PIASC Native.news

Serving the Printing & Graphic Communications Industry in the Western U.S.

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Clean Out Your Storage Areas–The Annual Surplus Drive is January 20-21!

What's a great way to support a worthy cause while clearing your facility of unneeded paper and office supplies? Donate these items to the PIASC Foundation's annual Surplus Drive! Instead of seeing things collect dust and take up space, you can enjoy knowing your donated paper and office supplies will be put to good use at the graphics programs at our area schools.

Over the past 30+ years, the Surplus Drive has grown into a three-day event at which an average of 75 pallets of materials are donated. Days one and two are devoted to accepting and organizing the donations. Day three is when the real fun takes place: Teachers from area schools "shop" for free supplies.

For over three decades it has been the generosity of PIASC members like you that has made the PIASC Foundation's annual Surplus Drive a big success and supported programs. Let's make 2022 our best year ever!

What: Tax-deductible donations for PIASC Foundation's Surplus Drive

When: Donations accepted from 9:00 am to 2:00 pm on January 20 & 21; donations given away January 22

Where: Advantage LLC, 1600 N. Kraemer Blvd., Anaheim, CA 92806

Materials Accepted: Palletized paper, envelopes, label sheets, office supplies

Items NOT Accepted: Rolled paper, equipment, inks, chemicals, solvents

Who This Benefits: Graphics programs at local schools

For More Information: Contact Kristy Villanueva at 323.728.9500 or Kristy@piasc.org

34th Annual

SURPLUS DRIVE

Support Graphic Arts Education with your participation!

January 20-21, 2022
@Advantage, Inc.

BUSINESS MANAGEMENT

5 Things You Need to Know about Offering a 401(k)

Considering offering a 401(k) retirement plan for your employees—or wondering if you're making the most of the plan you already offer? To help answer these questions, PIASC recently invited Philippe Oertle and Bradd Donovan of Catalina Capital Group, along with Theresa Conti of Sunwest Pensions, to discuss five things you need to know about offering a 401(k). In case you missed the presentation, the following provides the highlights of what was discussed…

Background: Why employment-based retirement plans are necessary

Multiple studies have shown that Americans do not save enough for retirement. Nearly one in four working-age Americans are not saving for retirement at all, while those who are saving usually are not saving enough. However, workers are significantly more likely to build a nest egg if they're given access to workplace-based savings plans…especially plans with automatic enrollment.

#1: Why having your own plan is better than participating in a government-associated plan

To overcome this retirement savings shortfall, governments are starting to mandate workplace-based plans. For example, California-based employers with five or more employees face a mandate with a June 30, 2022, deadline to either offer their own retirement plan or join the CalSavers plan.

The problems with the CalSavers plan stem from its lack of flexibility. This program automatically enrolls employees into a Roth IRA (i.e., after-tax) plan with a 5% deferred compensation rate. CalSavers has a limited investment menu, no pre-tax option, no option for employers to make contributions and no employee education.

Oregon and Washington have retirement plan mandates and state-sponsored plans as well, and there is also currently a federal proposal for a mandatory auto-enrollment plan. While the details of the proposed federal plan are subject to change, the current vision involves an automatic enrollment plan, with auto-escalation of the deferral amount from 6% to 10% of compensation.

In comparison, having your own plan allows you much greater flexibility to design a program that meets your business' unique needs. You can set eligibility and vesting criteria, make tax-deductible employer contributions, offer profit sharing and more.

#2: How automatic enrollment and automatic escalation features work

When a 401(k) plan features automatic enrollment, once an employee meets the plan's eligibility requirements, he or she is automatically enrolled in the plan with contributions equal to a pre-set percentage of their compensation. An employee who does not wish to participate in the plan must opt out; 90% of participants usually stay in the plan once they are automatically enrolled.

With automatic escalation an employee's contribution amount is increased by 1% per year, up to a maximum of 15% of compensation. Auto escalation is a great way for employees to gradually increase their contribution without having it seem like a lot.

#3: How to make the most of safe harbor and other matching contributions options

A "safe harbor" 401(k) plan is a plan in which the employer avoids annual IRS "nondiscrimination" testing by providing an annual contribution to each eligible plan participant. In practice, the safe harbor programs enable the highest earners (such as the business owners) to maximize their deferred compensation.

There are two types of safe harbor programs:

- **Safe Harbor Non-Elective** – The 2019 SECURE Act increased the flexibility of the non-elective option. Traditionally, with a Safe Harbor Non-Elective plan, prior to the end of the plan year the employer contributes 3% of each eligible employee's wages, whether or not they contribute to the plan themselves. Now employers who do not choose this 3% option can choose to make a 4% contribution as late as 12 months after the end of the plan year.
- **Safe Harbor Match** – With a Safe Harbor Match, the employer contribution is based on the employee's contribution to the 401(k) plan. The "basic match" is 100% of the first 3% of compensation that the employee contributes, plus 50% of the next 2% of compensation contributed. The "enhanced match" is 100% of the first 4%, 5% or 6% of compensation contributed. Doing a Safe Harbor Match requires a Plan amendment and a Notice sent to participants by December 1 of the prior year (i.e., to institute this on January 1, 2022, Notices must be

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PAPER BY DAMIEN

We're All In This "Paper Scarcity Boat" Together

By PIASC Board Member Damien Bradley, Sr Vice President – Print and Wide Format, Kelly Spicers

Remember the "good old days" when our main concern in the paper market was price increases? Who would have thought that we'd all be longing to turn back the clock to that situation?

I don't have to tell you that price is the least of our problems today. The much bigger issue is the lack of product availability, which is unprecedented for our industry.

The challenges facing our industry are set to continue for the foreseeable future

A few months ago I wrote about the fact that all of the key products are on allocation (see "What's Up with Paper Supply?" at bit.ly/NN-09-06-21). Unfortunately today I have to report that the allocated market, supply chain "bottle necks" and lack of inventory are all set to continue well into 2022. How bad is it? In an attempt to clear up their ever-increasing number of back orders, some mills have placed moratoriums on new orders—taking the drastic step of limiting how many new orders distributors can place!

Remember, this is a nationwide problem, and it's likely to get even worse before it gets better. So what are we doing about it?

It's "all hands on deck" at the distributors

Normally paper distributors spend all of their time selling, looking for opportunities, problem solving and collaborating with printers on key projects. Now we've set nearly all of these activities aside as we put all of our energy into trying to source products to keep our customers' presses running!

You can bet that right now your distributor is…

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HUMAN RESOURCES

What Questions Should You Avoid Asking During the Recruitment Process?

During the recruitment and interviewing process you should avoid questions that are not job-related or that cause an applicant to tell you about their inclusion in a protected class. These would include questions about race, national origin, citizenship status, religious affiliation, disabilities, pregnancy, sexual orientation or gender identity, past illnesses (including use of sick leave or workers' comp claims), age, genetic information or military service. You should also avoid asking about things that might be protected by state law (e.g., marital status and political affiliation).

Why do you need to avoid all of these topics? Because asking these sorts of questions could result in rejected candidates claiming that the decision not to hire was based on their inclusion in these protected classes rather than job-related considerations. We recommend looking at your state's protected class list to be sure you don't run afoul of it.

Make use of your written job description

During an interview, it is advisable to present the candidate with a copy of the job description that lists all essential job functions, including any physical requirements necessary to perform the job, and simply ask the candidate if they are able to perform the job duties listed.

For example, if the position requires someone to lift 25 pounds repeatedly throughout the day, you should ask the applicant whether they can lift 25 pounds repeatedly throughout the day. You should not ask whether they have back pain or any other physical issues that might prevent them from lifting 25 pounds or if they'd filed a workers' comp claim when doing manual labor in the past. If you need someone to work Sunday mornings, you should ask the applicant if they can work Sunday mornings. You should not ask if they attend church or have other commitments that would prevent them from working Sunday mornings.

What if the candidate brings up a taboo subject themselves?

If a candidate proactively acknowledges a disability or medical condition, we recommend that you refrain from addressing this candidate's mention of it directly. Instead, confirm that the candidate can perform the essential functions of the position with or without reasonable accommodation.

You'll want to be certain that you are asking this question consistently of all candidates, and not just those who have disclosed a past medical condition or those you suspect may not be able to perform the essential functions of

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BUSINESS MANAGEMENT

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sent by December 1, 2021).

The following chart illustrates a hypothetical comparison of a 4% Non-Elective contribution to a Safe Harbor Match using the "basic match" calculations:

Employee	Annual Employee Info			Employer Safe Harbor Contributions	
	Wages	Deferral percentage	Contributions	4% Nonelective	Basic Match = 100% match on first 3%, 50% match on next 2%
Amy	$40,000	2%	$800	$1,600	$800
Bob	$60,000	10%	$6,000	$2,400	$2,400
Clark	$80,000	4%	$3,200	$3,200	$2,800
Owner Olivia	$150,000	13%	$19,500	$6,000	$6,000
			Employer Totals	$13,200	$12,000

Whether they are "safe harbor" or not, employer contributions to 401(k) plans, which are never mandatory, are pre-tax deductions for the employer.

#4: When to consider advanced plan design with profit sharing or cash balance plans

If you want to maximize tax-deductible employer contributions for highly compensated employees who are closer to retirement, you may want to consider combining a Cross-Tested Profit Sharing Plan with a Safe Harbor Non-Elective Plan. Profit sharing is a 401(k) plan feature that can be turned on and off on an annual basis, based on your available cash flow that year.

The maximum total contribution that can be made into a person's plan across all types of contributions is $58,000 per year, plus a $6,500 "catch-up" contribution for those who are age 50 and above. The following example shows how a plan can combine a 4% Safe Harbor Non-Elective Contribution with a Cross-Tested Profit Sharing Contribution in a situation where the owners are the only ones who are making 401(k) contributions themselves:

CROSS-TESTED PROFIT SHARING WITH SAFE HARBOR NON-ELECTIVE CONTRIBUTION

Name	Age	Compensation	401(k) Deferral	Catch-up Contribution	Safe Harbor Non-Elective Contribution	Cross-Tested Profit Sharing Contribution	Total
Owner 1	50	$290,000.00	$19,500.00	$6,500.00	$8,700.00	$28,950.00	$64,500.00
Owner 2	50	$130,000.00	$19,500.00	$6,500.00	$3,900.00	$34,600.00	$64,500.00
Employee 1	30	$20,000.00			$600.00	$528.00	$1,128.00
Employee 2	30	$25,000.00			$750.00	$660.00	$1,410.00
Employee 3	30	$30,000.00			$900.00	$792.00	$1,692.00
Employee 4	30	$35,000.00			$1,050.00	$924.00	$1,974.00
Employee 5	30	$40,000.00			$1,200.00	$1,056.00	$2,256.00
		$570,000.00	**$39,000.00**	**$13,000.00**	**$17,100.00**	**$67,510.00**	**$137,460.00**
							% to Owners: 94%

Cash Balance Plans are "hybrid" retirement plans that combine features of both defined benefit and defined contribution plans. This is a more advanced plan design that is a separate plan governed by a separate set of documents. Because it is not something that can be turned on and off on an annual basis, Cash Balance Plans are best suited for organizations that have predictable cash flow and consistent profits.

For employers, a Cash Balance Plan makes it easier to boost benefits for owners and other key employees while controlling the cost of benefits for others. It also offers greater control over investment strategy. For plan participants, these plans are more portable than a traditional defined benefit plan.

#5: The benefits of joining PIASC's Multiple Employer Plan (MEP)

A Multiple Employer Plan (MEP) is a 401(k) plan with two or more participating employers that are unrelated to each other. A MEP enables smaller businesses to share the administrative burden of offering a 401(k) plan to their employees.

PIASC's MEP, the Graphics Communication 401(k) Plan, is open to all PIASC member companies. PIASC's MEP…

- **Limits your fiduciary liability**, as most fiduciary responsibilities are outsourced to a third-party administrator.
- **Gives you the flexibility** to choose your own plan design features.
- **Eliminates most of your administrative work**. Eligibility and vesting determination, distribution of required notices, QDRO administration, loan approvals, preparation of Form 550 and other tasks are all handled for you.
- **Provides employee education**, with both English and Spanish options available.
- **Offers low cost, high performing investment options.**

Not sure which options are best for you?

One of the many benefits of PIASC membership is access to the experts at Catalina Capital Group, who are happy to run the numbers for different scenarios for you. For assistance, contact Bradd Donovan at 949-275-3008 or bdonovan@catalinacap.com.

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PAPER BY DAMIEN

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- **In daily communication** with their mill partners, working to prioritize and expedite orders.
- **Chasing down logistics companies** trying to find out exactly when products are arriving from the port, and confirming when the stock will be in the distributor's warehouse.
- **Extending receiving hours** to ensure they receive the maximum possible number of deliveries each day.
- **Looking for alternative sources of supply** outside of their normal mill partnerships.
- **Communicating with and educating printers** on all of the issues happening with the industry, to give them facts to use when speaking with their customers about the challenges we're facing. Luckily, print customers realize that this problem is not just paper-centric, since supply chain problems are now mainstream news.

In short, distributors are devoting all of their time to this issue.

Remember, distributors are only successful if printers are successful. We understand that if you as a printer cannot get paper then you cannot print. That damages the printing industry as a whole, including all of the industry's suppliers. We're all in this together, and we're all working together to find solutions.

What can you do to navigate these rough waters?

Stay close to your key distributor partners and provide forecasts. Remain flexible in considering alternative paper products, basis weights, sizes and finishes.

Plus, of course, it never hurts to focus on the positive! In spite of all the challenges, there are some good things happening. Demand is increasing as the economy is starting to grow and recover from the pandemic. The paper mills are attempting to increase productivity to increase supply (for example, Domtar is working to bring a mill back online in Q1 of 2022). Even the President has gotten involved with trying to solve the supply chain problems. Better times are bound to come!

HUMAN RESOURCES

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the position. It's also important not to make assumptions about a candidate's ability to perform their job based on their having disclosed that they have a disability or other health condition.

Finally, unless a candidate has an obvious disability or has voluntarily disclosed that they have a disability, we would not recommend asking applicants if they would need accommodation to perform job functions, as it would have the effect of creating a pre-employment disability inquiry, which is prohibited under the Americans with Disabilities Act (ADA).

Source: HR|Bizz, www.hrbizz.com

MEMBER NEWS

Image Options, a California-based experiential design and fabrication company, has recently promoted Barry Polan to Chief Revenue Officer (from SVP of Sales and Marketing) in order to allow for the execution of multiple planned growth initiatives. For more information see https://bit.ly/imageoptions-news.

To participate, please email your *one-sentence announcement* to Wendy Ferruz at Wendy@piasc.org.

PIASC Events Calendar

JAN 20-21

34th Annual Surplus Drive
Thursday & Friday, January 20 & 21
Advantage, Inc., Anaheim, CA
www.piasc.org/events

For full list of workshops and virtual classes, please visit www.piasc.org/events