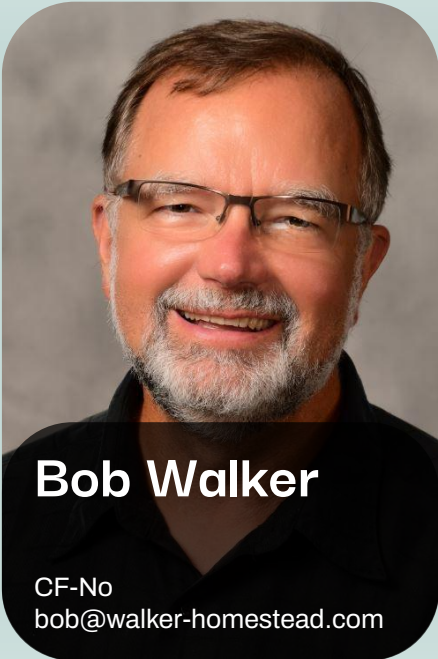
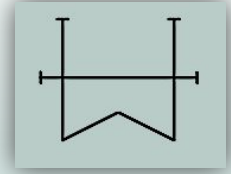


What to Know Before You Hire Your First Employee

Practical Farmers of Iowa Conference

01.11.2025

MEET THE TEAM

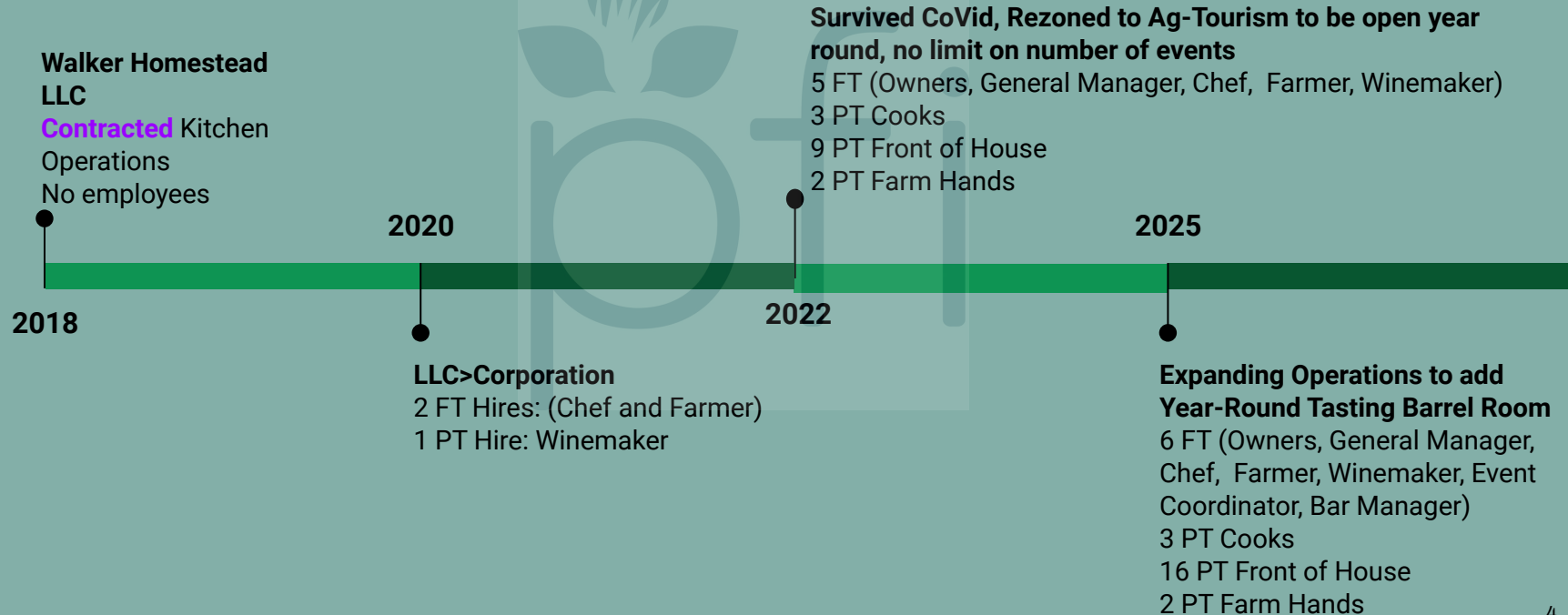


Walker Homestead Farm and Winery

Est April 1, 2020



Timeline



Signs you are ready to hire your 1st employee...

1

Workload Exceeds Capacity

You're working long hours, missing deadlines, or turning away customers because you can't keep up

why hire...

An employee can help maintain or improve productivity while allowing you to focus on high-priority tasks like planning and growing the business



Signs you are ready to hire your 1st employee...

2

You are Spending Too Much Time on Non-Core Tasks

You're handling administrative tasks, bookkeeping, or routine operations instead of tasks that generate revenue or require your expertise

why hire...

Hiring someone to manage support work allows you to focus on strategic activities, such as sales, customer relationships, and innovation



Signs you are ready to hire your 1st employee...

3

You Have Consistent Revenue
(Growth)

Your income has become stable, and you can confidently project enough revenue to pay an employee's salary

why hire...

A consistent revenue stream reduces the financial risk of hiring help



Signs you are ready to hire your 1st employee...

4

There is a Clear Return on
Investment on Hiring (Growth)

You've identified how hiring will generate more revenue or reduce expenses

why hire...

You can justify the cost of the employee through expected returns, such as higher productivity or sales



Signs you are ready to hire your 1st employee...

5

You Need Specialize Skills

You lack the expertise to perform a certain tasks and outsourcing is no longer cost-effective.

why hire...

Bringing specialized talent in-house can improve quality and efficiency



Signs you are ready to hire your 1st employee...

6

Customer Service or Quality is Declining

You're receiving complaints, service delays, or struggling to maintain product quality

why hire...

Additional help can allow you to capitalize on growth potential



Signs you are ready to hire your 1st employee...

7

You are Turning Down
Opportunities

You pass up projects, contracts, or growth opportunities due to a lack of time or capacity

why hire...

An additional employee can ensure customers remain satisfied, protecting your reputation



1

- ✓ Can afford salary, benefits, and hiring costs

**it is hard to feel you have enough money to hire*

2

- ✓ Have cash reserves to handle seasonal lows and unexpected expenses

3

- ✓ Review legal requirements (*i.e., taxes, insurance, compliance*)

FINANCIAL READINESS Checklist





Payroll and Taxes

**Find and Work
with an Expert!**

Consider Professional Help

- **Accounting Services** experienced in small business payroll. Does more than just payroll
- **Payroll Services** who can manage payroll, tax deposits, and compliance

By carefully setting up payroll and understanding tax obligations so to avoid costly mistakes and ensure compliance with federal, state, and local laws



FEDERAL: Obtain an Employer Identification Number (EIN) through IRS

STATE: Register for state tax accounts, often include withholding tax (income tax) and unemployment tax through your state revenue or labor department

LOCAL: Some local governments have additional tax registration or payroll requirements

Obtain Necessary Identification and Registration



Employees: You must withhold income taxes, Social Security, and Medicare taxes, and pay unemployment taxes

Contractors: You typically don't withhold taxes; they are responsible for their own tax payments

Misclassification can lead to penalties

**Classify Employees Correctly:
Determine if your worker is an
employee or an independent
contractor**



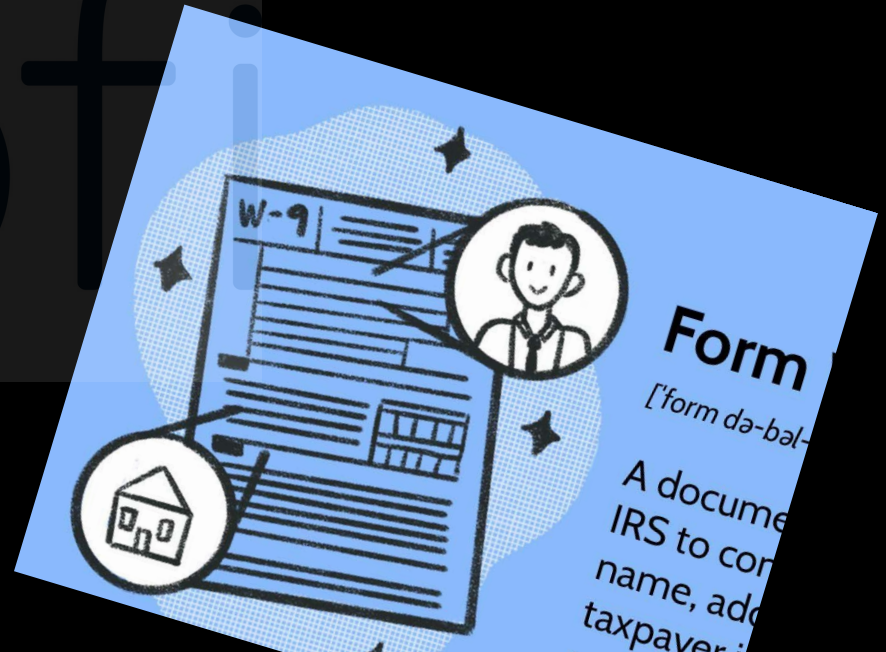
Collect Required Documentation

Employee Documentation

- ✓ **Form I-9:** Verifies the employee's authorization to work in the U.S. (keep for your records)
- ✓ **Form W-4:** To determine federal income tax withholding
- ✓ State equivalents of W-4 may also be needed for state withholding

Contractor Documentation

- ✓ Form W-9 if making paying over \$600/year



Understand Federal Tax Withholding and Payroll Requirements

- Withhold federal income tax based on the employee's W-4
- Deduct Social Security (6.2%) and Medicare (1.45%) taxes from wages
- Match Social Security and Medicare contributions as the employer
- State and Local Taxes: Requirements vary but typically include income tax withholding and unemployment insurance
- Federal Unemployment Tax (FUTA): Employers must pay this tax, but it's not deducted from employees' wages



Track and Report Payroll Taxes

- **Pay Periods and Pay Dates:** Decide how often employees will be paid (weekly, biweekly, monthly).
- **Deposit Schedule for Taxes:** Based on the size of payroll, you'll need to make federal and state tax deposits (semiweekly or monthly).
- **File Reports:**
 - **Quarterly Federal Tax Return (Form 941):** Reports wages, withholdings, and Social Security/Medicare taxes.
 - **State Reporting:** Submit state withholding and unemployment tax filings.
 - **Annual Filings:** File Form W-2 for employees and Form W-3 to the Social Security Administration.

Follow Wage and Labor Laws

- **Minimum Wage and Overtime:** Ensure you comply with federal, state, and local minimum wage laws and overtime rules under the Fair Labor Standards Act (FLSA).
- **Employee Benefits:** Some states require paid sick leave or other benefits.
- **Recordkeeping:** Keep payroll records (e.g., timesheets, pay stubs, tax filings) for at least 3–7 years.

Workers' Compensation and Unemployment Insurance

- **Workers' Comp:** Most states require businesses to carry workers' compensation insurance for employees.
- **Unemployment Insurance:** Report new hires to the state and pay unemployment taxes to state agencies.



COMMON MISTAKES



01 Not classifying workers correctly
(employee vs. contractor)

02 Missing tax filing deadlines

03 Not getting the paperwork upfront

Define Clear Roles

- Job Descriptions and Expectations
- Skills and Qualifications

Clarity on hours, breaks and lunches

Document Offer

- Maintain employee file where both parties have read-access

Collect and record hours

Culture Fit

- Align values and work ethics
- Create a positive work environment
- Regular Staff Meetings

Regular Reviews & Feedback

- First 4 weeks
- Quarterly the first year
- Annually

OPERATIONAL ESSENTIALS

Transitioning to Full-Time Help

Livable Wages & Benefits:

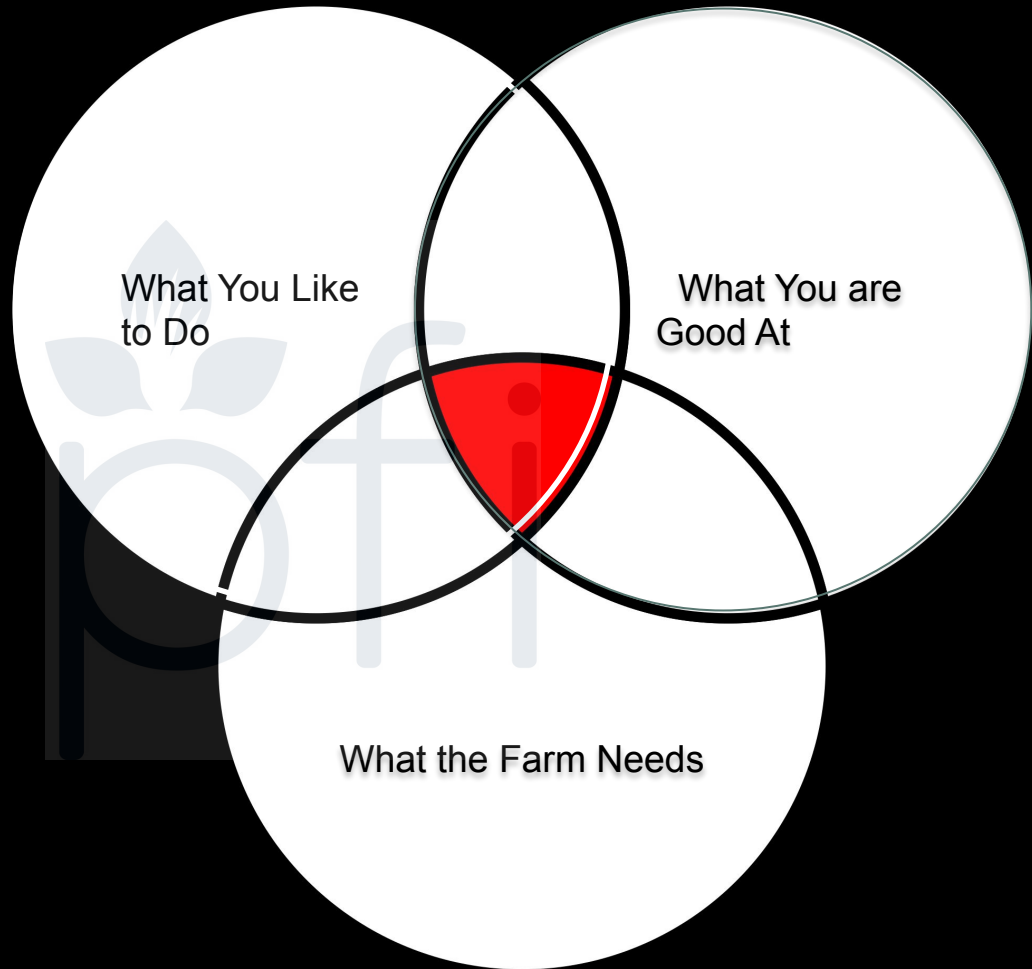
- Importance for retention and morale
- Health insurance, PTO, flexible schedules

Our Commitment:

- Supporting employees' personal and professional growth



**Strive that
we get
each
employee
in the
center**



Challenges

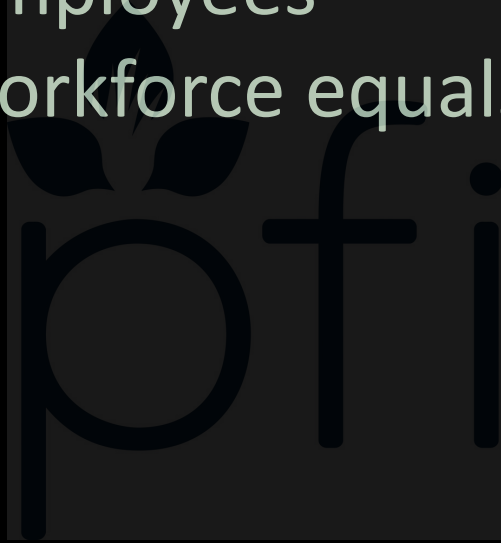
- Balancing payroll and profit
- Adjusting to employee needs and expectations
- Enforcing no cash-only contracting
- Seasonal waves

Hiring an employee is a strategic decision that requires balancing workload demands, financial readiness, and growth opportunities.

If hiring allows you to save time, increase revenue, or maintain quality service, it's likely time to take the next step.

Start small, plan thoroughly

- Invest in your employees
- A sustainable workforce equals a sustainable business





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**THANK
YOU**

Walker Homestead Farm and Winery

Reference

www.workforce.iowa.gov

