

THE SPOTLIGHT

A monthly HR, Benefits & Health newsletter designed exclusively for Nevada Benefits Clients

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Summer 2007

Is Workplace Safety Your Concern?

It's hard to deny that a strong safety and health program translates into increased efficiency and productivity on the job. Most employers can recognize common safety hazards and with the help of SCATS (Safety Consultation and Training Section) Industrial Relations through the Nevada Department of Business and Industry, Safety Consultants strive to provide safe working conditions for their employees. But, it's a little harder to uncover the health hazards that may be present in the work environment.

To help identify health issues you may have in the workplace, SCATS offers risk assessment

and consultation in the areas of environmental and occupational health through our team of industrial hygiene professionals. Industrial Hygiene Consultations are an important part of the SCATS program and can help businesses develop and implement required programs. They perform health risk exposure assessments and compliance evaluations, and assist employers in the development of site specific safety and health programs in the areas of: blood borne pathogens, indoor air quality, confined spaces entry, hearing conservation, health stress and respiratory protections, just to name a few.

Don Evans, Safety & Health Trainer of the Las Vegas Office will be conducting the one-hour lunch and learn on **Nevada OSHA Requirements for Employers (See back page.)** Mr. Evans has spent the last 20 years working in various safety jobs related to the mining industry in Nevada and overseas. Currently, he specializes in general industry courses with SCATS.

SCATS provides occupational health risk assessment and consultation services at no cost. To schedule a visit contact SCATS at 1-877-472-3368.

RSVP to 258-1995 for the 1-hour seminar.

Adapted from SCATS Quarterly Newsletter, Spring 2007.

HR For Smarties!

Who really wants to be the dummy? You won't be, if you already follow some of these....

Fixing simple things— save you money!

- Update your compliance posters! Minimum wage has changed!
- Take your I-9's out of your personnel folders.
- Keep confidential information, confidential!
- Don't forget to have new employees sign the required Nevada Work Place Safety Responsibilities .
- Do your reference checks, nothing says dummy more than having to keep rehiring for the same position!

Inside this issue:

HR Segment: Is Workplace Safety Your Concern?	1
<i>Beach Ball or Ball and Chain?</i>	1
<i>The Smart Guide to Re-</i>	2-3
<i>The Law: Nevada</i>	4
<i>OSHA Free Lunch and</i>	4

Beach Ball or Ball and Chain?

By Phil Randazzo

How do you picture your life at 65?

Do you see yourself relaxing on the beach and playing golf - or still working grueling 40-hour weeks just to keep up with the bills?

You started your career with the belief that at the end of the road, there would be a hefty nest egg waiting for you. But with higher costs of living and increasing debt, saving

for 65 gets harder by the day.

Unfortunately, delaying retirement savings by even one year can be costly. And many Americans are finding out the hard way. Retirement is indeed the number one financial concern among Americans and it was found that 63% of Americans age 35-50 have not saved enough. Believe it or not, only 37% have a Retirement plan in

place! Scary numbers!

No matter the size of your business, or even if you're an individual, you'll benefit from Nevada Benefits experience. Our plans are easy to start up, inexpensive to run, and simple to manage.

While your retirement may have fallen by the wayside, there is still hope that you can be bayside and not behind a desk! Call Phil Randazzo at Nevada Benefits at 702-258-1995.

The Smart Guide to 401 (k) s and IRAs:

Grow it, Protect it, and Cash it Out!

TAKE THESE SMART STEPS



- First put enough in your 401 (k) and earn your full company match.
- Invest as much as you can In an IRA such as a ROTH
- If you can save a lot more, fully fund your 401 (k)

Why a 401(k) is No. 1...

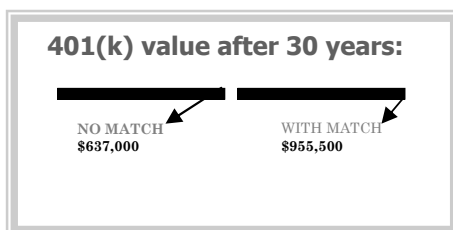
Maximum contribution in 2007:

\$15,500 or \$20,500 (If 50 or older)

What's Great...

You don't have to remember to save:

The money is taken directly from your pay. You pay no taxes on the dollars you invest. The funds grow tax-free until withdrawn. You get free money: Most employers match a portion of what you invest.



Traditional IRA

Maximum contribution in 2007:

\$4,000 or \$5,000 (If 50 or older)

What's Great...You can deduct your contribution on your tax return (if you qualify). You don't owe taxes on your investments until you withdraw the money. You can invest in almost anything.

YOU'RE ELIGIBLE...to contribute as long as you have earned income and for a deduction if you're not covered by a retirement plan at work or you're covered by a plan but your modified adjusted gross income (AGI) is \$52,000 or less (\$83,000 for married couples filing jointly). You get a partial deduction if it's less than \$62,000 (\$103,000 for married couples). You're not covered by a plan but your spouse is and your modified AGI is \$156,000 or less. You get a partial deduction if it's less than \$166,000.

Roth IRA

Maximum contribution in 2007:

\$4,000 or \$5,000 (If 50 or older)

What's Great...

It's one of the only true tax-free investments: You can withdraw your earnings without tax or penalty as long as you're over 59 ½ and the Roth is at least five years old. While you can't deduct your contributions, you can withdraw them at anytime tax- and penalty-free. You don't have to begin making withdrawals at age 70 ½.

YOU'RE ELIGIBLE IF...You have earned income and your modified AGI is below \$99,000 for single filers (\$114,000 for a partial contribution), \$156,000 for joint filers (\$166,000 for partial).

Traditional vs. a Roth? It comes down to paying taxes now or later

DO A TRADITIONAL IRA if...You think you'll be in a lower tax bracket after you retire. In effect, you're avoiding taxes now so you can pay them at a lower rate later. You're not likely to contribute at all unless you have the incentive of getting an immediate tax break.

DO A ROTH IRA OR 401(k) IF...You think you'll be in a higher tax bracket after you retire. You're paying

taxes on your contribution today but avoiding higher taxes in the future. You want tax-free income in retirement to balance out your taxable income. You want the option of keeping your retirement savings intact for your heirs.



- ⇒ Take your 401(k) plan with you when you switch jobs.
- ⇒ Know when it makes sense to convert to a Roth IRA.
- ⇒ Withdraw money sparingly, if ever, and never pay a penalty.

Do the Right Thing...

When you turn in your quite your job, don't cash out your 401(k). Instead roll it into an IRA or transfer it to your new employer's plan. (If it's worth more than \$5,000, you can always leave it behind too.

ROLL IT INTO AN IRA

More investment choices. You can open a rollover IRA at virtually any bank, fund company or brokerage firm. **More flexibility.** IRAs give you more leeway in naming beneficiaries and arranging withdrawals.

Keep it in a 401(k)

Loans - You can typically borrow from the 401(k) at your current job, but not from an IRA.

- ⇒ **Access-** If you're retired at age 55, you can take out money without paying a 10% penalty. With rare exceptions (see right), you can't empty an IRA penalty-free until you turn 59 ½.

...Because the Wrong Thing Will Cost You

What happens to a \$50,000 401(k) if you cash out:

$$\$50k - \$15k - \$5k = \$30k$$

START VALUE TAXES PENALTY WHAT'S LEFT

NOTE: Assumes 30% combined local and federal tax brackets.

Never touch the rollover funds Have your former boss make out a check to your IRA trustee or the administrator of your new 401(k). If the check is made out to you, 20% will be withheld for taxes. To avoid paying taxes and a 10% penalty, you'd have to deposit the check- plus the 20% that was withheld- in a new IRA in 60 days. So don't even go there.

Know When to Convert to a Roth IRA You can switch a traditional IRA to a Roth IRA at any time. You'll owe income tax on the money you convert, but in return you can get at your savings tax-free in retirement.

YOU'RE ELIGIBLE IF... Your modified AGI is not \$100,000, although this requirement will be dropped in 2010, opening conversions to everyone.

MAKE THE SWITCH IF... You want to hedge against the possibility that you'll face a higher tax rate in retirement, and you can pay the conversion tax with money you have outside the traditional IRA, and you want access to tax-free income after you retire, which gives you more flexibility to manage your tax bill.

Exit an IRA Early for Critical Causes Only

You can tap an IRA before you retire. Just keep in mind that doing so leaves you with less to live on later.

For college costs, you can withdraw IRA money penalty-free for qualified education expenses, though Roth earnings are taxable in this case. To help purchase your first home, you can withdraw as much as \$10,000 penalty-free. For medical expenses you can tap your IRA with no penalty if you are disabled or you are unemployed and need funds.

Cash It Out



FOLLOW THIS THREE-STEP PLAN

STEP 1. Spend down your taxable savings first. Let your IRAs and 401(k)s keep growing.

STEP 2. Move on to tax-deferred accounts like a 401(k) or IRA. (You must at 70 1/2 .)

STEP 3. A Roth IRA doesn't force you to take out money ever, so you can dip into this last.

*The Best Reasons to Change the Order

The taxable to tax-deferred to Roth route is the rule. Sometimes, though, you should break it.

WINNING STOCKS – Say you have highly appreciated stocks and funds in taxable accounts that you don't need for income and want to leave to your heirs. You'll pay high taxes if you cash them in, while your heirs will get the benefit of a stepped-up cost basis (and thus a lower tax bill). Jump to Step 2 instead.

HARD TIMES – If you expect your taxable income to fall in a given year, take advantage of your lower-than-usual tax rate. Bypass Step 1 and withdraw funds from your 401(k) or IRA.

GOOD TIMES – If, on the other hand, you look to be in an abnormally high bracket for the year- say, because you took a job- you may want to move your Roth's tax-free withdrawals of Step 3 to the head of the line.

Stay on the Right Side of the IRS

Remember, these birthdays

And you'll avoid a costly penalty!

You can tap your 401 (k) plan at age 55. The April after you turn 70 1/2 you must tap. If you are still working, you cannot tap the 401(k) at your current job and you don't have to take withdrawals at 70 1/2.

You can tap your Traditional IRA plan at age 59 1/2. The April after you turn 70 1/2 you must tap. You can tap your Roth IRA plan at 59 1/2 and there is no maximum age you must tap funds by. You can always withdraw your Roth contributions without tax or penalty if your Roth is at least five years old.

TIP:

Withdraw early and dodge a penalty

If you retire young and really need to tap your IRA, you can sidestep the 10% early withdrawal penalty by taking advantage of what's known as the 72 (t) annuity exemptions. Basically, you must draw the money from your IRA in "substantially equal periodic payments". You have leeway in how you calculate those payments, so you can make them larger or smaller, depending on which of three IRS approved methods you choose. But after you begin, you can't change the amounts and you must continue taking out money for five years or until you reach age 50 1/2, whichever takes longer. After that you can stop the payments and go back to drawing as much or as little from your IRA as you like until, if it's a traditional IRA, you turn 70 1/2.

Do some good with your IRA

Years of careful planning may have left you with more in your IRA than you could ever need. Congress has made it easier to be generous with your surplus. For 2007 only (unless lawmakers extend this 2006 law), you can donate up to \$100,000 a year to a charity directly from your IRA.

To qualify, you must be 70 1/2 or older. You won't pay any taxes on the withdrawal (and you can't deduct your gift),

(Continue, Page 4)



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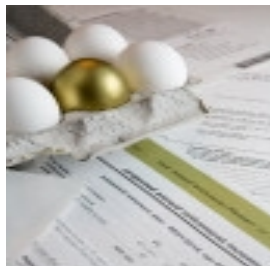
Coming up next time in the HR Segment...

Alternative Dispute Resolution and the EEOC Universal Agreement to Mediate

For Human Resource assistance call Nevada Benefits at 258-1995.

No-Charge HR services available to Nevada Benefits group insurance clients.

Nevada Benefits is a brokerage of independent agents licensed with every major insurance company in Nevada. We offer free services, such as comprehensive Financial Plans, Human Resource assistance, and a wealth of resources to help you prosper.



Continued from page 3

but the donation counts toward your required minimum distribution, making it an especially good strategy if you

have a sizable traditional IRA.

For more information on this and other programs that Nevada Benefits provides, call Phil Randazzo at 702.258.1995

The Law:

Nevada Work Place Safety

The law requires that employers shall provide newly-hired employees with a copy of the Nevada Work Place Safety document <http://4safenv.state.nv.us/rightsresp.pdf> or with a video setting forth the rights and responsibilities of employers and employees to promote safety in the workplace.

Employers shall keep a signed copy of the attached receipt in the employee's personnel file to show he or she has been made aware of these rights and responsibilities.

In this newsletter

- **Workplace Safety**
- **Beach Ball or Ball & Chain**
- **Grow it, Protect it, Cash it Out**
- **The Law: Nevada Workplace safety**

If you'd like to see a particular subject included in our next newsletter, or would like to contribute please email tanja@nevadabenefits.com

Learn About a \$7,000 Coffee Pot?

Nevada OSHA FREE Lunch and Learn Seminar at Nevada Benefits

Tuesday, June 19, 2007 at 12:00-1:00 pm.

RSVP by 6/15/07 to save your place! 702-258-1995