



# Tip Rate Determination Agreement Benefits to Participants

## 1. To Participate:

- New employees must join within 60 days from date of hire
- Current employees must join within 60 days from agreement implementation date
- Employees must sign Attachment C and agree to report tips at or above the hourly tip rate
- Employees who drop out during the year are not eligible to join again until January of the following year

## 2. Participating Employees:

- Will not be subject to a tip audit during agreement years
- Will not be subject to tip audits in prior years if employer had no agreement
- Will benefit from Coverage Adjustment reductions (10%, 20% or 15%)
- Will no longer need to keep detailed tip logs
- Will have higher income on their W-2 which may result in:
  - Better terms when applying for loans (mortgage, car, and other personal loans)
  - Increased Workers' Compensation benefits, should you get injured on the job
  - Increased Unemployment Compensation benefits should you need them
  - Increase in other benefits (based on pay) that the company may offer such as life insurance or disability payments that are based on income
  - Increased Social Security and Medicare (FICA) benefits (the more you pay in, the greater your benefits)

## 3. What will be withheld from your paycheck:

### Example of Social Security and Medicare (FICA)\* Withholding

Occupational Category	Participant Hourly Tip Rate Effective 4/1/2012	Participant Tip Income based on 40 hour work week	Participants Employee Share of FICA Withholding
Food Server	8.72	348.80	26.68
Busser	3.91	156.40	11.96
Bartender	8.50	340.00	26.01
Cocktail Server	7.25	300.00	22.95
Barback	2.75	110.00	8.42

\*Employees share of FICA Tax of 7.65%; does not include income taxes

Employees who drop out during the year are not eligible to join again until January of the following year

