



ADP Advisor[®]

Summer 2009 | Vol. 19 No. 3

► Page 2

- ADP's Poster Compliance Update Service helps you meet labor law notification requirements
- Helpful Hints for 401(k) Plan Administrators
- Standard mileage rates for 2009 now in effect
- Association Spotlight
- See ADP solutions in action!

► Page 3

- ADP and large clients share news and views at 2009 *Meeting of the Minds*
- Where's my tax refund?

► Page 4

- Ask the *ADP Advisor*
- ADP helps keep you in compliance
- ADP Web site provides summary and updates on Stimulus Bill changes

Employers must now pay a COBRA premium subsidy, to be recovered by claiming payroll tax credits

If your company has more than 20 employees and provides health benefits, COBRA allows workers you have laid off to keep their medical coverage for up to 18 months. But doing so has been expensive for out-of-work employees, who had to pay 100% of the premiums plus a 2% administrative fee. The average

cost was nearly \$400 a month for individuals and more than \$1,000 a month for families.

The American Recovery and Reinvestment Act of 2009, signed into law this past February, makes this coverage temporarily more affordable. Employees who lose their job between 09/01/08 and 12/31/09, and have a family income of less than \$290,000 a year (\$145,000 for individuals)*, pay only 35% of the COBRA premium for the first nine months. The U.S. government will pick up the rest.

Employers reimbursed via a tax credit

As the employer, you must treat the 35% payment by former employees as full payment of the COBRA cost. But you are entitled to claim a credit for the remaining 65% on your payroll tax

return. The 2009 version of Form 941 includes new lines for requesting this credit (see graphic below).

As an ADP client, you will receive instructions on how to provide this data so that ADP can claim the credit on your behalf.

You must maintain supporting documentation

You must maintain supporting documentation for the credits you claim. This includes:

- Documenting your receipt of the employee's 35% share of the premium.
- In the case of insured plans, a copy of the invoice or other supporting statement from the insurance carrier, plus proof of timely payment of the full premium to the insurance carrier.



INSURANCE

Free Offer

Low-Cost
Ways to
Reward
Employees

“The American Recovery and Reinvestment Act of 2009...makes this coverage temporarily more affordable.”

11	Total deposits for this quarter, including overpayment applied from a prior quarter and overpayment applied from Form 941-X or Form 944-X	<input type="text"/>
12a	COBRA premium assistance payments (see instructions)	<input type="text"/>
12b	Number of individuals provided COBRA premium assistance reported on line 12a	<input type="text"/>

*Depending on their adjusted gross income, some employees may be required to pay some or all of the COBRA credit back. The details are still being worked out and will be announced when Form 1040 for 2009 is released.

► See page 4

continued on page 3

ADP's Poster Compliance Update Service helps you meet labor law notification requirements

When the Department of Labor issued final FMLA regulations last fall, employers were required to post updated federal and state posters. ADP can help you keep up with these changes — and future mandatory changes — automatically. Our Poster Compliance Update Service is geared to companies with 50–1,000 employees and provides you with:

- A complete set of high-quality, laminated, all-in-one labor law posters (including a federal poster and a state-specific poster) covering all mandatory federal and state-specific notices for general employers.
- Automatic delivery of new updated posters every time changes occur due to significant revisions in mandatory federal and/or state posting laws.



More than 100,000 ADP clients are already protected by this service. ■

For more information, e-mail Rick_Smith@adp.com or call 484-201-2747.

HELPFUL HINTS FOR 401(k) PLAN ADMINISTRATORS

Little-known credit makes participation really pay for lower-income participants

Participating in a 401(k) plan can generate a significant tax break for employees in the upper-income brackets. But there's less of an incentive for the majority of American workers who pay 15% or less in income taxes. A little-known Saver's Credit helps level the playing field.

The Saver's Credit rewards plan participants who earn up to \$55,500 a year (married and filing jointly for 2009). The maximum tax credit available is \$1,000. For example, an employee who is married and filed a joint return reporting an adjusted gross income of up to \$32,000 and who contributed \$2,000 to a qualified plan in 2008 can claim the maximum credit of \$1,000. This credit comes *in addition* to the standard tax deduction of \$300 (15% of \$2,000) for someone at this income level.

An estimated 23 million tax filers could benefit from the Saver's Credit. Yet only about 4 million claimed it in 2005 (the latest year data is available). Promoting the credit is an excellent way to encourage middle- and lower-income employees to participate in your 401(k) plan. Communicating the availability of the credit can also help your company with nondiscrimination test results. For more information, visit www.irs.gov and search for "Saver's Credit."

ADP's Retirement Services offerings include a robust communication program that can help you increase plan participation. For more information, check item #14 on the Reader Service Form; call 1-800-432-401k, Promo Code 454; or visit www.ADP.com.

ADP's Retirement Services cannot provide tax or legal advice. Please contact your tax advisor with respect to any questions you have relating to this discussion.

Standard mileage rates for 2009 now in effect

For 2009, the Internal Revenue Service has revised the optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical, or moving purposes. Effective January 1, 2009, the standard mileage rates for the use of a car (also vans, pickups, or panel trucks) are:

- 55 cents per mile for business miles driven
- 24 cents per mile driven for medical, or moving purposes
- 14 cents per mile driven in service of charitable organizations. ■

ASSOCIATION SPOTLIGHT

Discount for ADP clients to attend 61st Annual SHRM Conference in New Orleans

The Society for Human Resource Management (SHRM) is the world's largest association devoted to human resource management. SHRM's 61st Annual Conference and Exposition will take place June 28–July 1 in New Orleans and is expected to attract thousands of human resource professionals from around the world.

More than 150 concurrent sessions on human resource issues will be offered, reflecting the changing roles and responsibilities of the HR profession. A large exposition will feature information, products, and services from more than 750 companies. Scheduled speakers include:

- **Tom Brokaw**, one of the most respected figures in broadcast journalism and author of *The Greatest Generation* and *BOOM! Voices of the Sixties*.
- **Earl G. Graves, Sr.**, founder and publisher of *Black Enterprise* magazine and a nationally recognized authority on black business development.
- Harvard Business School Professor **John Kotter**, widely regarded as the world's foremost authority on leadership and change.

Each registration also includes one ticket to hear Sheryl Crow on June 30th at the Morial Convention Center.

Special discount for ADP clients

As an ADP client, you qualify to attend this conference at the specially discounted rate of \$975 (the rate normally reserved for groups of 10 or more SHRM members). ■

To qualify for this discount, visit www.ADP.com and click on "Tools & Resources," then "Events," then "ADP Hosted Events." Download the special registration form and use the rate for 10-24 SHRM members. Return the form no later than 05/29/09.

See ADP solutions in action!

The best way to learn about ADP's comprehensive solutions is to see and hear about them in person from ADP experts. ■

For the most current trade show information, see the "Events" section at www.resourcecenter.ADP.com.

ADP and large clients share news and views at 2009 *Meeting of the Minds*

“We are delighted to bring so many of our clients together at this conference for an exchange of insights and best practices,” said Regina Lee, President, ADP National Account Services and Employer Services International. Speaking at *Meeting of the Minds*, an ADP event for companies with 1,000 employees or more, Ms. Lee explained how client feedback has led to enhancements in a wide range of ADP services.

The three-day event took place in March in Atlanta and featured presentations and workshops on more than 160 topics across seven areas: Benefits, Human Resources, International, Payroll, Personal and Professional Development, Tax, and Time and Labor Management. A business expo enabled attendees to explore solutions from ADP, its partners, and other vendors. ■



Mark your calendar for the next *Meeting of the Minds*, March 21-24, 2010 at the Manchester Grand Hyatt in San Diego.

Where's my tax refund?

Last year 383,000 tax refund and economic stimulus checks were returned to the IRS due to mailing address errors. If you or your employees do not receive your refund within three weeks after e-filing and opting for direct deposit (after eight weeks if you filed a paper return and opted for a check), you can check your refund status at an IRS Web site called “Where’s My Refund?”

Submit your Social Security number, filing status, and the exact refund amount shown on your 2008 return. The tool will provide the status of your refund and, in some cases, instructions on how to resolve delivery problems. ■

Visit www.irs.gov and search for “Where’s My Refund?” or call 1-800-829-1954.

COBRA *continued from page 1*

- In the case of self-insured plans, proof of the premium amount and proof of coverage provided to assistance-eligible individuals.
- Your attestation of the employee’s involuntary termination, including the date.

Employees now allowed to switch plans

Ordinarily, employees who sign up for COBRA are required to stay with the plan that covered them while they were working. But if employees are eligible for the subsidy, you can allow them to switch to a less-expensive plan as well (e.g., a plan with lower premiums in exchange for a higher deductible).

This subsidy ends once the employee becomes eligible for other group coverage, after nine months, or when eligibility for COBRA coverage expires, whichever comes first. Employees are also ineligible if:

- They retired or left voluntarily.
- They have access to other group insurance coverage, such as a spouse’s insurance plan or Medicare.

An additional administrative burden

The COBRA subsidy increases the administrative burden for employers who must now keep track of which former employees are eligible for subsidized and unsubsidized COBRA rates. ADP’s COBRA Administration Service can simplify this by distributing notifications, correspondence, election packets, and COBRA termination notices as required by law. ADP processes election forms and tracks key dates to help ensure accurate and timely responses to COBRA administrative requirements.

ADP has also published a detailed explanation of the subsidy, including required employer notices to employees and the election period extension for individuals who previously did not elect continuation coverage under COBRA. ■

For more information on ADP’s COBRA Services, check item #11 on your Reader Service Form. To download a more detailed explanation of the subsidy, visit www.ADP.com and enter “COBRA subsidy” in the search field.

How should we handle a deceased employee's final paycheck?

Q: We were saddened to learn that one of our employees was killed in a traffic accident. What is the proper way to handle her remaining pay (last hours worked, accrued vacation, and sick days)? Should we make the final paycheck payable to her family?

A: It is up to the courts to determine which heirs receive what share of your employee's assets. Make the check payable to the deceased employee so that it joins other funds in her estate.

Report the final payment in box 3 of Form 1099-MISC, Miscellaneous Income. Use the name and taxpayer identification number of the employee.

If you make the payment the same year the employee dies, you must also report it on the employee's Form W-2 and withhold social security and Medicare taxes only. Only report social security and Medicare wages (boxes 3 and 5 of the form). Do not show the payment as subject to federal income taxes (box 1).

If the final paycheck is issued in the following tax year, do not report it on Form W-2 and do not withhold social security and Medicare taxes. Do not make 401(k) plan contributions for this final pay period. ■

To submit questions for possible inclusion in future columns, visit www.ADP.com/advisor. Click on "Feedback to the Editor." If legal, accounting, or other professional assistance is required, the services of an attorney or certified public accountant should be sought.


ADP helps keep you in compliance

...with FLSA requirements

The Fair Labor Standards Act (FLSA) requires you to maintain the following records for all employees for at least three years:

- Regular rate of pay and its calculation
- Hours worked each weekday and workweek
- Straight-time and overtime earnings
- Inclusions and exclusions from wages
- Dates of payments and periods covered

ADP helps you comply by providing easy access to your data. We keep your payroll files available for a minimum of three years and will help you generate reports on who worked when and for how long.




TO READERS OF THE ADP ADVISOR

Low-Cost Ways to Reward Employees

This isn't quite the year for your company to award pay raises. But you still want to motivate and reward your top-quality workers. What can you do?

While money is important, employees also crave personal recognition for a job well done. You'll find helpful tips for providing it in *Low-Cost Ways to Reward Employees*. Even the cost of the guide is low — it's free to readers of the *ADP ADVISOR*.

The guide is available free to readers of the ADP ADVISOR. Simply check item #1 on your Reader Service Form.



Low-Cost Ways To Reward Employees

(Money isn't everything)

Just a click away at www.ADP.com

ADP Web site provides summary and updates on Stimulus Bill changes

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009, commonly known as the Stimulus Bill. The legislation includes changes to COBRA provisions, transit benefit maximums, HIPAA privacy and security rules, Form 941, IRS tax tables, and many other areas.



In addition to complying with the new legislation on your behalf, ADP has developed an information resource to help you understand its impact. This helpful Web site provides a summary of how the key changes may affect your company, together with links to additional details. It will be updated as more information becomes available. You can even sign up for an RSS feed to automatically notify you of changes. ■

Visit www.ADP.com/stimulus.

ADP Advisor®

IMPORTANT NOTICE: ADP publishes the *ADP Advisor* free of charge to its clients. It is accepted with the understanding that the publisher is not engaged in the business of rendering legal or accounting services. If legal, accounting, or other professional assistance is required, the service of an attorney or a certified public accountant should be sought.

Misplaced your copy of the *ADP Advisor*? Want to check a back issue? Visit www.ADP.com/home/advisor

YOUR SUGGESTED TOPICS FOR THE ADP ADVISOR ARE WELCOME

Please address your correspondence to:

ADP Employer Services, MS #460 • One ADP Boulevard • Roseland, New Jersey 07068
Margit Rademacher, Managing Editor

The ADP Logo, ADP Advisor, ADP Connection, ADP Payroll, ADP Resource, Benefits eXpert, DocuMax, Employease, eTIME, Enterprise eTIME, Expense eXpert, ezLaborManager, GlobalView, HR Perspective, HR/Profile, Pay-by-Pay, PayeXpert, PayForce, Taxware, TimeSaver, TotalPay, and TotalSource are registered trademarks of ADP, Inc. The following are either trademarks or service marks of ADP, Inc.: ADPCheck, BizTrip eXpert, Enterprise HR, TotalPay® Card, and Total Tax Plus. ReportSmith is a trademark of Strategic Reporting Systems, Inc. All other trademarks and service marks are the property of their respective owners.

PLEASE PRINT			
Name	Title	Company	
E-mail Address	Phone		
Street Address	City	State	Zip
ADP Client Code	No. of employees at this location	No. of employees in your company	

FREE from ADP!

Low-Cost Ways to Reward Employees — how rewards and recognition can keep employees happy and motivated.

To receive more information, simply check your area(s) of interest below:

Human Resources

- ADP's Pre-Employment Services — quick, cost-effective background checks
- ADP's HR/Benefits Solution — hosted, full-featured, Web-based HR and benefits administration solution for corporations with 50–999 employees
- HR/Profile[®] — a cost-effective solution for basic HR recordkeeping
- HR Perspective[®] — full-featured HR information system that integrates with ADP PC/Payroll
- Enterprise HR[®] — combines HR and payroll data with powerful Web-based functionality to enable employee and manager self-service in large corporations
- ADP's Portal With Content Management — a turnkey corporate communications Web site, fully hosted and supported by ADP, where employees can access self-service offerings and your company's news and policies
- ADP Connection[®] — integrates ERP HR management systems with ADP solutions

Benefits Administration Services

- Benefits Services — a full range of outsourced benefits administration solutions
- Benefits eXpert[®] — benefits administration system with Web-based employee self-service
- COBRA Services — ADP provides administrative services in connection with continued health coverage for terminated employees
- ADP's Flexible Spending Account (FSA) Services — employees use pretax dollars to pay for certain health and daycare expenses
- Premium Only Plan — fights rising group insurance costs by letting employees pay their share of premiums on a pretax basis
- Section 125 Compliance — ADP handles the reporting for your pretax plan
- ADP Payroll[®]-integrated 401(k) Plans — we make it easy to offer this popular benefit
- Executive Deferred Compensation Services — ADP administers your non-qualified executive retirement program

Payroll Management

- PayeXpert[®] — ADP's Internet payroll service lets you access payroll processing from anywhere, anytime, for companies with 50–999 employees
- ADP's PayForce[®] — a flexible, Internet-based payroll software solution for corporations with 1,000 or more employees
- ADP PC/Payroll — prepare payroll data on your own PC
- iPayStatements — employees can update their own W-4 information, view and print their own copies of pay statements and W-2 forms
- ADP Incentive Compensation Management — lets sales reps and finance professionals view sales performance data, forecast commission-based pay, and view details of commissionable events
- Automatic check insertion into window envelopes
- Automatic laser check signing
- Customized management reports — ADP generates reports based on your payroll data

Business Process Outsourcing

- TotalSource[®] — outsource employment administration to a Professional Employer Organization (PEO)
- ADP Resource[®] — outsource HR administration without the co-employment relationship of a PEO
- Comprehensive Outsourcing Services — our BPO solution for larger employers
- GlobalView[®] — provides payroll, HR management, and self-service solutions for multinational organizations

Payroll Payment Solutions

- Full Service Direct Deposit (FSDD) — payroll wages electronically deposited into employees' bank accounts
- TotalPay[®] Card — this paperless solution loads payroll funds onto employees' debit cards, which can be used at virtually any location that accepts Visa[®] debit cards
- ADPCheck[™] — a secure payroll document for employees who prefer traditional paychecks; you reconcile just one debit per payroll
- Direct debit of fees — eliminates the need for manual payment of ADP's fees

Reporting Options

- iReports — secure online access and searching of your payroll and tax reports
- CheckView — review individual checks or entire pay histories online
- DocuMax[®] — payroll reports, W-2s, earnings records, and wage and tax register delivered on CD-ROM
- ReportSmith[™] for ADP PC/Payroll — custom design reports based on your payroll information
- Data Access — custom reports from Masterfile, year-to-date, and payroll data

Print Services

- Forms W-2 and 1099 — let ADP print these payroll statements for you
- Laser Print Back — ADP processes your payroll, you print checks and statements at your convenience

Tax and Compliance Services

- Payroll Tax Filing — helps ensure accurate payroll tax filing and deposits for all federal, state, and local jurisdictions
- Unemployment Compensation Management Services — manages your claims process and helps lower State Unemployment Insurance (SUI) costs
- Taxware[®] Services — businesses in the United States and around the globe can simplify their tax calculation and compliance with ADP solutions for sales, use, value-added, and other consumption taxes
- Pay-by-Pay[®] Program for Workers' Compensation — improves your cash flow by using actual (not estimated) payroll data to calculate Workers' Compensation insurance premiums
- ADP's Tax Credit Services — helps reduce corporate tax liability through tax credits based on employee demographics, geographic location, investment practices, and other incentives
- Wage Garnishment Service — ADP calculates, deducts, and disburses court-ordered garnishments and tracks changing legislation that can affect compliance
- New Hire Reporting Service — helps ensure prompt, accurate filing of all new hire reporting information

Accounts Payable

- Automated Accounts Payable Solution — reduces the cost of invoice and check processing, helps increase working capital and improve SOX compliance

Time and Labor Management

- ezLaborManager[®] — ADP-hosted time and labor management solution for companies with fewer than 1,000 employees
- Enterprise eTIME[®] — integrated time and attendance, scheduling, and absence management for mid-size to large companies, available as a premise-based or ADP-hosted solution
- TimeSaver[®] — ADP-hosted time and labor management for companies with 1,000 or more employees, as well as for hospitality industry companies of any size

Expense Management

- Expense eXpert[®] — automates your travel and expense reimbursement process
- ADP's BizTrip eXpertSM — an online booking solution that can automatically apply your corporate travel policies and negotiated vendor discounts

NOTE: The products and services described in this publication may not be available to all ADP clients in all geographic areas.



Enjoy a Starbucks Card, loaded with \$5, as our gift! Do you know another company that could benefit from the time savings and accuracy of ADP's services? Refer them to us and we'll send you a Starbucks Card loaded with \$5! Enjoy a refreshing break with our compliments at any participating Starbucks retail location in the United States or Canada.

Yes, I think the Company below could benefit from ADP services. **Please mail my Starbucks Card to the address I have listed above.**

Please help us keep your accountant up-to-date on payroll tax regulations. With more than 500 payroll statutory changes each year, we like to keep our clients' accountants well informed. Please help us make sure your accountant is on our mailing list:

Name	Title
Company	
Address	
City/State/Zip	
Area Code/Phone	No. of Employees

Your Accountant's Name	
Your Accountant's Firm	
Address	
City/State/Zip	Area Code/Phone

Fax this form to: 1-800-611-7270. Or detach, fold, seal, and drop it in any mailbox.

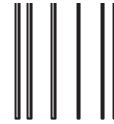
Starbucks, the Starbucks Logo, and the Starbucks Card design are either trademarks or registered trademarks of Starbucks U.S. Brands, LLC.

BUSINESS REPLY MAIL

FIRST-CLASS MAIL PERMIT NO. 101 BUDD LAKE NJ

POSTAGE WILL BE PAID BY ADDRESSEE

ADP RESPONSE CENTER
PO BOX 308
BUDD LAKE NJ 07828-9955



NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

