

New Threat to Payroll and Personal Information, Returns or Payments Due Today, and New Recommendations on Health Insurance/Plan Changes

12.05.18

Payroll Threats and Protecting Personal Information

In case you have not been checking the FBI warnings (I realize those are unusual words for a benefits person), you and your employees should know of one of such warnings. The FBI's IC-3 (Internet Crime Complaint Center) issued warning I-091818-PSA on September 18, 2018 to alert employers to a scam that was being used to obtain employees' login and passwords to access their on-line payroll accounts. This is similar to the phishing emails sent to businesses, but instead the email is sent to employees requesting the employee to update or confirm their payroll system log-in and password at a website link. The website link looks like the payroll system website, but is actually the website run by the email sender. The email sender gathers the login information and then logs in and diverts the employee's paycheck to a different bank account. This technique has unfortunately been successfully used.

The email the employee receives looks legitimate and does not contain the grammatical errors commonly seen in some of the other phishing email scams. The FBI's IC-3 encourages employers to educate their employees about this type of fraud and to take a number of steps noted in <https://www.ic3.gov/media/2018/180918.aspx>. Employers may want to coordinate with their payroll processor to ensure that the employer knows if and when an email requiring the employee to verify his or her information is necessary so that the employer can notify the employees in advance to look for the valid email. Employers may want to instruct their employees not to provide log-in information or any personal information in response to any email.

Employers contracting with vendors receiving employee personal information should be certain the vendors are contractually bound to protect the information they receive from both internal and external threats and keep such information appropriately secured. At least one state court has ruled on an employer's duty to protect the personal information of its employees.

IRS News Release IR-2018-240 reported that it has seen a 60% increase in bogus email schemes that seek to steal money or tax data as part of identity thieves attempts to steal tax refunds. The IRS reminded taxpayers that these email often have grammatical errors or spelling errors and that the IRS does not initiate contacts with taxpayers by phone or email. The News Release also outlined a number of steps that can be taken to protect against these scams. Employers may want to inform their employees about these new techniques being used to attempt to steal their employees' personal information, paychecks and tax refunds.

Tax Returns or Payments Due on December 5, 2018

Yesterday, the IRS granted all taxpayers who had a tax return or tax payment that was originally due on December 5, 2018 an additional day to meet the deadline as a mark of respect for George H.W. Bush, the forty-first President of the United States. This also applies to any federal income, payroll or excise tax deposit due on December 5, including those required to be made through the Treasury Department's Electronic Federal Tax Payment System (EFTPS).

HHS, DOL and Treasury's New Health Reform Recommendation Paper

Late yesterday, Reforming America's Healthcare System Through Choice and Competition was published by the Secretaries of HHS, Labor and Treasury in response to the Executive Order directing them to recommend changes to the health care system in the U.S. The 114 page report looks at various aspects of the health care industry and of the various ways individuals obtain and pay for health care. It makes recommendations for changes to the system some of which will require state law changes and others implicating federal law changes. It emphasizes improving competition and providing choice to individuals, such as through Health Reimbursement Accounts and Health Savings Accounts and removing mandated coverage or benefits. It is an indication of the administration's thoughts on policies, but it will take time for all of

the legal changes it seeks to be enacted at the state and federal level, if the legislative bodies decide to pursue this policy direction.

The IRS also issued new guidance on 403(b) plans.

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