

Mar"key"t place

We have experienced a dynamic relationship between companies and their own vendors. We start a new annual series breaking down your vendor relationship into stages.

The first stage of a vendor relationship is the initial prospect the vendor makes to gain your business.

Vendors reach you in many ways: cold calls to your office, yellow pages or some other form of print/internet advertising, networking events, or referrals.

Let's first discuss cold calls: In these economically tough times, the cold calls increase, people try harder to capture your business, stealing you from competition or selling you something you don't already have.

Consider what kind of product the vendor is providing. Does it lend itself to a cold call relationship? In our industry, accounting, there is an intimate relationship between client and accountant. You rarely can create this from a cold call.

Also consider the type of industry that is cold calling. For example, merchant services cold call constantly. If you were sucked into every merchant "deal" that was offered through a cold caller, you would end up switching services six or seven times a year.

Lastly, with cold calls, remember to still get references and their offer in writing.

We will continue next month.

Quote

Teach us to number our days aright, that we may gain a heart of wisdom.

-Psalm 90:12

Q&A

Client: What is the difference between Flex and HSAs (cont.?)

BKC: Flex Medical Accounts can only be administered through your employer. You pay

into your plan regularly through a payroll deduction. At the beginning of the Flex year (as determined by the employer), you select a *total* amount you want to contribute, then it is divided by the number of pay periods in that year, and deducted from your paycheck accordingly.



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ACCOUNT-ABLE

We continue the discussion of one particular payroll tax, State Unemployment Insurance (SUI). As we mentioned in last month's issue, SUI is calculated at a percentage rate ranging from 2.2 through 6.2 depending on your company's claim history.

When you fire or lay off an employee, that person files for unemployment with the EDD. The employee collects a fraction of her pay based on her gross. The amount she collected would be paid out of your "kitty."

Recall the last couple of issues, that we discussed what constitutes the kitty. As an employer, you have been paying a percentage (2.2 to 6.2) per employee up to \$7000 of their gross, per year.

Let's use numbers in an example:

You have 10 employees and your rate is 3.5%.

You have been paying into the kitty for 5 years.

$10 \times \$7000 \times 3.5\%$

(assuming your rate hasn't change; we will discuss this next), $\times 5 \text{ years} = \1225.00 . That's how much your kitty has.

It's not much. So now your terminated employee files unemployment and EDD pays her a total of \$6500.

That is \$5275 more than what you



Account-able continued on back page...

Calendar

Sunday, November 2nd
Daylight Saving Time Ends
(Fall behind 1 hour)

Tuesday, November 4th
Election Day (Vote!)

Tuesday, November 11th
Veterans' Day (observed)

Thursday, November 27th
Thanksgiving (observed)

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



have in the kitty. *This* is a claim history. You have a claim against your kitty (accumulated money in an account with EDD) and it is now in arrears. The EDD reviews every employers' account annually to determine if there are enough reserves for the next year, based on the *past* year's claim activity. Since you had this one claim, and it wiped out your account, the EDD will increase your SUI rate to the highest level, 6.2%. Now you will pay 6.2% of the first \$7000 each employee makes for the whole *new* year, even if you have no further claims. If, at the end of *that* year, the EDD determines you still don't have enough in your kitty, they will continue to charge you 6.2% until they feel you have enough in your kitty to drop your rate.



This doesn't sound like a lot of money but put yourself in the shoes of an employer like Boeing who has thousands of employees. This SUI rate changing 1% could mean hundreds of thousands of dollars a year! It behooves you, therefore, to fight any unreasonable unemployment claims by terminated employees. You do not want to pay an undue rate increase for a whole year because of one

Congratulations to April Gentry for completing her testing to become a Certified Bookkeeper registered with the American Institute of Professional Bookkeepers.



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Important Websites:

www.irs.gov

www.edd.ca.gov

www.boe.ca.gov

www.ftc.gov

www.katchtheday.com

www.business-keepers.com

www.nps.gov/jotr (Joshua Tree)

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Katch the Day

The Fall in a National Park like Joshua Tree is an experience to behold. We had to Katch the Day in this high desert wonderland just an hour east of Palm Springs. There are some things that make this park unique from its counterparts in the rest of the nation.

First, it is in the high Mojave desert. In the summer it's hot, but in the winter it will snow sometimes and the daylight hours are in the cool 70s; a perfect temperature for hiking.

Second, its namesake, Joshua Trees, are sprinkled throughout the park. There is a short walk off the main drag, Pinto Basin Road, in an

area called Cholla Cactus Garden that naturally displays hundred and hundreds of Joshua Trees. It is a wonder to take in.

The third unique feature about this park is the rocks. And we don't mean the high scaled kind you find at Yosemite, but simply large rocks.

Mounds and mounds of rock that you can easily climb on with good-gripping sneakers. There is a small turnout off of Pinto Basin Road, you can almost miss it because it's a dirt road, that you drive down to a dead end spot. There, you can climb rocks and pretty much be alone in the still quiet of the desert. (Pictured on right here). It's quite a novelty to the kid in all of us.

The fourth unique thing about this park is that there are no huge souvenir shops or eateries (in fact NO eateries; bring your own food and drink), no showers or RV hookups (though RVs are allowed), and no heavy tourist traffic. Just a bunch of people who have discovered this unique, quiet desert wonder.

KATCH THE JOSHUA TREE WONDER AND LEAVE THE BUSINESS-KEEPING TO US!

