



How to Hire Our First Employee?

Plan for the time and costs of setup and for each person:

- Register (often separately) in each state where an employee has tax nexus for unemployment and withholding taxes
- Prepare a work agreement with legal counsel that protects confidentiality, assignment of work product, non-solicitation and, optionally where allowed, non-competition
- Select a payroll system, pay frequency and process
- Budget for taxes (estimated annual costs) FUTA \$420 + SUTA \$250 + FICA 7.65% of wages; work comp 1% of wages; and purchase of computing hardware and software licenses, etc.
- New hire processing to minimally include a tracking checklist to cover the legally mandated I-9 employment eligibility form; federal, state and applicable local tax W4s; and provision of policies (usually in the form of a handbook which also includes other policies that are prudent and/or important)
- Health insurance broker and plan selection + coverage costs, typically offset by an employee co-premium of free to 40% (alternatively, a monthly, taxable allowance of \$500 to \$1,000)

Develop a workforce plan, individual role profiles (more focused and less mind-numbing than traditional job descriptions) and training plan

If you don't already know someone, include job posting charges, agency fees and/or recruiter consultants; set up a selection process; draft an offer letter template; and think more about your culture

For Michigan employers, also check out: bit.ly/MIHR_MEDC_startup

This work guide is provided "as is" from the Michigan HR Group mi-hr.com and should not be solely relied upon to establish practices and policies for your organization.