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Registration Open for Employer Training Workshops

December 6 and 7 in Anchorage

A tentative schedule for the Employer Training Workshops is below, additional details to follow.



Thursday, December 6

8 a.m. to 4:30 p.m.

Accounting and Member Services Section

Topics presently include:

- Rehired Annuitants
- Scattered Leave Without Pay

Friday, December 7

8 a.m. to 4:30 p.m.

Internal Revenue Service (IRS), Social Security Administration (SSA) and Audit will present with additional Q & A Session.

Topics presently include:

- Federal Voluntary Compliance Program
- Guidelines for Gaming Activities
- Independent Contractors vs. Employees

All Employers and Political Subdivisions are invited to participate in these Employer Training Workshops sponsored by the Division of Retirement and Benefits. Training sessions will be held at the Captain Cook Hotel in Anchorage. If you're attending the ALASBO Conference, this training directly follows that conference. You can now [register online](#) for these workshops. Topic suggestions are also being accepted: [Submit a topic suggestion](#).

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Are You Hiring Employees or Independent Contractors?

Division Auditors Can Help You Find the Answer



One of the biggest Federal tax reporting issues that government employers are dealing with nationwide is the hiring of employees as independent contractors. Division of Retirement and Benefits auditors are responsible for verifying information identifying whether individuals are considered employees or independent contractors. This falls under their responsibilities as State Social Security Administrator, a role Division auditors have held since 1991. When Division auditors perform employer audits they also review an employer's Federal Forms W2, Forms 1099, and other tax reporting documents. A common problem is independent contractors who are employees.

The IRS has developed several cross-checks of reported information in order to spot employees who are not actually independent contractors. Some examples of these cross-checks include:

- Review of Forms 1099 for governmental entities to see if the contractor received only one Form 1099 from a single employer, which would indicate that the contractor is not actually running a business.
- Matching a governmental employer's Forms W2 and Forms 1099 to see if an employee also worked as an independent contractor. Even though an employee working as an independent contractor can occur under limited circumstances, it is unlikely.

Employers often ask the Division if they can hire a PERS or TRS retiree as an independent contractor to temporarily fill a vacant position. In most cases, the answer is **no**. If a retiree fills a vacant position that is part of the normal job process the retiree is more likely a temporary or non-permanent employee. *(Unless they are in the business of providing such services to the general public and even in that situation, some jobs, including school superintendents can only be filled by an employee.)*

To determine whether a person is an independent contractor or an employee, it is important to consider all evidence regarding the degree of control and independence. Independent contractors should:

- Perform duties that are not part of the normal work flow;
- Perform a task that has a specific result (end date);
- Expect to receive income from more than one source;
- Have a business license;
- Have a business premises; and
- Provide services to more than one employer.

If after reviewing this information, it is still unclear whether a worker is an employee or an independent contractor, the following resources may be helpful.

- [Common-Law Employee Regulation](#)
- [IRS Federal-State Reference Guide, Publication 963](#)
- [IRS Worker Classification Webinar](#) - Explains how to classify workers and is available to view at your convenience.
- [IRS Publication 15 \(Circular E\) Employer's Tax Guide](#)
- [Form SS-8: Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding](#) can be filed with the IRS

Please note: Possession of a business license or insurance does not make a valid independent contractor. These are only beginning steps. There are not a set number of factors that makes a worker an employee or an independent contractor.

If you determine that a PERS or TRS retiree is a contractor, and an audit by the State or the IRS later determines that the employee is not a contractor, both the member and employer will have to pay the following items.

The **member** will be responsible for:

- repaying any and all retirement benefits received while working as a contractor.
- paying any employee contributions that should have been paid.

The **employer** will be responsible for:

- paying any employer contributions to the PERS that should have been paid and for all Federal reporting adjustments.
- paying all employee and employer taxes (Social Security/Medicare) that should have been withheld and reported.

In addition, our Division auditors are always available to discuss this issue with you.

- [Katherine \(Kay\) Gouyton](#)
 - Division Auditor, State Social Security Administrator
 - Toll-Free: (800) 821-2251 • (907) 465-5707
- [Robert Gregg](#)
 - Internal Auditor, State Social Security Assistant
 - Toll-Free: (800) 821-2251 • (907) 465-4469

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Find PERS and TRS Handbooks at Alaska.gov/drb

Share with Employees in the Defined Benefit Plans



PERS and TRS Information Handbooks are available for download from the Division of Retirement and Benefits Web site. Since the Division no longer prints the handbooks for distribution, it is important to share these links with employees on a regular basis. The information in the handbooks is valuable and clearly explains the PERS (Tier I, II, and III) and TRS (Tiers I and II) programs for employees.

- [PERS Handbook](#)
- [TRS Handbook](#)

Employees without Internet access should [contact the Division](#) toll-free at (800) 821-2251 or in Juneau at (907) 465-4460 for a printed copy of the PERS or TRS Handbook.

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Who to Contact

[Contact the editor](#) with questions or suggestions about this newsletter. [Archives to 2008](#) are available.

- [Audit Section](#) (907) 465-5707
- [eReporting/Payroll Processing](#)
- [Financial Education and Advice Services](#) (800) 232-0859
- [Health and Optional Benefits Section](#) (907) 465-4460

- [Retirement Counseling Services](#) (907) 465-4460
- [Retirement Customer Service Center](#) (907) 465-4460
- [HealthSmart \(formerly Wells Fargo TPA\)](#) (877) 517-6370

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*Alaska Division of Retirement and Benefits
State Office Building
333 Willoughby Avenue, 6th Floor
P.O. Box 110203
Juneau, AK 99811-0203*

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