

Mar"key"t place

We continue our series on the stages of vendor relations. The next stage of a relationship with a vendor is initial start/set up. This usually entails a contract outlining the terms and conditions of doing business with that vendor.

Here are some suggestions during this set up stage:

1. Don't fall for the honeymoon tricks: Though the vendor went to a lot of trouble to woo you, read the contract carefully. Don't be afraid to offend the vendor. This contract will bind you for 6 months, or 6 years. Make



sure you have some wiggle room with durations, price adjustments, "exit clauses," etc.

2. Honeymoon Prince:

Make sure you are binding yourself to a vendor that you like, and not just the salesman who represents the vendor. Salesmen come and go. You must like the whole package. ADP, the payroll company, is notorious for great salesmen/women, but their overall package is terrible. You can't get the service you need, nor are the regular employees able to fulfill the service promised from your salesman.

3. Honeymoon stage should be pleasant: The set up stage reveals a lot about a vendor's integrity. If they are not effective during the honeymoon stage, chances are they will not be there for you later down the road.

We will continue this set up stage in next month's issue.

Quote

Blessed is the person who preservers under trial...

—James 1:12

Q&A

Client: What benefits can I offer to retain employees (continued)?

BKC: Holiday time off.

This doesn't actually cost the company more out of pocket, except in missed work. There are no legal holidays that a small business has to give off. But if the employee *does* work on a holiday, the employee gets "holiday pay." Giving employees a holiday off-with regular pay-allows them to enjoy an extra day away from work and lifts their spirits.



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ACCOUNT-ABLE

We conclude our tax portion of our payroll series this issue. We take this time to summarize what we have discussed.

Payroll consists of the employees' gross salary, then 5 tax deductions; they walk home with the net after these deductions. The five taxes you must deduct from each employee, each pay period:

- Federal income tax: this is a lifestyle amount taxed. Depends on whether your employee is married or single, has children, owns a home, etc. Info drawn from their W4 form.

- State income tax : a lifestyle tax on the state level

- Social Security (SS) Tax: 6.2% of gross wages up to a maximum set each year. The 2009 threshold is \$106,800. After that, you do not pay any-

- more SS for the year
- Medicare tax: 1.45% of gross wages. There is no maximum.

- State Disability tax (not all states have this): 1.1% of the gross wages up to a maximum of \$90,669.

There are *five more* taxes the employer must pay, over and above what you pay to employees:

- Social Security tax: the employer must match the employee's SS tax

- Medicare tax: the employer must



Account-able continued on back page...

Calendar

Saturday, February 14th

Valentine's Day

Monday, February 16th

President's Day (observed)

Monday, March 16th

Corporate tax returns due

The Sound of Business... (Account-able continued)



match the employees Medicare tax.

- Federal Unemployment Tax (FUTA): Employer must pay 0.8% of the first \$7000 that each employee's gross wages and put it in a "fund" to be drawn off of later when one of these employees files for unemployment
- State Unemployment Tax (SUI): Employer must pay a percentage set by the EDD for the first \$7000 that each employee's gross wages. That money it put into a fund as well; to be drawn on when employees file for unemployment. The percentage is based on the unemployment activity of the company. In tough times, this rate skyrockets when companies have a lot of lay offs.
- Employment Training Tax (ETT). This is 0.1% of the first \$7000 of each employee's gross wages. This tax is specifically set aside in a fund to cover the cost of unemployed workers who need to be retrained to get back into the marketplace.



When calculating your payroll costs, you need to factor in not only the employees' gross wages, but add approximately 10% for employer payroll taxes. So for every \$100 a company pays an employee, it is really paying \$110 for the total cost of that employee.



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PAPERLESS NEWSLETTER: Sent via email. Please feel free to read and pass on this newsletter to any of your associates and friends. As always, we welcome questions and comments to rhonda@business-keepers.com.

Katch the Day

Orange County is a wealth of peace and beauty in the winter. It has has seven state-run parks and beaches from which to enjoy. From the southern end of OC, there is San Clemente State Beach. This beach has reserved campsites year around. Then you go north a little to Doheny

Beach which has great waves and fishing.

Crystal Cove is a hidden paradise in Laguna Beach. It was once the home of some rickety trailers, but the state has taken it back and restored the cottages you can rent year around.



There is a delightful little restaurant

steps from the sand. Parking is cumbersome, but well worth the hassle.

Next up the coast is Corona Del Mar. A quant state beach ideal for swimmers. Driving northbound on PCH, you hit the diamond of OC beaches, Huntington. The City of Huntington Beach and the State have gone to great lengths to keep the sand clear. You will see only *one* residential building from start to finish of this state and city beaches. A little farther up the road is the pearl, Bolsa Chica State Beach. There is mile after mile of surfing water with Long Beach in the backdrop, and on the other side of PCH—the Bolsa Chica Wetlands. There is some overnight camping available, too!

The last state-run park/beach in OC is in Chino Hills. Camping is first come, first served. There is horseback riding, bicycle paths, and sixty miles of trails.

OC beaches and parks are the perfect place to spend your winter days, while the tourists are away. Purchase a state annual pass and save on parking (some parks are exceptions).

KATCH OC STATE PARK/BEACHES AND LEAVE THE BUSINESS-KEEPERING TO US!



Important Websites:

www.irs.gov

www.edd.ca.gov

www.boe.ca.gov

www.ftc.gov

www.katchtheday.com

www.business-keepers.com

www.reserveamerica.com

www.parks.ca.gov

**Thank you to our early
Presidents for their
honorable dedication.**

Happy Presidents Day!