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8 Critical Steps For Hiring Your First Employee

If you've been working as a true solo entrepreneur up until now, it's time to consider hiring support to leverage to your next level. The moment when a small business owner decides to hire their first employee is one of triumph. Conversely, knowing how to start the hiring process can also be a moment of confusion that either results in more business enjoyment and income and free time or creates trauma and makes you want to quit your business altogether.

We can help you hire your first employee the right way and turn the experience into just one of many that helps your business grow. Follow these steps to ensure your hiring process goes smoothly and you adhere to state and federal regulations.

- *First, and most importantly, get absolutely clear on the ideal outcomes and success metrics for your first hire. The more specific the better. This way you can establish a 90-day plan to onboard your new hire, help them get oriented and support them to hit the specific metrics that allow you and them to know it will be a great long-term fit.*
- *Consider a 90-day probation period, during which your new hire can work as an Independent Contractor -- with the right contract in place -- and you make sure it will be a great fit, before you transition your hire into a Full-Time Employee.*
- *Apply for your Employee Identification Number (EIN) if you don't already have one. You will need this for tax purposes and to get the hiring process started.*
- *Prepare forms and establish a recordkeeping system to ensure you have the information you'll need for 1099 reporting or for employee tax withholdings. You need to maintain records on your employee's federal income tax withholdings, your federal wage and tax statements, and your state taxes for four years. Get organized now, and don't wait until tax season. Or, better yet, make your first hire a bookkeeper who can support you with all of this, and then the tracking, reporting and setup of your second hire can be handled by your bookkeeper!*
- *Have your employee fill out an I-9 statement and verify their eligibility to work in the U.S.*

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- *Register with your state's New Hire Reporting Program. You must report your new hire within 20 days.*
- *Once you've converted your new hire to an employee, get set up with workers' compensation insurance. This is required for all companies with employees. It covers on-the-job accidents and injuries. It also protects your interests.*
- *If you have a physical location, post required notices at your work site, such as state and federal labor laws.*
- *File your quarterly tax return (form 941). This is required if you withhold any taxes from your employee's earnings. Again, we don't recommend you file this, but that you have a relationship with a CPA who can file this for you. As a family business lawyer, we can help you find the right CPA for you if you do not already have a strong relationship with a tax advisor you love.*
- *Get organized! Hiring an employee means mandatory reporting, more complex tax filings, numerous legal requirements, good recordkeeping and looking out for your employee's well-being. Now is the time to consider employee benefits, maintaining a safe workplace and keeping your employee informed on your company's practices and their rights and responsibilities. You will also need an excellent record-keeping system to keep track of important information about your employee, stay abreast on labor laws and make sure you comply with state and federal regulations. The good news: you really don't need to handle any of this on your own. Contact us, and we can help.*

Hiring your first employee is a big step. When you are ready, start by sitting down with us as your family business lawyer. We can guide you through the hiring process, step by step.

Developing a trusted relationship with a family business lawyer ensures you are making the best legal, insurance, financial, and tax decisions for your life and business.

This article is a service of Saeed & Little, LLP. We offer a complete spectrum of legal services for businesses and can help you make the wisest choices on how to deal with your business throughout life and in the event of your death.

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