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"STARTING YOUR OWN BUSINESS"

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EXPERIENCE: Has been practicing law since 1983. Mr. Kolasa's practice is concentrated in business and estate planning. He also counsels in the areas of tax planning, IRS disputes, and real estate.

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EDUCATION: Georgetown University Law Center, Master of Law in Taxation. University of Detroit, Juris Doctor and Bachelor of Science in Accounting, *Magna Cum Laude*.

Attends continuing education legal seminars relating to business and estate planning provided by the Illinois Institute for Continuing Education, Illinois State Bar Association, Chicago Bar Association and Illinois CPA Society.

OTHER: Former Vice Chair, YLS Estate Planning Committee, Chicago Bar Association. Member Greater North Shore Estate Planning Council and Lake County Estate Planning Council. Numerous tax articles in various legal periodicals. Frequent lecturer on business and estate planning topics.

I. KEY QUESTIONS IN PLANNING YOUR START-UP

A. Business Description: What is the name of your business? What product or service will you sell? Where will the business be located? What type of opportunity is it (new, part-time, expansion, seasonal, year-round)? What is the growth potential? Why is the venture a good risk? Have you developed a business plan?

B. Financial: How much will it cost you to open the business? If you need to borrow money for start up how will the loan be secured? What are your estimated monthly business income and expenses for the first year?

C. Marketing. Who are your potential customers? Who are your competitors and what are their strengths and weaknesses? What advertising and promotional strategies will you use?

D. Organization: Under what legal form of business will you operate? Who will manage the business? How many employees will you need and what will they do? What are your plans for employees salaries, wages and benefits? What consultants or specialists will you need? What licenses and permits will you need? Who will be your suppliers? What steps are required to produce your product or service?

E. Factors Affecting the Form of Business you will operate:

1. Personal liability for debts and taxes;
2. Cost and complexity of formation;
3. Need for attracting additional capital;
4. Tax considerations;
5. Transferability and continuity of life.

F. Contact the Small Business Development Center (708) 223-3633 at the College of Lake County, Grayslake. This office is very helpful and will provide you with excellent publications such as "...Starting a Business in Illinois" and "...A Business Plan Outline." They also have free business counseling and provide assistance in procuring bank loans and other financing.

II. SOLE PROPRIETORSHIPS

A. In General - a business owned and operated by an individual. Legally, the sole proprietorship does not exist separately from the owner. The owner owns business assets in his own name.

B. Simplicity - no organizational documents must be filed. No formalities, such as shareholder meetings and the election of directors are required. Not advisable for businesses with high liability risks, multiple owners and financing need.

C. Personal Liability for Business Debts and Tortious Acts of Agents Committed within Scope of Employment - Since the sole proprietorship is not a separate legal entity, this form of entity does not shield the owner of the business from personal liability for the obligations of the business. Thus, liability insurance is often desirable. Sometimes a degree of protection can also be obtained by transferring assets to a spouse (before liability arises) or deeding the residence into a tenancy by the entireties.

D. <u>Income Taxes</u> are reported on the owner's tax return - on Schedule C (Form 1040) or Schedule C-EZ (Form 1040). Business income and losses are generally combined with the owner's other income. However, business losses may be disallowed if the business does not produce profits in any 3 of 5 consecutive years (i.e., "Hobby Losses"). If you are a sole proprietor, you will be liable for **self-employment taxes** and will have to make **estimated tax payments**;

E. <u>Assumed Business Name</u> - Under the Illinois Assumed Name Act, sole proprietorships and partnerships must register with the county clerk if the name of the business will operate under a name other than that of the owner's full legal name. For example, "Jim Smith" would not need to file, but "Jim Smith Pharmacy" would. "Jim Smith and Sue Smith" would not need to file, but "Jim's and Sue's" would. By statute, a certificate setting forth the name under which the business is conducted or transacted and the names and addresses of the person or persons owning, conducting or transacting the business must be filed. Notice of filing must be published once a week for three consecutive weeks in newspaper within the county in which the certificate is filed. Also, any changes or additions of names and/or addresses must be reported to the clerk. In Lake County, there is a $5 charge to file the certificate (call the county clerk's office at (708) 360-3610 to receive an information package).

III. PARTNERSHIPS

A. <u>In General</u> - A partnership is formed when two or more persons or other legal entities are associated for the purpose of operating a business and sharing in the profits.

B. <u>Partnership Agreement</u> - Although no written organizational documents are legally required, a written agreement should reflect the partners' agreement on (i) how much owner equity each partner must contribute; (ii) the extent to which each partner will work in the company; (iii) the share of the profits or losses to received by each of them; and (iv) the management of the partnership.

C. <u>Personal Liability for Business Debts and Tortious Acts</u> of Partners and Employees/Independent Contractors acting within scope of Employment. **Partner with apparent authority binds partnership** even though act may not be authorized under partnership agreement.

D. <u>Limited Partnership</u> - A special form of partnership wherein limited partners have limited liability only to the extent of their investment in the partnership. Good vehicle for raising capital while retaining control as general partner. However, formation and maintenance costs are high due to substantial regulatory requirements. In many cases a limited liability company or S corporation would be preferred in order to avoid personal liability for business debts.

E. <u>Income Taxes</u> - Although a partnership is not a taxable entity, it must compute its profit or loss and file <u>Form 1065</u> by the 15th day of the 4th month following the close of its tax year. Partnership profits and losses are allocated in accordance with predefined percentages (set in the partnership agreement) and "flow through" to the partners via <u>Schedule K-1</u>. Under the "passive activity" rules, certain partnership losses may be suspended if the partner does not "materially participate" in the partnership. A partner receiving a share of partnership income will be liable for **self-employment taxes** and will have to make **estimated tax payments**.

F. <u>Annual Costs</u> - Since a partnership agreement should be drafted along with annual tax returns, the set-up costs of a partnership exceeds that of a sole proprietorship. However, a partnership has less reporting requirements than a corporation.

G. <u>Assumed Business Name</u> - See II. E. above.

IV. CORPORATIONS

A. <u>IN GENERAL</u> - A corporation is a distinct legal entity from its owners (shareholders). **Shareholders generally do not have personal lability for corporate debts** (creditors from time to time may be able to "pierce the corporate veil" and attach personal assets if (i) corporate formalities such as annual meetings and minutes are not observed; and (ii) there is commingling of corporate/personal assets and/or undercapitalization of corporation. <u>Shareholders</u> own shares of stock, which are certificates indicating ownership, and have the right to elect the <u>directors</u> of the corporation. The directors are responsible for the general policies of the corporation and elect the corporation's <u>officers</u>. The officers are responsible for the day-to-day operation of the business of the corporation.

The Department of Business Services of the Office of the Secretary of State serves as an approval and record-keeping office for corporations in Illinois. **Call (312) 793-3380 or (217) 782-6961 to order the following free pamphlets**: (i) A Guide for Organizing Domestic Corporations; and (ii) The Business Corporation Act of 1983 ("BCA").

B. <u>Articles of Incorporation</u>

(i) **Corporate Name** must be <u>distinguishable</u> from other corporate names filed with the Secretary of State. Before submitting the Articles of Incorporation, telephone the "name availability number": (217) 782-9520 to determine if the name is available. This call does not guarantee that the name will be available. A name may be reserved for 90 days for $25 by filing form BCA 4.10.

(ii) **Registered Agent and Registered Office**. The BCA requires each corporation to maintain a Registered Agent (an Illinois resident) and a Registered Office in Illinois.

(iii) **Corporate Purpose** - Generally, insert the following: "The transaction of any or all lawful purposes for which corporations may be incorporated under the Illinois Business Corporation Act of 1983."

(iv) **Authorized Shares** - List the designation, par value and number of each class and series of shares. (For example, par value -$1; number of shares authorized - 1000; number of shares issued - 100). Many key decisions about the corporate share structure, including: classes and number of share to be authorized and issued; limitation or denial of voting rights; specification of preferences, and qualifications, limitations, restrictions, or special rights.

(v) **Where and What to File** - Mail or deliver to the Department of Business Services the original and duplicate copy of the Articles of Incorporation plus a cashier's check for $100. The $100 represents a filing fee of $75 plus a $25 minimum franchise fee (the franchise fee goes up nominally if the initial capital of the corporation exceeds $16,667). Within 15 days after the Secretary of State mails to the incorporator the <u>Certificate of Incorporation</u> which must be recorded with the Recorder of Deeds of the County in which the registered office of the corporation is located.

(vi) **File Annual Report** - The Secretary of State's office will annually mail a computer-generated Annual Report form to the corporation's Registered Agent. The fee for this report generally is $40 ($15 filing fee plus $25 franchise tax which increases if paid-in capital exceeds $25,000.

C. **<u>Bylaws</u>** - Bylaws provide the framework for operations such as the rights, powers and duties of directors and officers, annual and special meetings, committees, and other management provisions. <u>Follow the procedures you have adopted!!!</u>

D. <u>Corporate Minutes</u> - Annual minutes of Shareholder, Board of Directors are required by the BCA and are subject to examination by shareholders. Matters typically reflected in corporate minutes are adoption of retirement plans, bonuses and salary changes, capital expenditures, approval of employments agreements, loans, leases, substantial investment of capital, banking changes, "S corporation" election, trademark registration, amendment of the bylaws, change of corporate name, share transactions, dividends and distributions.

E. <u>Shareholder Agreements</u> - A shareholder agreement may limit a shareholder from selling his stock (i.e., to prevent stock from falling in hands of outsiders, competitors, creditors or "ineligible" S corporate shareholders). Typical terms are mandatory buy-sell obligations to purchase stock upon death or disability (may be funded with insurance); options to buy ("calls") or to sell ("puts"); rights of first refusal (corporation or shareholders have right to "match" bona fide offer from third party purchaser); and provisions relating to "deadlocks" (i.e., disputes) among shareholders.

F. <u>Taxes - The Problem of "Double Taxation" & S CORPORATION Election</u> - Generally, corporate profits are taxed twice: (i) once, on the corporate income tax return (Form 1120); and (ii) a second time when the profits are distributed as dividends to shareholders. Shareholders may avoid this "double taxation" by receiving salaries which are deductible to the corporation. However this is not always practical, requires detailed accounting at year end, and does not shield appreciating assets from double taxation.

In order to avoid double taxation, a corporation can elect **S CORPORATION** status under the Internal Revenue Code by filing Form 2553. In this way, the S corporation passes its items of income, loss, deduction, and credits through to shareholders to be included in their taxable income. Individual shareholders may benefit from a reduction in their taxable income during the first years of the corporation's existence when it may be operating at a loss. Although the eligibility requirements for an S corporation can be complex, the major requirements are that the corporation (i) must be a domestic corporation; (ii) have one class of stock (iii) have no more than 35 shareholders; (iv) have as shareholders individual, estates and certain trusts (Nonresident aliens cannot be shareholders).

Trap for the unwary: Failing to meet any of the above conditions may detrimentally terminate S Corporation status, with a 4 year waiting period before S corporation status is regained. **Recommendation:** If there is more than one shareholder, implement a Shareholder Agreement prohibiting transfers jeopardizing S Corporation status.

G. <u>Taxes - The Problem of "Double Taxation" & the LIMITED LIABILITY COMPANY ("LLC")</u> - This is a <u>new</u> entity in Illinois which generally is treated as a corporation for state law purposes but as a partnership for tax purposes. A LLC has the same advantage of an S Corporation (i.e., no personal liability and avoidance of double taxation) but does not have restrictions as to the number and type of shareholders. However, the filing fees for LLCs are substantially higher when compared to corporations ($500 filing fee versus $100; $300 Annual Report fee versus $40).

H. <u>Advantages of Corporation</u>

(i) Limited liability for shareholders (liability is limited to corporate assets);

(ii) Easy to transfer ownership by selling shares;

(iii) Simple to raise capital by issuance of additional shares.

I. <u>Disadvantages of Corporation</u>

(i) Double taxation unless S Corporation election;

(ii) Extensive state requirements though initial filings, annual reports, other procedures, and requirement of annual meetings and minute book.

V. TAX & REGULATORY MATTERS

A. Helpful IRS and Illinois Publications

Call (800) 829-3676 to order the following free **IRS publications:**

-Your Business Tax Kit ("YBTK");
-Publication 583, Taxpayers Starting a Business;
-Publication 509, Tax Calendars for 1995;
-Publication 937, Employment Taxes and Information Returns;
-Publication 505, Tax Withholding and Estimated Tax;
-Publication 533, Self-Employment Tax;
-Publication 1544, Reporting Cash Payments of Over $10,000;
-Publication 589, Tax Information on S Corporations;
-Publication 535, Business Expenses;
-Publication 542, Tax Information on Corporations;
-Publication 560, Retirement Plans for the Self-Employed;
-Publication 541, Tax Information on Partnerships;
-Publication 587, Business Use of Your Home;
-Publication 15, Employer's Tax Guide;
-Publication 334, A Tax Guide for Small Business
-Ask for "the forms relating to estimated payments and payroll taxes."

Call (312) 814-5258 or (800) 732-8866 to order the following free **Illinois publications:**

- IL-700 Booklet, Illinois Withholding Tax Guide and Tables;
- ST-19, Retailer's Tax Booklet;
- Illinois Sales Tax Rate Reference Manual;
- Ask for "the forms relating to estimated payments, payroll taxes, and sales and use taxes."

B. Federal Payroll & Withholding Requirements

1. Form 8109, Federal Tax Deposit Coupon Book - For new businesses, social security (12.4%), Medicare (2.9%) & income taxes withheld on payments made during a calendar month must be deposited by the 15th day of the following month. The deposit for unemployment tax (FUTA) is due quarterly; i.e., 10/31/94 for the quarter ending 9/30/94.

2. Form W-4 This must immediately filled out by each employee to determine the amount of income tax withholding.

3. Form 941, Employers Quarterly Federal Tax Return - This form is a summary of the payroll and income tax withholdings and federal tax deposits. It is filed quarterly.

4. Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return The due date of this form is January 31 of each year. However, you are required to deposit the quarterly FUTA tax by the last day of the month following the close of the quarter.

C. State Payroll, Withholding Requirement & Sales Tax

1. IL-501, Employer's Withholding Tax Deposit Form - Income taxes withholding (generally 3% less exemptions) on payments made during a calendar month must be deposited by the 15th day of the following month.

2. **NUC-1, Illinois Business Registration - Sales and Use Taxes.** Must be filed immediately. If the business involves retail sales, the business should obtain a **Retailer's Occupation Tax** ("ROT") number from the Illinois Department of Revenue through this filing this form. The ROT is imposed directly on the gross receipts of a retail seller for the privilege of conducting business in Illinois. The **Use Tax** is imposed directly on the purchaser for the privilege of using and consuming tangible personal property in Illinois. Illinois retailers pay the *ROT* and reimburse themselves for the tax by collect the *Use Tax* from customers, based on the selling price and product sold. The business generally can keep 1.75% of the taxes collected for acting as an agent for the Department of Revenue.

The **Service Occupation Tax** ("SOT") is imposed directly on the receipts from the selling price of any tangible personal property transferred as part of a sale of service, if the cost to the serviceperson is 35% or more of the total charged. The **Service Use Tax** is imposed directly on the purchaser and also is based on the selling price of the property transferred incident to a sale of service. The *Service Use Tax* is intended to reimburse the service person for the SOT liability.

3. **IL-W4** This must immediately filled out by each employee to determine the amount of income tax withholding.

4. **IL-W3, Reconciliation of Income Tax Withhold** must be filed each year by February 28. This form is a reconciliation of the previous year's withholdings.

5. **IL-941, Employer's Illinois Withholding Tax Payment Form** This form is filed quarterly.

D. Estimated Taxes - To provide for current payment of income taxes not collected through withholding, the law requires many self-employed individuals to make estimated tax payments on four installment dates (April 15, June 15, September 15 and January 17). Individuals generally will avoid estimated tax penalties by (i) paying at least 90% of the tax shown on the current year's return; and (ii) paying 100% of the tax shown on the prior year's return. For the payment of estimated taxes, an individual is to use the appropriate payment voucher attached to Form 1040-ES and IL 1040-ES

E. Federal Employer Identification Number (FEIN) - Every partnership, corporation and S Corporation must have a FEIN to use as its taxpayer identification number. A sole proprietorship generally must also have a FEIN if they pay wages to one or more employees. Otherwise, sole proprietors can use their social security number as their business taxpayer identification number. To apply for a FEIN, use Form SS-4.

F. Independent Contractor vs. Employee Classification - It is much less expensive to have a worker classified as an employee rather than an independent contractor. If a worker is an **employee**, the employer must withhold income tax on wages, pay social security tax as well as withhold the employee's portion of FICA. Also, the employer is responsible unemployment tax (FUTA) and must annually give the employee Form W-2, "Wage and Tax Statement," showing the amount of taxes withheld. If a worker is an **independent contractor**, the employer must generally provide the worker with Form 1099-MISC, "Miscellaneous Income" if the worker has been paid more than $600 in one year. However, the worker is responsible for paying his own income and self-employment tax.

At this time, the IRS uses 20 factors to determine the employee/independent contractor classification. Generally, if the person who employs you sets your work hours, provides you with tools, tells you what to do and how to do it, and can fire you, then you probably are an employee. It doesn't matter if the employer allows you freedom of action in your work. Just the fact that the employer has the legal right to control the method and result for your work is enough to show an employer-employee relationship. If you have any questions regarding this area, review Publication 937, "Employment Taxes and Information Returns" and consider filing Form SS-8, "Determination of Employee Work

Status for Purposes for Federal Employment Taxes and Income Tax Withholding."

G. Home Office Deduction - Deductions for business use of part of a home are not deductible unless the taxpayer uses a room in the house exclusively and regularly: (i) as the principal place of any trade or business; OR (ii) as a place to meet or deal with clients in the normal course of the taxpayer's trade or business; OR (iii) as a separate structure not attached to the home. The deduction is generally disallowed if a taxpayer uses a specific part of the home for both personal and business purposes. Wholesalers and retailers who conduct business from their homes may deduct expenses for space in the home used regularly for storing inventory as long as the home is the sole fixed location for the business. A taxpayer who conducts his trade or business in more than one location is not entitled to claim a home office deduction unless he can show that the home is the "most important, consequential, or influential" location. **Caution:** This is a deceivingly complex and unclear area which the IRS is aggressively auditing. If you plan to utilize the home office deduction, carefully review Publication 587.

H. Immigration Reform and Control Act - The Federal Immigration Reform and Control Act of 1986 requires every employer to keep on file a form for every employee certifying such employee's identity and work eligibility. Call (312) 353-7334 for further information.

VI. ACCOUNTING

A. Choose An Accounting Method and a Tax Year - The majority of new businesses are on a calendar tax year. The **cash method of accounting** is used by most individuals and many small businesses with no inventories (if inventories are necessary in your business, you must use an accrual method for sales and purchases). Under the cash method, you generally include in your gross income all items of income you actually or "constructively" receive during the year and deduct expenses in the tax year in which you actually pay them. Under the **accrual method of accounting,** income generally is reported in the year "earned", and expenses are deducted or capitalized in the year "incurred."

B. Bookkeeping - You should employ a sound bookkeeping system which (i) accurately records cash receipts, disbursements, sales and operating expenses; (ii) generates periodic balance sheets and income statements; (iii) prepares state income, federal income, social security, withholding, property and other tax returns. **Do not be reluctant to hire a good bookkeeping service or accounting firm.**

You should also deposit all business receipts in a separate bank account. If possible, you should also make all disbursements by checks. Also, follow the following tips:

-Write checks payable to yourself only when withdrawing income from your business for your own use;

-For identification of expenses, avoid writing business checks payable to cash (if you must write a check for cash, get a receipt substantiating the business expense);

-Establish a petty cash fund for small expenses;

-Substantiate your expenses with sales slips, invoices, canceled checks, paid bills and duplicate deposit slips;

-Classify your accounts by separating them into 5 groups: income, expenses, assets, liabilities and equity (net worth). For your assets, record the date of acquisition cost and depreciation charges;

-Generally keep business records at least 7 years. Note that the IRS "statute of limitations" generally expires 3 years after the date your return is due or filed;

-Consider accepting major credit cards for services or product payment if you can negotiate a reasonable service charge (i.e., 2%-5%);

C. Bad Checks - Have controls as to the acceptance of personal checks such as having the check writer include their phone, driver's license and a social security numbers on the check. There also are certain check tracking systems (you call whether to accept a check) or check cashing protection systems (guarantees payment of bad checks). Once you receive a bad check, immediately contact the check writer and request that they make the check good. If this fails you may want to hire a collection attorney or file an action in small claims court. To do the latter you need (i) a copy of a certified letter (with green certified mail receipt) demanding payment; (ii) a copy of the check (front and back); and (iii) a letter from the bank indicating that the check is no good. You may also want to contact the local State's Attorney's office.

D. Billing and Collection - Inform customers up-front as to anticipated costs/fees for products and services. Be clear about your billing practices and stick to them (i.e., % of downpayment, remainder within 30 days). Immediately contact overdue accounts through verbal communications and "form letters." For significant overdue accounts, hire a collection attorney.

VII. RAISING CAPITAL

A. Personal Savings and Family Loans - Most likely source of funds for smaller businesses. Family loans should be documented by a promissory note bearing a market rate of interest.

B. Unsecured Bank Financing - Almost impossible to obtain for new ventures as a bank normally demands financial statements for many years. When a business's debt-equity ratio reaches one to one, it approaches the status of being a candidate for an unsecured loan.

C. Secured Bank Financing - This type of financing is typically secured by assets of the business (i.e., accounts receivable, inventory, chattels, and real estate). Of course, personal assets can be pledged as well.

D. Venture Capital - Venture capital is the basic capital for financing the start-up, development and growth of businesses. Commensurate with this high degree of risk, an individual seeking venture capital should be prepared to give up a substantial portion of the ownership in his/her business. For a discussion of the various aspects of venture capital financing and a list of sources of venture capital, see PRATT'S GUIDE TO VENTURE CAPITAL SOURCES (14th ed. 1990 - new editions available each year), published by Venture Economics, Inc., P.O. Box 81348, 16 Laurel Avenue, Wellesely Hills, Massachusetts 02181. See also Raising Venture Capital and The Entrepreneur, Leonard A. Batterson, Batterson Johnson & Wang, Chicago, IL, published by Prentice-Hall (1986).

E. Federal and State Financial Assistance Programs - Contact the Small Business Development Center at College of Lake County for assistance regarding this avenue of financing (708) 223-3633.

F. Equity Financing

(i) Common Stock - The issuance of common stock prevails as a basic form of financing for newly formed corporations. Unlike debt, there is no obligation to pay any dividends on common stock and it represents a "high risk" investment as there is no obligation on the part of the corporation to make any return.

(ii) Preferred Stock - Called so because it generally contains preferences over the common stock of a corporation, such as a fixed dividend return and preferred liquidation rights. Preferred stock is frequently used as a means of attracting outside financing to a corporation in the form of passive investors who are willing to provide investment capital but will not be actively involved in the business and do not care to assume the risk inherent in common stock ownership. These outside sources of financing are interested in a fixed rate of income and a liquidating preference as some means of protection.

G. Debt Financing - Such as Long-Term Notes, Bonds and Debentures are commonly used to attract capital from lenders. The lender enjoys the right to the corporate assets upon liquidation prior to the right of the stockholders to participate in the liquidation. However, the creditor does not share in the profits as does the equity investor. Convertible debentures permitting the registered owner to convert the principal of the debenture into a common stock of the corporate debtor at certain specified prices are popular.

H. Public Financing - Compliance with the various security laws. Not applicable to "private placements."

VIII. MISCELLANEOUS MATTERS

A. **Unemployment Insurance** - You may be required to make unemployment insurance contributions to the Department of Employment Security. Generally, you are liable for such contributions if you (i) employed one or more workers in each of twenty or more calendar weeks; or (ii) paid at least $1,500 in total wages during a calendar quarter. As a rule, a regular new employer is responsible for making contributions that equal 3.1% (current rate) of an employee's yearly gross salary up to $9,000. To determine liability, you can complete a "Report to Determine Liability" from and submit it to the Unemployment Insurance Division of the Department of Employment Security. The form can be obtained by calling the Department of Employment Security at (312) 793-4880.

B. **Workers' Compensation** - Under the Workers' Compensation and Workers' Occupational Diseases Acts, an employer is required to provided insurance for accidental deaths or injuries and occupations diseases of employees arising in the course for employment. The insurance requirement is applicable to most businesses and insurance is purchased through private agents. Yearly premiums are based on total company payroll, loss experience and type of business. For further information on workers' compensation, call the Illinois Industrial Commission at (312) 814-6611. If you are refused coverage by tow or more companies, call (2170 793-1100 to obtain insurance from the Assigned Risk Pool at rates approximately 15% higher than the open market.

C. **Personnel Posting Requirements** - Federal and state laws require that certain posters be displayed on business premises to inform employees of their rights and benefits. These posters along with the applicable telephone number to obtain them at no cost are (i) Wage and Hour Poster (312) 353-8145; (ii) Occupational Safety and Health Administration Poster (312) 353-2220; (iii) Age Discrimination/Equal Employment Administration Poster (312) 353-8195; and (iv) poster for state requirements (217) 782-6206.

D. **Insurance Coverage** - Consider the following types of insurance coverage; fire, liability, vehicle and workers' compensation. Before purchasing insurance, "shop around" for the optimal rates and coverage.

E. **Minimum Wage Law** generally dictate that covered employees receive at least $4.25 per hour, with persons under age 18 receiving at least $3.75 per hour.