



## To Our Beneficiaries and Co-Trustees

You rely on us to administer our trusts so that our beneficiaries (and our Co-Trustees) do not have legal issues with Medicaid and Social Security. We are committed to doing what we can to prevent you from making mistakes that could prove costly with the IRS.

Based upon legal counsel and our interpretation of the Fair Labor Standards Act (including official government interpretations of the FLSA), individuals providing caregiving services are generally classified as employees. As employees, these individuals are entitled to the protections and benefits granted by law such as minimum wage, overtime pay, worker's compensation, and unemployment compensation. Withholding of payroll taxes is required.

While there may be instances where an individual is an independent contractor and not subject to these benefits and requirements, the board has limited the methods for hiring caregivers to protect our beneficiaries from violating any laws.

### **AFT will issue payment for caregivers that have been hired in the following manners:**

1. Individuals that are employed by a professional company which provides caregiving services;
2. The individual caregiver of your choice if the Co-Trustee agrees to engage Trusted Employee Administration & Management ("TEAM"), for a monthly fee to provide employment services. TEAM will handle all payroll processing, W-2s, proper withholding for taxes and social security, background checks, and compliance with all state and federal employment laws. Further, TEAM maintains worker's compensation insurance and general and professional liability insurance.
3. The individual caregiver of your choice if the Co-Trustee agrees to be responsible for all employer document compliance. To ensure that Co-Trustees are in compliance with employment laws, AFT require proof of the beneficiary's State unemployment ID number within three days from the date of hiring a caregiver. Additionally, AFT will require copies of all quarterly unemployment tax returns within five calendar days of the filing deadline.