



New W-4 for 2020

In the new year, employers will need to provide the redesigned Form W-4 to new employees and current employees who want to change their withholdings. DNet will be updated to provide the new form to your new hires during onboarding.

Employees who have submitted Form W-4 in any year before 2020 are not required to submit a new form merely because of the redesign.

Two of the biggest changes to the form are the elimination of allowances, which have been replaced by dollar values to calculate withholding, and the addition of boxes to indicate if workers hold multiple jobs or are in two-earner households.

We recommend that employers do not provide tax advice to employees, but instead direct them to Centricity's [W-4 Assistant](#) or their tax professional for guidance on completing the W-4.

Marijuana and the Workplace: It's Complicated

Cannabis has long been heralded for its calming properties. But lately it's having quite the opposite effect on HR professionals, as they navigate the myriad state laws and court cases affecting the controversial substance to create drug-testing policies and procedures.

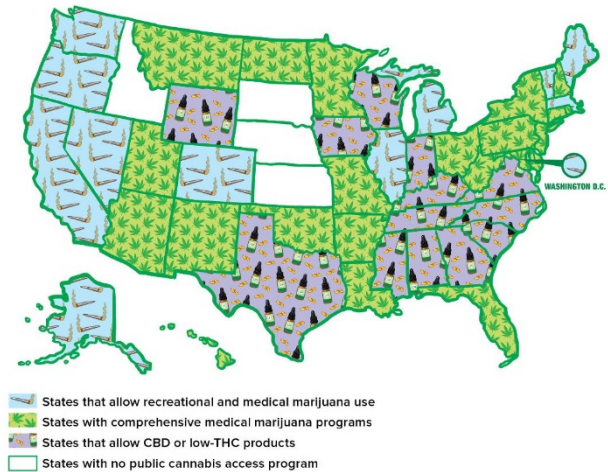
Possession or use of marijuana remains illegal under federal law. But state laws are changing at a dizzying speed, including some that now limit a company's ability to fire an employee for failing a drug test. Courts have begun siding with workers who say their off-duty use of cannabis for medical reasons led to their unfair dismissal. Recent court cases have left employers facing discrimination charges for acting against workers who flunk marijuana tests. Nevada in June limited rejecting job applicants for failing a test. Even cities are getting into the act, with the New York City Council voting in April to ban marijuana testing for job applicants (with exceptions for such jobs as public-safety workers).

State laws aside, experts agree that employers have a right to implement drug-free workplace policies.

Californians voted to legalize medical marijuana in 1996. Now at least 33 states have a comprehensive medical marijuana program. Colorado and Washington legalized cannabis for recreational use in 2012; nine other states, and Washington, D.C., followed suit. About 24 million Americans ages 12 and older are current users of marijuana, according to a 2016 Substance Abuse and Mental Health Services Administration survey. The numbers have increased mostly due to more marijuana use by adults 26 and older.

The widespread use is evidenced by the increasing number of people failing marijuana tests, especially in states where recreational use is legal.

MARIJUANA LAWS, STATE BY STATE



Best Practices for Employers

- Don't tolerate marijuana use on the job, just as you wouldn't tolerate alcohol use.
- Train managers to spot signs of impairment.
- Think carefully about the type of test your company uses and stay on top of developments in the technology of testing.
- Talk to a lawyer about relevant state laws before setting policies and testing rules.
- For companies operating in different states, know that testing policies may need to vary by location.
- Educate employees about the company marijuana-use policy and the repercussions for failed tests, including random, post-accident or reasonable suspicion tests.

IRS Releases 2020 Retirement Plan Contribution Limits

Today the IRS confirmed in Revenue Procedure 2019-44 that for plan years beginning on or after January 1, 2020, the health FSA salary reduction contribution limit will increase to \$2,750.

This represents a \$50 increase from the current \$2,700 salary reduction contribution limit for plan years beginning on or after January 1, 2019.

Other Notable 2020 Employee Benefit Amounts

- **Commuter Benefits:** The transit pass/vanpooling and parking limits will increase to \$270 per month (up from \$265).
- **Adoption Assistance:** The adoption assistance plan limit will be \$14,300 (up from \$14,080).
- **401(k) Plan:** The annual employee elective deferral limit increases to \$19,500 (up from \$19,000). See IRS Notice 2019-59 for more details.
- **HSA Limits:** The IRS released the 2020 HSA limits in May. The individual contribution limit will be \$3,550 (up from \$3,500) and the family contribution limit will be \$7,100 (up from \$7,000).
- **ACA Pay or Play Affordability:** The 2020 affordability safe harbor percentage decreases from 9.86% to 9.78%. This sets the federal poverty line affordability safe harbor at a \$101.79 maximum monthly employee-share of the premium for the lowest-cost plan option at the employee-only tier.
- **ACA Pay or Play Penalties:** The 2020 annualized employer mandate pay or play penalties will be \$2,570 (the Section 4980H(a) "A Penalty") and \$3,860 (the Section 4980H(b) "B Penalty") annualized. See the recently updated IRS Employer Shared Responsibility Payment FAQ for more details.
- **San Francisco HCSO:** The 2020 required health expenditure rates will be \$3.08 per hour payable for large employers (up from \$2.93) and \$2.05 per hour payable for mid-sized employers (up from \$1.95).
- **California SDI/PFL:** It is anticipated that the 2020 taxable wage base will be \$122,909 (continuing at an employee contribution rate of 1.0%), the employee contribution cap will be \$1,229.09, and the maximum weekly benefit will be \$1,300. As a reminder, California's PFL program will expend to eight weeks as of July 2020.

Exempt Employee Minimum Salary in California in 2020

California requires that most exempt white collar employees make double the state minimum wage on a monthly basis. For the 2020 calendar year, the minimum salary for exempt employees of employers with 26 or more employees will be \$54,080 per year. For employers with 25 or fewer employees, it will be \$49,920 per year. Municipal minimum wages do not affect these minimums – the calculation is always based on the state rate.

The minimum salary for exempt computer professionals will be \$96,968.33 per year or \$46.55 per hour if paid on an hourly basis. The minimum hourly rate for licensed physicians and surgeons, if paid on an hourly basis, will be \$84.79.



5 Reasons to Rehire Former Employees

Few employers these days expect employees to stick around for many years. Most know that employees will move between employers multiple times over the course of their career and that many of them will even change careers entirely, some more than once. It's not that workers today are disloyal or uncommitted. The culture of the overall job market has redefined expectations around these concepts. A loyal, committed employee isn't likely to reveal trade secrets to a competitor or publicly badmouth their employer, but they may intend to further their career with a different company at some point in the not-so-distant future. Loyalty and commitment have more to do with what the employee is doing for their employer presently—not what they will be doing for them indefinitely.

With the overall culture of employment having changed, individual organizations have updated their own culture to align with these new expectations. Not only are companies allowing eligible former employees to apply, some employers are even encouraging it!

Here are **five** big reasons why you might consider doing the same:

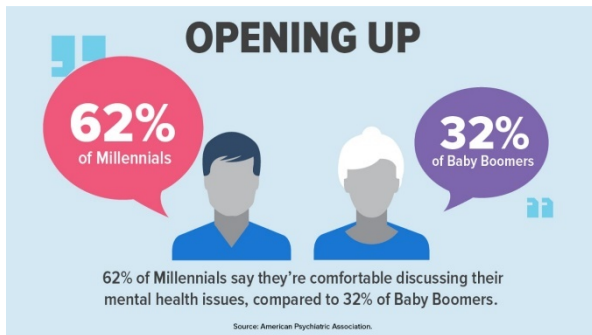
1. Former employees already know your organization. They're familiar with the operating procedures, the rules and traditions of your culture, and the people with whom they worked previously. You can usually onboard them more easily and train them more quickly, filling the position at a fraction of the cost.
2. Oftentimes, former employees return with additional knowledge, skills, and abilities. Sure, they took your investment in them to another workplace, but they're coming back to you with other employer's investments in them, which can now be leveraged at your organization.
3. Communicating that you welcome back former employees highlights the fact that people like working for you and see your organization as the place they'd like to be, even if they have other options.
4. It creates trust. Prospective candidates and current employees understand that you don't see them as a potential threat to the organization that needs to be deterred from leaving. Instead, you show them that you trust them and that your interest in their lives and careers extends beyond the time they work for you leading to a more productive, rewarding, and enjoyable relationship.
5. Your competitors are likely open to rehiring their high performing former employees, and if you're competing with them for workers, you don't want to unnecessarily limit your pool of strong candidates. That just puts you at a disadvantage.

Even with these five benefits, a former employee may not be the best candidate for the position. In some cases, what a new employee brings to the table outweighs what the former employee offers, and the new employee is clearly the better bet. In other cases, however, the former employee is the smart hire, and ruling them out because they once quit would be a mistake.

Why Employers Need to Talk About Mental Illness in the Workplace

Many companies are striving to increase awareness about mental illness and encourage more employees to seek treatment. Suicide rates nationally are climbing, workers' stress and depression levels are rising, and addiction—especially to opioids—continues to bedevil employers. Such conditions are driving up health care costs at double the rate of illnesses overall, according to Aetna Behavioral Health.

Starting workplace conversations about behavioral health is challenging. Such conditions are often seen as a personal failing rather than a medical condition. The mental illness discussion is also impacted by employee demographics. Millennial and Generation Z employees grew up in an era when children and teens were regularly diagnosed and medicated for conditions such as attention deficit hyperactivity disorder and therefore don't have the same negative associations with mental illness as their older counterparts. In fact, 62 percent of Millennials say they're comfortable discussing their mental health issues, almost twice as many as the 32 percent of Baby Boomers who expressed such ease, according to the American Psychiatric Association (APA).



Increasing Costs, Suicide Rates and Stress Drive Change

Mental health expenses jumped by more than 10 percent annually over five years, compared with an annual increase of 5 percent for other medical costs, according to a study conducted by Aetna Behavioral Health. Treating depression alone costs \$110 billion annually, and half of that cost is shouldered by employers. Companies spent \$2.6 billion on opioid addiction in 2016—an eightfold increase since 2004, the Kaiser Family Foundation reported last year.

Meanwhile, more people are taking their own lives. Suicide rates rose 33 percent, to 14 per 100,000 people up from 10.5 per 100,000 people, from 1999 through 2017, the last year for which figures were available, according to the Centers for Disease Control and Prevention. One reason: Many younger workers are stressed, depressed or anxious. In fact, the proportion of workers with symptoms of depression rose 18 percent from 2014 to 2018.

California Mandates Employers Notify FSA Participants of Claim Deadlines

As we gear up for the new year, we would like to alert our clients of a new California law, effective January 1, 2020, that will require employers to notify employees of any deadline to submit flexible spending account (FSA) claims before the end of the plan year.

Among members of Generation Z and Millennials, depression symptoms increased at an even faster rate, jumping 39 percent and 24 percent, respectively, according to New York City-based technology company Happify Health. Most people's reluctance to discuss mental illness belies the diseases' prevalence. Nearly 1 in 5 U.S. adults experience some form of mental illness every year, the APA reports.

WORK AFFECTS MENTAL HEALTH



Employees Still Reluctant to Divulge Problems

A majority of employees—68 percent—worry that reaching out about a mental health issue could negatively impact their job security, according to a 2019 study by Businessolver, a West Des Moines, Iowa-based health benefits administrator. Although 50 percent of employees overall (and 60 percent of Millennial employees) reported having had a mental health lapse, only one-third of those employees reached out to their employer.

Covered by the Law

Mental health conditions are covered under the Americans with Disabilities Act. That means employers must make reasonable accommodations for workers with such disorders to perform their responsibilities. However, employees must be willing to divulge their need for modifications. Myriad laws protect medical privacy, and experts say individuals don't have to provide extensive details about their conditions.

Companies are training their employees to be sensitive to signs of mental illness, such as noticing changes in someone's behavior. If a typically stellar employee's performance declines, supervisors might reach out to the individual to discuss the shift and remind the person of services provided by the company, such as an employee assistance program (EAP).

Solutions for Employers

Work with your Centricity HR Partner to develop strategies for addressing mental health at your company. Some potential actions include:

- Make mental health self-assessment tools available to all employees.
- Provide free or subsidized lifestyle coaching, counseling, or self-management programs.
- Distribute materials, such as brochures and videos, to all employees about the symptoms of poor mental health and opportunities for treatment.
- Provide managers with training to help them recognize the signs and symptoms of stress and depression in team members and encourage them to seek help from qualified mental health professionals.

Training of the Month

We offer a wide variety of web training courses through our training portal, ThinkHR. Courses vary in length and cover an array of topics including workplace safety, diversity, and harassment prevention. The full course catalog is available upon request. All courses are offered at a rate of \$10 per participant.

Below is one of our available courses. Please reach out to your Centricity team for more information on this or any courses that interest you.

Telecommuting Basics: Communication Strategies for the Remote Employee



With the trend toward telecommuting on the rise in many sectors, employees are faced with the growing challenges of working and communicating in virtual offices. Virtual offices can span countries and continents, and effective communication skills are not only important, but are the very key to telecommuters' success and their ability to move forward in their careers. This course provides you with an understanding of the importance of communication skills when working as a telecommuter and also covers how career advancement can be achieved while working in a remote environment.

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Q&A Corner



Can we ask an applicant why they are leaving their current job?



Yes. While it's fine to ask this question during the interview, we recommend you collect this information ahead of time by asking about it on an employment application. In the section where the applicant lists their previous employment experience, you can ask for the reason they left each job. Trends you notice may be cause for follow-up questions during the interview or a reason not to schedule an interview at all.

If you ask about previous or current employment during the interview, be mindful of the direction the response goes. As with any interview question, you should redirect the candidate if they start to share sensitive information. For example, if a candidate says they left past employment due to medical reasons, don't ask for details about their condition. Instead, you could ask whether they provided notice of their need to resign and whether they left on good terms.

Must we give an employee under the age of 40 who is offered a severance agreement time to revoke that agreement?

No. For employees under the age of 40, employers are not required to establish a specific time period during which employees may consider a severance package in exchange for additional compensation, or during which they may change their minds and revoke the agreement after signing. However, employees 40 years of age or older are protected by the Age Discrimination in Employment Act (ADEA), as amended by the Older Workers Benefit Protection Act (OWBPA). The OWBPA grants older workers additional time to consider severance agreements so they are not unduly pressured to sign them. They have at least 21 days to consider the agreement and seven days after they sign it to revoke the agreement. Employees who are part of a group termination must be given 45 days to consider the employer's severance offer. States may have additional requirements that should be considered as well.

How do we know if our managers are performing well?

Managers are doing a good job when both the teams they lead and the individuals they manage are thriving. Simply stated, teams thrive when they consistently deliver quality products or services while staying within budget. Individual team members thrive when they're advancing in their careers, learning new skills, showing initiative, taking on additional responsibilities, getting promoted, and adding value to the company.

If a team is getting its work done, but the individuals on that team are not developing professionally, then the manager in charge of that team may not be managing as well as they could be. Perhaps they aren't coaching employees, clearly outlining expectations, or addressing under-performance when it arises. That's worth bringing up with them when discussing their performance.

Keep in mind that managers can be only as good as their resources and support, though. If a team has no time or budget for professional development, the manager may not be to blame when their employees seem to be stagnating in their careers.

How many hours can I assign to a part-time employee? Is there a limit?



There's no specific limit to the number of hours you can assign to a part-time employee, as it's up to you to decide how many hours employees need to work in a week to be considered full-time. I recommend abiding by the standards you've set. So, for example, if you define full-time as working 35 or more hours per week, then you'd want to make sure you were assigning part-time employees fewer than 35 hours in a week.

If you are regularly assigning a part-time employee a full-time schedule—and full-time employees receive additional benefits, such as paid time off—you should consider reclassifying the employee to avoid claims of unfair treatment or discrimination. Also note that for certain laws (including the ACA) and for purposes of insurance or retirement plans, benefits will kick in when an employee hits a certain number of hours per week, regardless of whether you internally call them part-time or full-time.

Q&A Stream. Retrieved from <https://centricity.myhrsupportcenter.com/app/landing/20/show/list>