

CLIENT BULLETIN

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**COMMITTEE TO SAVE SENIOR SERVICES
12TH ANNUAL FUNDRAISER**

The firm will once again be the Presenting Sponsor for the Committee to Save Senior Services' wine tasting levy fundraiser. This year's event, the "Scarlet & Gray Soiree," which will be held on Thursday, September 9, 2010 from 5 to 8:30 p.m. at Brookshire, 405 Greif Parkway, Delaware, Ohio, features a "Buckeye" theme in a "fun, tailgate-party setting." Included in the evening's festivities are live and silent auctions, food, wine, beer, non-alcoholic drinks, live entertainment to capture the mood, plus games with prizes. Tickets are \$30 per person and can be purchased in person or by mail at the Council for Older Adults, 800 Cheshire Road, Delaware, Ohio, or can be purchased at the door.

LAW FIRM CLIENT FEATURED IN NEW YORK TIMES ARTICLE

A law firm client, Ohio Transmission Corporation ("OTC"), was featured in a recent article in the New York Times regarding health savings accounts (HSA). Along with a picture of OTC's CEO, Phil Derrow, at the company's distribution center in Columbus, the article noted that since OTC's 300 employees switched to an HSA four years ago, its health insurance premium costs have increased by an average of only 2 percent or so a year, compared with 10 to 12 percent increases in previous years.

THE CRACKDOWN

The IRS, the United States Department of Labor, the Ohio Attorney General, the Ohio Department of Job and Family Services, the Ohio Bureau of Workers Compensation, and the Ohio Department of Taxation are, reportedly, cracking down on the misclassification of workers or, in other words, misclassifying a worker as an independent contractor when, in fact, the worker is an employee.

A previous report issued by the Ohio Attorney General estimated that worker misclassification costs the State of Ohio an estimated \$100 million in payments for unemployment compensation, more than \$510 million in BWC premiums, and almost \$180 million in forgone state income tax revenues.

The consequence to an employer for misclassifying a worker can be severe, as the misclassifying employer is at risk for fines, penalties, premiums, back wages, and litigation regarding the same.

As part of the crackdown, there is proposed federal and state legislation.

At the federal level, there was a hearing of the Health, Education, Labor and Pensions (HELP) Committee titled "Leveling the Playing Field: Protecting Workers and Businesses Affected by Misclassification" and U.S. Senator Sherrod Brown introduced legislation to prevent worker misclassification. That proposed legislation is titled The Employee Misclassification Prevention Act (EMPA) and, among other things, provides for employer record keeping, increased penalties against employers who misclassify, requires employers to notify their workers as to their classification, and protects workers who are retaliated against because they have sought to be properly classified.

Continued on back . . .

We are always grateful for your trust in recommending us to others.

A referral from you and your continued business are the highest compliments we could ever receive.

At the state level, State Representatives Phillips and Driehaus introduced H.B. 523, which, if passed, would create a single seven-factor test to determine whether a worker is an independent contractor for purposes of unemployment compensation contributions, workers compensation premiums and state income taxes. At the present time, different agencies have different tests or definitions. Like the proposed federal legislation, there are provisions that prohibit employers from retaliating against workers. The proposed Ohio legislation even goes as far as to establish criminal penalties, as well as the right to sue and sanctions from the Department of Commerce.

ARE YOU READY FOR . . .

On many levels, we are living in relatively uncertain times. The current economy is experiencing conditions and issues which have not been experienced (on this level) for quite some time. On a global scale, things seem to be uncertain on many fronts. The situation is similar on the front of estate planning.

We are approaching the last quarter of calendar year 2010. It looks more and more like Congress will take no action with respect to the federal estate tax. Consequently, there remain opportunities for tax planning in 2010. Furthermore, with somewhat more clarity starting with 2011, individuals need to review their existing planning and determine if changes need to be made. Assuming that Congress takes no action, the federal estate tax credit will return at \$1 million effective January 1, 2011. That means, over a four year stretch, from 2008 through 2011, the federal tax credit will go from \$2 million (2008) to \$3.5 million (2009) to no estate tax (2010) to a \$1 million credit in 2011. It is important that individuals review their current planning and make sure that it is in accordance with their wishes.

Likewise, life has always been uncertain from a moment-to-moment basis. One moment you were riding down the street in your car and the next moment you are lying in the hospital in a coma as a result of an accident. You have no health care power of attorney and no financial power of attorney. Under those circumstances, close relatives/friends are left to file an action with the Probate Court, seeking to be appointed your guardian. In order to be appointed guardian, they will have to be bonded, identify all of your assets, file an inventory and then ask the Court for permission to pay your bills. All of which could be avoided with powers of attorney.

With this cloud of uncertainty surrounding us, we believe it is important to take control of those things that we can control – like our estate planning. Review your portfolios and determine if your existing planning, from a tax standpoint, is adequate. Look at your powers of attorney and living wills and make sure they are current and up-to-date, and if you do not have such documents, make sure that you make it a priority to secure such documents.

Review your life insurance designations, your IRA and 401(k) beneficiary designations, the titles to your bank accounts, your stocks and bonds ownership/beneficiaries, and real estate and motor vehicle titles to ensure that these assets are titled the way that you would like for them to be titled and that they ensure the specific transferability upon your passing that you desire.

While life is uncertain, our estate planning does not need to be. Review your documentation, or if you have no documentation please contact us and we will make sure that your affairs are addressed in the way that you wish for them.

****NOTICE****

This bulletin provides general information and is not legal advice. Please contact us if you need legal advice.