

**Perspectives - Newsletter for
Management Team**

Get Ready for Changes in the 1099

Not getting a lot of attention as yet is a provision of Patient Protection and Affordable Care Act (PPACA) requiring virtually every payment to a supplier to be reported on a Form 1099 beginning in 2012 even if the supplier is a corporation. You can look forward to adding up all the payments made to your paper merchants, ink manufacturers, binderies, etc. so that you can send them 1099s in January, 2013. Just to get in practice for this, you will be required to report the value (premium paid) for your employee's health benefits in 2011 on their W-2's in January of 2012.

IRS Announces 2011 HAS Limits

The Internal Revenue Service (IRS) has announced the 2011 inflation adjusted amounts for Health Savings Accounts (HSAs). Annual contribution limits for calendar year 2011 are unchanged from 2010 amounts:

- * Deductions for an individual with self-only coverage under a high deductible health plan: \$3,050
- * Deductions for an individual with family coverage under a high deductible health plan: \$6,150

A "high deductible health plan" is defined as a health plan with an annual deductible that is not less than \$1,200 for self-only coverage or \$2,400 for family coverage, and the annual out-of-pocket expenses (deductibles, co-payments, and other amounts, but not premiums) do not exceed \$5950 for self-only

coverage or \$11,900 for family coverage.

Green Card Redesigned

In May 2010, the U.S. Citizenship and Immigration Service (USCIS) announced a redesign of their Permanent Resident Card - commonly known as the "Green Card" - to incorporate several major new security features. State-of-the-art technology prevents counterfeiting, obstructs tampering, and facilitates quick and accurate authentication of the card.

Postal Theft

The USPS has armies of employees and, being human, some of them go astray. A record was set by a Minnesota postal worker who stole Best Buy award certificates and redeemed them for \$200,000 in merchandise, some of which he sold to supervisors.

Honest Ads

A Gallup/USA Today poll ranked ad agency folks ahead of lobbyists and car salesmen but below members of Congress in terms of honesty and ethics. In this vein, research conducted by the University of Missouri found that honest advertising is more important than sustainability or social responsibility in maintaining corporate reputation. You can help your clients by showing them that direct mail that works tells it like it is, not like an email from the gentleman in an African country offering to let you launder his money.

**PRINTING
INDUSTRIES
OF VIRGINIA**

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PIVA Newsletter Third Quarter 2010

Printing Industries of America has named the 2010 Education Awards of Excellence



We are proud to announce that this prestigious award was received by our very own Katie Gekker. The award is presented annually to an industry representative in recognition of outstanding contributions to education and training in the graphic arts.

scholarship funding for instructors and programs for teacher continuing education and capital expenditures.

Katie routinely visits the 19 graphic communications programs throughout Virginia to educate students and work with teachers to preserve graphic



Katie Gekker is the director of the Ambassadors for Print & Graphics program launched in 2007 by the Virginia Printing Foundation. The Ambassadors for Print & Graphics program was designed by Katie and aims to align education, workforce, industry, and economic growth strategies statewide so that more students take advantage and participate in the opportunities afforded by careers in the printing industry.



communication programs as well as raised interest in them. In doing so, Katie hopes to avoid future workforce shortage and help the industry flourish.

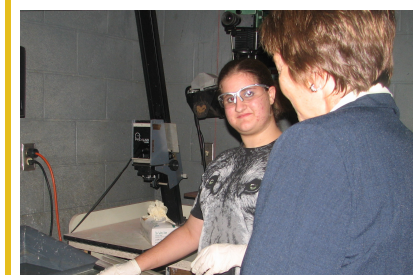
The Ambassadors for Print & Graphics program has seen PrintED accreditation applications increase dramatically, two new scholarships

program launch (The Progress Printing Education Scholarship and the E.Worth Higgins, Jr., Print Educator's Grant), the Education Summit adopting the program as a key initiative that recognizes it as a

program that can be duplicated elsewhere and several Virginia high schools add graphic communication courses to their curriculum.



Katie tours the commonwealth of Virginia educating students and teachers as well as raising awareness about the many benefits that the printing industry has to offer. Since 2007 when this program began,



Katie has increased teacher morale, worked closely with graphic communications programs to increase student

awareness and enrollment in graphic programs, ensure graphic communication programs persist from one year to the next, and secured

"Katie approaches her challenge from every angle, mentoring students, persuading parents, supporting teachers, communicating with advisory and school boards and advocating for statewide programs," a peer said.

Webinar - Making the Most of Your Marketing Time and Dollars
 October 12, 2010
 Noon to 1:00 pm

Free Cocktails & Connections with PGAMA at National Harbor
 October 14, 2010
 5:30 pm to 7:30pm

2010 Executive Management Summit & Symposium
 October 14-16, 2010

Webinar - Winning Website Secrets for Print Service Providers
 November 9, 2010
 Noon to 1:00 pm

A Message from the Chairman



PIVA Chairman Susan Higgins Worth Higgins & Associates, Inc.

On August 3 and 4, the PIVA's Board of Directors met in retreat to evaluate the status of the organization and formulate plans for the future. PIVA's current situation is, as you might expect, a reflection of the printing industry as a whole: we are financially depleted and we need to re-define ourselves so that

we bring greater value to our membership.

The retreat was facilitated by Katie Gekker. Katie's experience in our industry is eclipsed only by her passion for print. She has spent over 35 years in our industry, as former owner of The Huffman Press, past chair of PIVA, a Hall of Fame inductee, and current chair of the Ambassadors for Print & Graphics Program of the Virginia Printing Foundation. Since 2007, Katie has been leveraging her years of experience to help businesses and organizations like ours realize their potential through a planning process which she calls a "Strategic Blitz."

Katie's process began with an asset-based strength exercise where the Board identified PIVA's mission related assets, physical assets, human assets and community assets. She captured our ideas, the Board prioritized the top 16, and then we began to map out an execution plan.

In order to insure our future, the board agreed that PIVA needs to focus on:

- serving and supporting members
- marketing itself
- developing a value proposition
- improving our financial situation
- identifying what compels non-members to join
- expanding our reach beyond print
- embracing and promoting change in our industry
- communicating through social media
- having fun
- managing our resources

- revisiting our value proposition annually
- meeting and communicating more regularly (board)
- exploring why Dscope works as a model
- building a sense of community in our industry
- growing membership
- developing new revenue streams
- sponsoring peer groups and regional dinners
- partnering with other associations (which are not affiliates)

We also agreed that our most immediate goal should be to improve our financial situation, as nothing else is possible without adequate funding.

And so we developed a four-part "crisis plan" to:

- increase printer membership
- increase vendor membership
- promote VADA
- conduct a financial review

Katie's leadership left us energized, organized and focused. You have a strong Board this year, one whose members have a clear bias to action. Their years of experience and profound spirit of cooperation have already proven to be invaluable.

As we go to press, four committees have been formed, eight members have volunteered to serve alongside Board members on those committees, we have revised our dues structure and made every printer in the state of Virginia a PIVA member, and each Board member is making personal phone calls to lapsed members and prospects to try to increase membership.

We encourage you to get involved. Call Alice Fletcher at 804-550-7500 and volunteer. If you have an idea for making PIVA a more valuable, viable organization, please share it with Alice or with me at shiggins@whaprint.com.

Susan Higgins
 Chairman

Yes, There Will Still Be Print

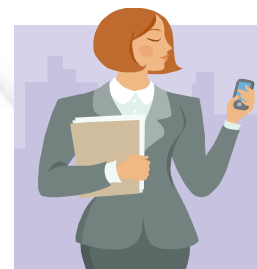
Print will be with us for the foreseeable future, but it will have more and better color, and be produced in ever shorter runs with personalized one-to-one looming larger and larger. Direct mail will continue to have the unique power of reaching out and touching its target audience assuming that it isn't derailed by privacy advocates, "do not mail" campaigns, and the tender mercies of the USPS. Packaging and labeling will continue, as products cannot be virtually packaged. Consumers and businesses will continue to like well designed stationery, greeting cards, and announcements. Chances are that there will continue to be a growing separation between creative and manufacturing, affecting business models and manufacturing models since being world class in both is a tall order.

They're Not Independent Contractors

We've [been] hearing a lot about prospective employees who want to work as "independent contractors", getting a 1099, so they can continue to get their UI checks. The simple fact is - it's illegal and doing it causes both the employee and employer to violate the law. Anyone who works for you, either selling or working on your equipment is an employee who must be on the payroll with appropriate payroll and withholding taxes.

When Women Own the Company

Women Presidents' Organization (WPO) and American Express recently released a list of the 50 fastest growing privately held women-led companies in North America. It's a list that includes a huge variety of companies which collectively, generated a \$2.3 billion in gross revenues in 2009 and employed an average of 128 employees. Despite the myriad businesses they reflect, there are key similarities in these businesses. WPO president Marsha Firestone shared a few observations about what unites the companies on the list. Perhaps their success is linked to these characteristics?



- * They're generous with benefits - 80% provide health insurance, 72% provide both health and life insurance, 86% have 401K plans, 52% provide tuition reimbursement, 56% allow telecommuting, and 50% have flextime.
- * They know the value of a good team - All of them talked about the need for a highly skilled team and two thirds cited that as key to their ability to grow fast. They also noted that the three most significant factors in hiring and keeping staff were: the company's positive reputation; competitive compensation; a flexible work environment.
- * They're good at delegating - 85% rate themselves as good or excellent at delegating.
- * They hold on to ownership - 80% of the women on the list own between 90 and 100% of their companies; 56% own 100%.

New Tax Benefits

Two new tax benefits are now available to employers hiring workers who were previously unemployed or only working part time. These provisions are part of the Hiring Incentives to Restore Employment (HIRE) Act enacted into law in March. Employers who hire unemployed workers this year (after Feb. 3, 2010 and before Jan. 1, 2011) may qualify for a 6.2-percent

payroll tax incentive, in effect exempting them from their share of Social Security taxes on wages paid to these workers after the date of enactment. This reduced tax withholding will have no effect on the employee's future Social Security benefits, and employers would still need to withhold the employee's 6.2 percent share of Social Security taxes, as well as income taxes. The employer's and employee's shares of Medicare taxes would also still apply to these wages. In addition, for each worker retained for at least a year, businesses may claim an additional general business tax credit, up to \$1,000 per worker, when they file their 2011 income tax returns. Read more at www.irs.gov/newsroom/article/0,,id+220326,00.html.

Watch This

We have heard of several instances of clients issuing purchase orders or purchase contracts that include printer liability for consequential damages. Industry trade customs and the current suggested Best Practices have provisions excluding consequential damages for the obvious reason of their potential disparity. An error in a \$5,000 printing job could produce a \$500,000 loss. Acceptance of the purchase order or contract with this provision will override the printer's exclusion even if it has been properly communicated to the client because the purchase order is an offer which becomes a binding contract if accepted by the printer. Either the offending language must be removed by agreement or the order refused. Another solution is to have Printer Errors and Omissions insurance in sufficiently high limits and in the proper form to cover the exposure, but insurance is not a free lunch and claims will be reflected in later premium increases.

Checking References

Jim Kyger, PIA Director, Human Relations, says that its essential to check the references of potential new hires using questions like these to do the job over the telephone. I understand [Prospective Employee's Name] worked for you from [date] until [date]. Is that correct?

1. What was their title? What were their responsibilities?
2. What was the employee's last salary? Did they always receive merit increases?
3. Did their salary include bonuses, incentives, or overtime?
4. Is the employee honest in your opinion?
5. Was it easy to replace them?
6. Since they were such a good employee [if, in fact, that is the reference], why didn't your company try to keep them from leaving?
7. Given that none of us are perfect, what would you say their shortcomings were?
8. Did the employee get along with all of their coworkers? If not, what factors led up to the conflict?
9. How did the employee come to be employed by your organization?
10. Can I take a moment to read you the part of the employee's resume that describes his or her job with you? After reading the section] Is that a correct description?
11. Is this person eligible for re-hire?
12. Does this person have disciplinary memos in their file? Can you disclose the topic? Did the employee correct the issue to the company's satisfaction?