



## Winter 2012 Newsletter

### Legislative Update: Pennsylvania Act 32 Payroll Reporting

Beginning January 1, 2012, employers who maintain worksites in Pennsylvania or employ individuals who may work from their homes are required to withhold applicable earned income tax (EIT) from those employees. Under Act 32, signed into Law on July 7, 2008, employers are responsible for comparing the total applicable resident vs. non-resident EIT rates for each employee, withhold the higher of the two and send it to the tax collector of the work address. Employers must attain information in the Residency Certification Form for every employee and begin withholding the local EIT assessed and collected after December 31, 2011.

Implementation of Act 32 is expected to improve the local income tax system by reducing the number of tax collectors in Pennsylvania from 560 to no more than 69. New tax collection committees are formed to oversee the local income tax system within each district and administer a process that contains fines and penalties for tax officers who neglect to perform their required duties. Re-designed regulations, forms, and collection procedures will be consistent throughout the state.

For employees who live and/or work in Philadelphia, current Philadelphia withholding rules apply. Every employer who has a place of business within Pennsylvania but outside of Philadelphia must withhold the Philadelphia resident Earned Income Tax from employees who are Philadelphia residents and submit the withholdings directly to Philadelphia.

The payroll reporting responsibilities for employers and employees under Act 32 are as follows:

#### **Employer-Required Payroll Reporting Steps:**

- Register businesses with the tax collection district.
- Fill out the Residency Certification Form with employee signature.
- Monthly or quarterly, send withheld taxes for all employees to the appropriate tax collectors/officers.
- Within 30 days of the close of each calendar year, employers complete and submit the Annual Withholding Reconciliation Form to the appropriate tax collectors/officers.

#### **Employee/Self-Employed Payroll Reporting Steps:**

- Provide complete street address of residence, sign and date Residency Certification Form and file with the Employer. Upon change of address, the employee must provide updated information.
- If an individual is self-employed or obtains compensation other than through an employer/business entity, a Quarterly Estimated Earned Income Tax form must be filed with the Tax Officer for the tax collection district where the individual lives, within 30 days following the end of each quarter of the Calendar Year.
- No later than April 15, every employee must complete the Taxpayer Annual Local Earned Income Tax Return and file with the Tax Officer of the tax collection district where he/she lives. Any outstanding local earned income tax responsibility must be remitted with this return.

A detailed listing of tax collection districts and required reporting forms can be found on the Pennsylvania Department of Community and Economic Development website at [www.newPA.com](http://www.newPA.com).

*Julie Bluemle is Retirement Benefits Coordinator at SEPTA.*

## **A Fresh Approach to Market Data**

As we begin 2012, many companies are gearing up to participate in yet another round of competitive market surveys. Between the sometimes herculean effort of submitting/analyzing data, and the cost of purchasing multiple surveys, it pays to step back and ensure it's all worth it! Here's a checklist to help guide you through an annual review:

- **Complete a full inventory of the surveys in which you participate:** Include the percentage of your jobs and employees matched in the survey, the cost, the amount of hours spent to participate. Look critically at the list to determine if there are surveys that can be cut. Or perhaps certain surveys can be done once every other year. Sharpen your pencils!
- **Look for Other Sources of Market Intelligence:** Does your inventory reveal some gaps? Your budget may have little room for extra survey cost and your team may walk out if another survey is dumped on their desks. So be creative. How can you strengthen your network of contacts in the industry? Making a few calls to your colleagues in other companies may be enough to give you what you need to fill in those gaps. If you don't have a network, get working on it by attending some conferences and networking events. PEBA events are a great place to start!
- **Train your Managers:** Repeat after me: "There is no TRUE market rate." We compensation professionals know that market analysis is more of an art than a science. But

a number on a page can take on quite a bit of power to the untrained eye. We can help managers *interpret* raw data and balance it with a number of other important inputs. And the best way to do that is to invest some training time upfront. Show them the flaws and limitations and also the value of broadening the picture. You'll make life easier for both of you when it comes time to respond to a market pricing request.

- **Stop Already!** On a similar theme, we need to know when to call it a day. We can slice and dice the data hundreds of different ways but does that really get us to a better answer? We might also dig for days, looking for a market match for an unusual position. So the question you must ask yourself is: "Is it worth it?" And if your gut says no, go ahead and respectfully push back on your manager or client. Show courage and steer away from the dreaded "analysis paralysis." Make it a practice, and you may find that you will save time, money....and your sanity.

Best wishes for a smooth and productive survey season!

*Christine Stanton is the Head of US Compensation for TD Bank.*

## Get Techie in 2012- Cool Tools and Apps

Lose Weight. Work Out More. Get Organized. Were any of those goals on the top of your list for New Year's resolutions? You'll certainly find articles in my publications- this one included- about ways to accomplish the first two goals. But what about finding ways to be more organized, productive and maybe even more creative at work?

There are a host of new tools and applications for both traditional computers and mobile devices that might help you meet your goal, and impress a colleague or two to boot. Here's a list of applications you may want to consider:

**Prezi:** Prezi is cloud based presentation software that blurs the line between slides and white boards. You can easily rotate screen items or zoom in and out of your screen (similar to using your fingers to enlarge/shrink the screen on your iPhone). It is great software for brainstorming sessions, as it allows you to visually organize the importance of data on the screen. There are both free and paid subscriptions to this service.

**EverNote:** Misplace your sticky notes? Or wish you could share your to do list with a co-worker? Try Evernote. Evernote is a suite of software that allows you to share your notes across your device platforms and share them with others. Notes can be comprised of text, webpages, voice memos, or event photographs. There are free and paid subscription services for this product.

**FlightTrackPro:** Travel a lot? FlightTrackPro checks your airport delays, closures, arrival times, and temperatures in your arrival city. While that info is handy, the best features of the app are that it checks for last minute gates changes in real time for you. Flight cancelled? It will search for alternative schedules across different airlines for you. This is a paid subscription service.

**mbPointer:** Do a lot of presentations on the fly? Make your iPhone a presentation pointer. It works with both Mac and PC based PowerPoint software. All you need is a wifi connection. This is a for free (?) application.

**DropBox-** If you frequently use more than one device to read or save documents, consider downloading DropBox. Dropbox is cloud based software that allows you to sync all your documents to one place in the cloud. You can then download your documents to any device you have, resave and upload them to DropBox when you're done, and access them at a later time on a different device. This is a free application.

**WeekCalendar-** Yes, most mobile devices come with a calendar feature. But if you're a visual person who wants to color code you schedule or see your week's events graphically, this is the application for you. This is a paid application.

*Susan DeMinico is the Executive Director of PEBA*

## **Employee Engagement Trends**

There is no denying the challenges that have plagued the workplace over the past several years. The downturn economy brought large scale layoffs, mergers, bankruptcies and some of the highest unemployment rates in recorded history. As a result, several studies over the past two years have shown a steady decline in employee engagement levels.

According to Bob Hill at BusinessBrief.com, the drop in employee engagement is the result of five major contributing factors: the economic crisis, management's failure to acknowledge low morale, the overwhelming rise of big business, fear of being laid off or fired, and lack of new challenges. <www.businessbrief.com>

A 2011 global study conducted by consulting firm Blessing White reported that less than one in three employees worldwide are engaged and nearly one in five are actually disengaged. Fortunately, in the U.S., a third of employees reported that they are engaged which is higher than most other countries. <www.blessingwhite.com> Similar findings from the Aon Hewitt 2011 global engagement study showed that the overall global employee engagement average score has declined from 60% to 56% in the past two years. <www.aon.com> SHRM's 2011 U.S. Employee Job Satisfaction and Engagement study reported that although 83% of U.S. employees claimed to be satisfied to some degree with their current jobs, they are only moderately engaged in their positions. <www.shrm.org>

Less than two-thirds of global respondents in the Blessing White study reported that they plan to remain with their current organization, which creates a retention problem for employers. Luckily again, more than half of U.S. employees indicate they will stay with their organization through the next 12 months. According to this study, the top reason employees selected for staying with their current employer was that they like the work that they do. However, when asked the most important factor influencing thoughts of leaving their current employer, employees chose, "My career. I don't have opportunities to grow or advance here." <www.blessingwhite.com>

Particular employee engagement issues exist among younger generation workers, according to research conducted by GfK, a global market research company. Researchers from this study suggest that although younger workers typically have less responsibility, they are far more concerned with work-life balance than their older colleagues. Additionally, the younger generation has been forced to accept

less than ideal positions and even change career paths due to current economic conditions.  
<[www.gfk.com](http://www.gfk.com)>

"In the USA, we see a related pattern." said Tom Hartley, Vice President at GfK Custom Research North America, USA. "The newest generation of employees places a greater value on work that they believe is meaningful to society, and on a strong desire to use their skills in their jobs. U.S. employers are learning that it is crucial that the younger employees understand and buy into the value of the company's mission, and create opportunities where they can grow and contribute to making a difference."

The Blessing White study also found that older employees have higher engagement levels than younger employees. However, they contributed this to the fact that younger employees often hold lower-level roles so they are less invested in their responsibilities with their employer. Further, the study suggested that younger employers have an unrealistic sense of their career path which causes them to be unclear and unsatisfied in their goals and aspirations.

Another area of concern is the inability for employers to attract and retain employees with critical skills. A 2011 Tower Watson and WorldatWork survey reported that 59% of U.S. companies reported having this problem which is an increase from the prior two years.

Laura Sejen, global head of rewards consulting at Towers Watson explained, "Companies are taking longer to fill these positions, and more of them are open. There is clearly a greater-than-normal mismatch between the skills employers seek and those that are available in the marketplace. In short, despite the overall weakness in the job market, companies need a more appealing offering to attract critical-skill employees."

Additionally, this survey revealed that two-thirds of U.S. respondents reported that they have been working more hours over the past three years and using less vacation and personal time. More than half of U.S. companies also reported in the survey that they are concerned with their employees' productivity, ability to maintain a work/life balance and willingness to take risks.

"Employees generally don't mind doing more with less especially when economic conditions are tough," said Ryan Johnson, CCP, and Vice President of Research for WorldatWork. "But when this drags into multiple years, and they start to hear anecdotes of recovery, they become less understanding. At that point, the entire employee value proposition is crucial to retention."

The economic conditions are slowly improving but will not change overnight. So what steps can employers take to positively impact employee engagement and retain a productive, high skilled workforce? Look to the basics.

Jim Harter, Ph.D., chief scientist for Gallup's workplace management practice, suggests that managers fail to acknowledge the basic principle of providing employee feedback and recognition. In 2011, Gallup conducted its first global employee engagement survey using the Q12, their 12 item employee engagement assessment. Of the 12 items, the two most poorly ranked by employees in 116 countries involved lack of feedback and recognition. The items were as follows: "In the last seven days, I have received recognition or praise for doing good work and in the last six months, someone at work has talked to me about my progress."

"Managers often assume they give enough feedback or that people naturally know how well they are doing. Or managers assume that if they give no feedback, people will assume they are doing fine." Harter says. "But our studies show that the best managers around the world provide feedback regularly. Expectations are set and continually clarified through ongoing performance feedback and recognition."

Editors from the Harvard Business Review suggest that there are still five main reasons why employees stay engaged and satisfied in their current positions. Employees want to have pride in their organization, compatibility with their supervisor, be fairly compensated with benefits, have affiliation with colleagues and perform meaningful work that appeals to their passions and interests.

Tony Schwartz, CEO of The Energy Project explained, "All the surveys, from Gallup to Towers Watson, consistently show that only a small minority of employees feel fully engaged at work. From our perspective at The Energy Project, the reason is that employers are so busy trying to get more out of their workforce that they've all but lost sight of meeting the most fundamental needs of their employees. We see those needs as physical (for energy), emotional (for appreciation), mental (for self-expression) and spiritual (for meaning). The more employees feel preoccupied by those unmet needs, the less energy they bring to work every day."

***Maura Kelly Koehler is Benefits Administrator at Kennedy Health System.***

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## **With Your Help, PEBA Continues to Grow**

Have you told anyone about PEBA lately?

We welcome the following member companies who joined PEBA in recent months:

### **ARAMARK Corporation**

**(Valerie R. Wandler, CCP, Senior VP, Human Resources)**

ARAMARK is a leader in professional services, providing award-winning food services, facilities management, and uniform and career apparel to health care institutions, universities and school districts, stadiums and arenas, and businesses around the world.

### **Armstrong, Doyle & Carroll, Inc.**

**(Matt T. Doyle, Account Manager)**

Founded in the 1950s, Armstrong, Doyle & Carroll, Inc. is a full-service benefit consulting and brokerage firm headquartered in Wayne, Pennsylvania. They provide services for all aspects of the employer-sponsored benefit plan industry, ranging from actuarial work, retirement fund management, insurance marketing, cafeteria plan design and employee communications.

### **Bristol-Myers Squibb Company**

**(Kristin Wiegand, Benefits Analyst)**

Bristol-Myers Squibb is a global BioPharma company. For over 125 years, their mission has been “to discover, develop and deliver innovative medicines that help patients prevail over serious diseases.” Around the world, their medicines help millions of people in their fight against such diseases as cancer, cardiovascular disease, diabetes, hepatitis B, HIV/AIDS, rheumatoid arthritis and psychiatric disorders.

## **Dollar Financial Group**

**(Mary Ann McMenammin, Global Director of HR Administration)**

Through their nearly 1,300 retail storefront locations, multiple Internet websites and mobile phone and other remote platforms, Dollar Financial Group provides a variety of consumer financial products and services in seven countries across North America and Europe—Canada, the United Kingdom, the United States, Sweden, Finland, Poland and the Republic of Ireland.

## **Drinker Biddle**

**(Sharon L. Klingelsmith, Partner)**

For over 160 years, Drinker Biddle has been known for its service to the public and the bar and innovating for its clients. With 650 lawyers in 11 offices nationwide, Drinker Biddle is also committed to a long tradition of handling pro bono work and taking on unpopular causes.

## **Glading Group, LLC**

**(Rick Kelly, Vice President)**

Glading Group has established itself as the leading industry expert in helping plan sponsors meet their fiduciary obligations by ensuring that their retirement plans are priced reasonably. They specialize in analyzing investments and cost structures of all types of retirement savings plans including 401(k), 457, profit sharing, 403(b), and money purchase.

## **Philadelphia College of Osteopathic Medicine**

**(Denise Taylor, Benefits Specialist)**

Founded over 111 years ago, Philadelphia College of Osteopathic Medicine is dedicated to the education of students in medicine, health and behavioral sciences. The college fosters the growth of the osteopathic profession by training physicians through programs of study guided by osteopathic medical tradition, concept and practice

## **Presbyterian Historical Society**

**(John Wood, Associate for Administration and Finance)**

Founded in 1852 and headquartered in Philadelphia, the Presbyterian Historical Society serves the church's national agencies, mid councils and local congregations as well as scholars and the general public. Their mission is to collect, preserve and share the story of the American Presbyterian experience with Presbyterians, the scholarly community and the general public.

## **Principal Wellness Company**

**(Alice Taylor, Vice President, Sales)**

Principal Wellness Company has been in the wellness business for nearly 20 years, working with more than 300 organizations to create a culture of wellness in the workplace. Their parent company, The Principal Financial Group<sup>®</sup>, is a leading global financial company offering businesses, individuals and institutional clients a wide range of financial products and services for more than 125 years.

*Alyce Saba is Manager Benefits/HR Systems/Payroll at Quaker Chemical Corporation.*

