., Inc. - (roofing)

Provider contact:

586-949-4777

Schooley-Mitchell - (telecom/credit card management)

Provider contact:

Sean Fox 513-683-8881

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.



New Board of Director

TMTA wishes to acknowledge and thank Kenneth Russell of **Westco Metalcraft, Inc.** for joining the TMTA Board of Directors. He will be a good addition to round out the board.

Hourly and Salary Wage Surveys

The 2018 Hourly and Salary Wage Survey results will be e-mailed to companies by the end of the month. If you do not receive your copy, please contact Elaine at 248-488-0300 ext. 1309 or e-mail a request to elaine@thetmta.com and make sure to give to us your correct e-mail address.

As usual, only those companies participating in the survey will receive the survey results.

Certification of Creditable/Non-Creditable Coverage Due by October 14th

One of the provisions of the federal Medicare Prescription Drug, Improvement, and Modernization Act of 2003 requires employers that provide prescription drug coverage to either active employees or retirees eligible for Medicare (part A or B) provide to those employees a Notice of Creditable (or Non-Creditable) Coverage no later than October 14th of each year.

Sales Tax on the Internet

The U.S. Supreme Court, in *South Dakota v Wayfair*, has held that physical presence is no longer required for a state to require a seller to collect and remit sales tax to that state.

Effective October 1, 2018, the Michigan Treasury will require remote sellers with sales exceeding \$100,000, or 200 or more transactions to remit to the Michigan Treasury sales tax collected for purchasers in the previous calendar year. The Treasury will waive failure to file and deficiency penalties for returns and payments due prior to December 31, 2018, so long as the taxpayer incurring those penalties has nexus solely due to RAB 2018-16 and Wayfair. Interest will not be waived.

RAB 2018-16 includes the following:

- Sales is defined as both taxable and non-taxable. So, a wholesale company with an e-commerce platform will have to collect sales tax on taxable sales of \$25,000 into Michigan if non-taxable sales drive the company above the threshold.
- The sales threshold is based on the previous year.
- In addition to having no retroactive effect, Michigan is going to waive the failure to file and deficiency penalties for all returns through December 31, 2018.
- Michigan clarifies that taxpayers that do not otherwise have nexus in Michigan except through economic nexus and have sales where the transfer of ownership is outside of Michigan, should register and remit sellers use tax instead of sales tax.

For more information, visit www.Michigan.gov/RemoteSellers.

Notices must be provided to all individuals covered under, or eligible for the employer's prescription drug plan regardless of whether the coverage is primary or secondary to Medicare Part D. Eligible individuals are generally age 65 or older or under age 65 and disabled, and include active employees and their dependents; COBRA participants and their dependents; and retirees and their dependents.

The disclosure notice must be filed on an annual basis or upon any change in the plan's creditable coverage status. If a prescription drug plan either terminates or implements a change that affects its creditable coverage status, the disclosure notice must be filed within 30 days of the termination or change in status.

This creditable coverage notice alerts the individuals as to whether or not their prescription drug coverage is at least as good as the standard coverage under the Medicare Part D prescription drug benefit. That means each group must determine whether the expected value of claims paid under its plan is equivalent to the value of claims that would be paid under the standard Medicare Part D benefit.

BCBSM/BCN has determined whether each of their standard drug plans meets the creditable coverage standard. You can obtain this information from either BCBSM directly, or by contacting your agent-of-record. For more information or to obtain a Model Disclosure Notice your company can give to your employees, visit www.cms.hhs.gov/creditablecoverage.

If you have any questions, contact TMTA's preferred insurance agent, Bill Percha, at 248-355-1414 or e-mail to billp@rcwa.net.

In Memoriam



It is with deep sadness and regret that we note the passing of **Theodore "Ted" Karmazin** on August 25, 2018 at the age of 90. Mr. Karmazin was Vice President of **Karmazin Products Corporation** located in Wyandotte, MI, a family founded and owned business until its closing in 2000. Ted is survived by his loving wife of 57 years, Nancy; and one son, Gregory.

Ted attended Grosse Ile Schools until his senior year when he transferred to the Cranbrook School in Bloomfield Hills. Ted then studied for four years at the University of Michigan School of Engineering. He was an active member of the Alpha Tau Omega fraternity, and earned a varsity letter playing offensive and defensive positions on the 150 Pound Football Team led by coach Cliff Keen. He developed a life-long passion for the Michigan Wolverines and all things Maize and Blue.

In order to help expand his father's business, Ted transferred to the Detroit Institute of Technology where he earned a BA of Science in Industrial Engineering. Months after graduation, Ted was drafted into the U.S. Army.

After completing military service, Ted rejoined the KPC where he worked in engineering, operations and sales. He was named Vice President of Sales and Marketing where he developed the market for oil cooler sales that eventually became the mainstay of the company.

Seven years later, Ted acquired Mutual Metal Products, Inc. (MMP) in Cleveland, OH. As President and CEO of MMP, he successfully expanded the company until the severe economic recession of the early 1980s led to its closing.

Ted continued his career by establishing a manufacturers' representative business, T.K. Associates, Inc. In the mid-1990s, Mr. Karmazin also became involved with the early stage formation of SOLO World Partners, Inc. (SWP). It was originally located in Grosse Ile and then moved to Riverview. He retired from SWP in 2005 and from T.K. Associates in 2010. He then began to design and prototype innovative metal garden tools.

Mr. Karmazin led a highly active lifestyle that included golfing, swimming, boating, and gardening as well as duck hunting and sailing. He was involved in numerous community, social, civic, professional, and alumni organizations. Ted was a member of the Grosse Ile Golf & Country Club for more than 50 years where he played golf into his late 70s.

He was a life-long member of the Grosse Ile Presbyterian Church, and served as deacon for a number of years. He was involved in the establishment of the Grosse Ile Republican Club in the 1960s. Ted loved his family, the Michigan Wolverines, and life on the Detroit River.

Mr. Karmazin will be greatly missed by his employees, friends, and family who enjoyed his love and benevolence. Memorial donations may be made in his name to the Friends of the Detroit River by mail at 20600 Eureka, Suite 250, Taylor, MI 48180 or website www.detroitriver.com.

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**



**Confused about Health Care?
Need help finding the right insurance?
Individual & Group Coverages Available**

**Contact Bill Percha
at 248-355-1414
(Tell Bill that TMTA sent you!)**



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INFLATION TALK

**CPI-W Urban Wage Earners
and Clerical Workers**

Month	82-84	1967	57-59
Aug	246.336	733.760	853.36*
July	246.155	733.221	852.73*
June	246.196	733.343	852.87*
May	245.770	732.074	851.40*
April	244.607	728.609	847.37*
March	243.463	725.202	843.40*
Feb	242.988	723.788	841.76*
Jan 2018	241.919	720.604	838.05*

CPI-U All Urban Consumers

Month	82-84	1967	57-59
Aug	252.146	755.317	878.42*
July	252.006	754.898	877.33*
June	251.989	754.848	877.87*
May	251.588	753.647	876.48*
April	250.546	753.647	872.85*
March	249.554	750.524	865.91*
Feb	248.991	745.866	867.43*
Jan 2018	247.867	742.499	863.51*

**Note: August 2018 CPI-W represents a 2.9% increase from one year ago;
CPI-U a 2.7% 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—.28704470