



MERIT
resources

IN THIS ISSUE:

Feature Story
(ESAC) Accreditation

Feature Story
20th Anniversary

Employee Benefits
Universal Healthcare

Risk Management
Available Services

Human Resources
Mandatory Furloughs

Payroll
System Upgrade



September 2009

ISSUE NO. 01

LETTER FROM THE PRESIDENT



In becoming our partner, you've demonstrated dedication to effectiveness and efficiency within your workplace and to competitiveness within your industry. Merit Resources provides you the leading edge in all areas of employee benefits,

payroll and payroll tax administration, worksite risk management and human resources.

Merit Resources marks a milestone this year—our 20th anniversary. Unveiling this e-newsletter is part of an initiative to keep you better informed about the hard work Merit does on your behalf every day. In it we will demonstrate our expertise and experience to share the insights that impact you and your company.

So, welcome to the first issue of m•pact, our bimonthly e-newsletter. Each issue will highlight best practices, industry developments and technological advancements that affect your business success. This and other client communications are designed to ensure your peace of mind and to further ease your way through the myriad of complexities in today's employment environment.

Thank you for your trust. Our corporate mission, guiding principal and our pledge to you our clients is that **we make employment easy**. We hope that this tool will serve that purpose, and we welcome your active feedback.

Joel Duncan
CEO & President, Merit Resources

Merit Resources is now accredited by the Employer Services Assurance Corporation (ESAC). Accreditation signifies that Merit Resources continuously meets the highest standards applied to firms in the Professional Employer Organization (PEO) industry. ESAC accreditation is very difficult

to attain, and places Merit solidly among the top 3% of PEOs in the nation in terms of financial, professional and ethical accountability according to industry-accepted standards. Merit Resources is the only ESAC accredited PEO in Iowa.

ESAC accreditation means, among other things, that as a Merit Resources client you have **\$11 million worth of surety bonds covering all payments Merit makes on your behalf.**

This PEO industry assurance program parallels the development of similar

programs such as the FDIC for the banking industry, SIPC for the securities industry, and state insurance guaranty associations for the insurance industry.

To our customers, ESAC accreditation demonstrates Merit Resources' ongoing commitment to service quality, compliance with state and federal employment laws and PEO regulations, and our qualified PEO leadership with a proven business track record.

Bottom line: ESAC accreditation is one more assurance that with Merit Resources, you can be confident and comfortable that your employment matters are being handled professionally every day.

MERIT RESOURCES EARNS
**PRESTIGIOUS ESAC
ACCREDITATION**



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20TH ANNIVERSARY CELEBRATION NOVEMBER 5, 2009



Merit Resources was established in Des Moines in 1989, so we are very proud to celebrate our 20th anniversary in 2009! To acknowledge this landmark anniversary, Merit Resources will host an event on November 5 in our corporate offices at 4165 120th Street in Urbandale.

The event will include entertainment, prizes, refreshments and a great opportunity to meet members of the Merit Resources team, various Merit vendors and other Merit Resources clients.

Details of the event will be sent to you soon, so please save the date and plan to attend the Merit Resources 20th Anniversary

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EMPLOYEE BENEFITS UNIVERSAL HEALTHCARE

The healthcare debate is raging in Congress, on talk shows, among friends and online. Key congressional committees are close to finishing their work on healthcare reform legislation. President Obama continues to push Congress for final passage.

It is a complex topic, and it seems clear that no single solution will satisfy a solid majority of stakeholders. There is growing awareness that the increasing cost and number of uninsured Americans puts our nation's overall competitiveness at risk.

The National Association of Professional Employer Organizations (NAPEO), of which Merit is a member and is active in leadership of the organization, has submitted a statement to the U.S. House of Representatives' Committee on Ways and Means regarding healthcare reform, expanding coverage, improving quality and controlling costs. Its charge questions the premise that

“one size fits all” and that the U.S. should maintain existing successful models for providing health benefits to workers. In addition, all members of Merit Resources' senior management team, including CEO Joel Duncan and Chairman Joe Lane, have been in direct contact with legislators and administration officials to discuss the matter.

As you know, PEOs such as Merit Resources bring essential benefits to your employees by aggregating workers from many businesses. This is consistent with one objective of healthcare reform—to improve health insurance coverage of employees of small businesses.

NAPEO and its member companies are prepared to assist Congress in exploring all options and innovations. PEOs are part of the solution to healthcare access, highly experienced in providing healthcare benefits for employees and small to mid-sized companies. We know the complex administrative tasks involved with providing healthcare to workers.

Improving healthcare is a priority for Merit Resources. As our country moves forward in this complex debate, please know that Merit Resources will continue to actively engage all sides on behalf of our clients.



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RISK MANAGEMENT

RISK MANAGEMENT SERVICES: WHAT ARE THEY?

At Merit Resources, the Risk Services team works to *make employment easy* by helping eliminate workplace hazards and minimizing the impact of work-related injuries and illnesses on our clients' businesses and employees.

There are three main components to the Merit Resources Risk Management Services model:

1. The Risk Services team works to identify and analyze risks by evaluating potential losses on an individual client basis and identifying client-specific areas of need.
2. Our Risk Services team develops and implements programs to avoid or reduce risks, which may include drafting client-specific safety plans, establishing programs for daily

safety management, and providing ongoing risk management training opportunities.

3. When losses do occur, the Merit Resources Risk Services team manages those losses through aggressive claims management, early return-to-work policies, continuous monitoring of losses, and investigation of abnormal, frequent and/or potentially fraudulent work-related injury claims.

The Merit Resources Risk Services team has adopted a proactive risk management approach, and with the support of your onsite management teams, we continually strive to reach our common goal of ZERO workplace injuries.

In the event that one of your employees is injured or becomes ill on the job, we encourage you to report the claim immediately to Merit's Claim Department at (800) 336-1931 or (515) 334-6124. If you become aware that an employee has reported a potentially fraudulent claim, call our Fraud Hotline at (800) 336-1931 ext. 6145 or (515) 334-6145.

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“As an executive who was a relative newcomer to the responsibilities of the HR and Administrative function, Merit has saved me enormous time and, more important, avoided missteps. Merit's team is highly knowledgeable and responsive, providing personalized guidance on issues where Merit gives me a level and depth of service that is invaluable. Merit delivers what it promises. I'm grateful Merit is well established at Cedar Valley Habitat!”

—Jeff Capps, Executive Director, Cedar Valley Habitat

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HUMAN RESOURCES

MANDATORY FURLOUGHS

Mandatory furloughs may be an alternative for many employers in tough economic times. However, while furloughs don't create many of the risks of termination, there are legal pitfalls to avoid.

• **Mandatory Furloughs' Effect on Exempt Employee Status**

Under federal law and most state laws, you must pay exempt workers the same minimum salary for each pay period. If an exempt employee performs any work during a workweek, he/she must receive full salary for that week.

• **Full Workweek Furloughs**

If an employer furloughs an exempt employee for an entire workweek, no salary is owed for that full week. The employee's exempt status is not affected. However, accrued time off doesn't accomplish a cut in cash outlay, the typical purpose of furloughs.

• **Partial-Week Furloughs**

One common approach to furloughs is to reduce salaries by 20% and then reduce workweeks by one day a week. It seems fair and provides employees with three-day weekends as compensation for the pay cut.

• **Fixed Changes**

An employer may make a "fixed" and "permanent" decision to reduce the hours and corresponding pay for exempt employees.

• **"Voluntary" Furloughs**

Unpaid furloughs may appeal to employees, if viewed as avoiding layoffs. An employer can treat this as unpaid time off for personal reasons, other than sickness or disability, for one or more full workdays. Employees' willingness to take this must be "completely voluntary."

• **No Work Permitted**

With the best intention, some employees will voicemail, e-mail or otherwise work while on furlough. An exempt employee is entitled to pay for any such work. Employers should inform employees that work is not authorized during a furlough without advance written approval.

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PAYROLL

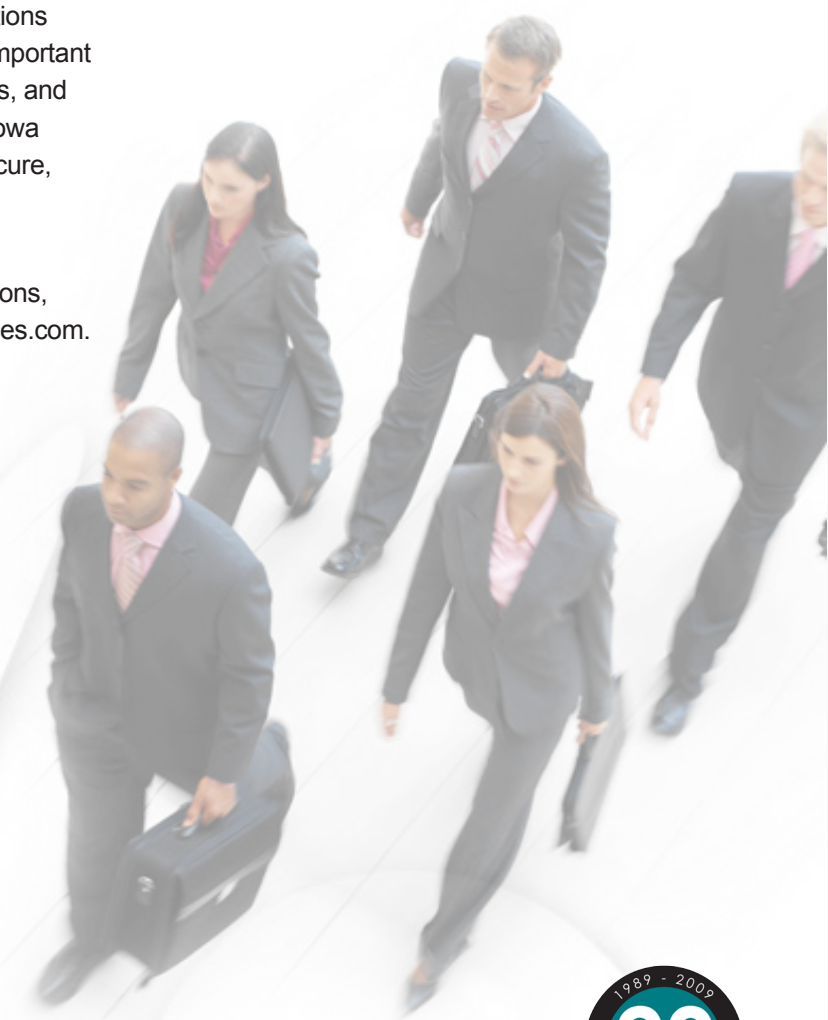
DRAMATIC PAYROLL SYSTEM UPGRADE

Our mission is clear to make employment easy for our clients. To help achieve this mission, we at Merit Resources have dramatically upgraded our payroll administration systems and software, including new paycheck and report formats. The new system is called eMERIT, and it is a state-of-the-art, complete implementation that establishes Merit Resources' payroll service as one of the most advanced systems in the country. In addition to greatly enhanced accuracy and efficiency, this upgrade will include:

- Robust and secure online time entry system
- New HR reports available
- Individual pay stub viewing
- Manager access to certain employee data (at your discretion)
- **Manager Self-Service**
 - Ability to enter employee changes such as pay rates and departments
 - Custom report writing tool
- **Employee Self-Service**
 - Ability for employees to view information such as pay stubs, W2s, Paid Time Off, etc.
 - Online benefit enrollment
- **Employee Handbooks and Forms**
- **Management Training**
 - Delivered through Webinars

At Merit, we have invested a great deal of time and resources in this implementation, and we have done so to enhance the abilities of our payroll staff (most of whom carry certifications from the American Payroll Association). We know how important accurate and timely payroll is to you and your employees, and we are thrilled that Merit Resources is the only PEO in Iowa capable of implementing this dramatically enhanced, secure, reliable payroll service for our clients.

We will contact you soon to schedule training on these enhancements for your company. If you have any questions, contact us at (800) 336-1931 or at payroll@meritresources.com.



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