





homes. While this may be ultimately impossible, the project is a real-life laboratory exploring new technologies amid the challenges of working with older homes.

The first step to entering this market is learning state-of-the-art techniques. Fortunately, there is a wealth of resource material for contractors.

The Department of Energy is creating a set of voluntary guidelines for efficiency projects and work force development. Available now on the website is a draft document presenting work specifications and job analysis outlines. Familiarity with these standards will help contractors when preparing bids for projects funded by federal dollars.

ACI has positioned itself as a “go-to resource” for best practices in home weatherization. It offers regional and national conferences, with meeting proceedings posted as webcasts.

The Building Performance Institute (BPI) is a nonprofit offering certifications in energy efficiency. Education is offered nationally through a network of training affiliates. BPI states that some state-funded weatherization programs are requiring that contractors be BPI certified. The American Society of Heating, Refrigeration and Air-Conditioning Engineers also offers training and certifications.

Key to growing a successful energy efficiency retrofit business is a strong customer marketing and education program.

## Energy Efficiency Retrofits as a Growth Area

Despite a dismal real estate and construction market outlook for 2011, there is one bright spot.

A combination of government and local incentives and rising energy costs is spurring growth – albeit slower than expected – in the residential energy efficiency retrofit industry. From new insulation to doors and windows to system upgrades, including alternative energy, homeowners are making investments.

A main driver is the federal government. Sustainability projects were a key piece of the American Reinvestment and Recovery Act of 2009, with planned stimulus spending in 2011 and 2012 to total 19.9 percent and 22.1 percent, according to the Congressional Budget Office.

The rationale is to stimulate the construction industry, create higher-skilled, higher-paid “green” jobs and help homeowners reduce energy costs while benefiting the environment.

At the local level, state and county governments are implementing weatherization programs. Utilities are also stepping up their energy efficiency efforts by offering rebates and on-bill financing. And unlike the 1970s, when the gas crisis and interest in alternative energy quickly faded when oil prices sank, continued world unrest and volatile fuel and energy prices are ensuring that efficiency upgrades will continue even after spending based on tax credits ceases.

The attention to retrofits is more than a feel-good idea. According to nonprofit Affordable Comfort Inc. (ACI), homes account for 20 percent of national energy use. Homeowners can save an average of 10 to 40 percent in energy costs with basic improvements. When you consider that some energy costs, such as heating oil, have doubled or tripled, making these improvements could help keep homes affordable.

ACI’s Thousand Home Challenge is pushing the envelope further by seeking 70 to 90 percent cuts in energy use in existing

Many homeowners are not aware of how much energy they can save, how much (or little) improvements cost or what incentives are available to help pay for them. In the best case scenarios, energy costs are lowered enough to offset any loan payments. Calculating energy savings, payback periods and net cost of improvements for your customers is a valuable part of the sales process.

To get an overview of what’s available in your state, check DSIRE, the Database of State Incentives for Renewables and Efficiency. It has a state guide to all kinds of programs, including state and utility rebates, tax incentives, financing programs and community-specific programs. With this information, you can target customers who use certain utility companies or live in specific cities or counties.

For all homeowners, the Energy Star website has information on federal tax credits for consumer energy efficiency. Tax credits are available in 2011 for a wide range of improvements, including biomass stoves, heat pumps, windows, insulation and furnaces. Wind turbines, geothermal pumps and solar systems also qualify. Energy Star provides educational materials you can use with customers in explaining the benefits of various improvements. Contractors can also participate in Energy Star’s Whole House program.

Energy efficiency is a trend that is here to stay. Don’t miss the opportunity to position your contracting business as a great resource for your customers’ energy efficiency needs. – Elizabeth Penney

### Resources

DSIRE – [www.dsireusa.org](http://www.dsireusa.org)

Energy Star – [www.energystar.gov](http://www.energystar.gov)

ACI – [www.affordablecomfort.org](http://www.affordablecomfort.org)

BPI – [www.bpi.org](http://www.bpi.org)

Department of Energy – [www.eere.energy.gov](http://www.eere.energy.gov)

## Record keeping *continued from page 1*

### Travel and entertainment

The tax law contains specific record-keeping requirements to support your tax deduction for travel and entertainment expenses. These rules can be complex. In general, you must capture *where, when, who, how much, and the business purpose* for each expense.

Ask your accountant to help you design a standard expense report form that you can distribute to all employees who incur these expenses. Require each employee to submit the form, with appropriate receipts, to receive reimbursement. If you have employees who drive on company business, require an auto log showing the miles driven for each trip.

### Employment records

A number of government agencies have a say in what records you need to retain with respect to current and former employees, as well as job applicants. Your attorney and human resources professional can steer you through these rules.

**IRS** – The Internal Revenue Service says you must keep records relating to payments made to employees, employer tax reports and tax deposits for at least four years.

**DOL** – The Department of Labor requires that you keep records on each employee, including identifying information, pay rate, hours worked, time cards, bonuses, withheld taxes, etc., for at least two and – for some records – up to three years.

**INS** – U.S. Immigration and Naturalization Service Form I-9, Employment Eligibility Verification, must be signed by the employee and the employer and be readily available until three years from date of hire or one year after termination.

**OSHA** – A Log and Summary of Occupational Injuries and Illnesses must be kept for at least five years, according to the Occupational Safety & Health Administration.

**ERISA** – The Employee Retirement Income Security Act requires that most corporate and employee pension plan records should be kept indefinitely.

**ADA** – The Americans with Disabilities Act requires you to keep personnel and employment forms relating to hiring, promotion, demotion, transfer, layoff, termination, rates of pay, etc., and selection for training or apprenticeship for at least one year.

**ADEA** – The Age Discrimination in Employment Act requires you to keep payroll records for at least three years and personnel records for at least one year.

### Corporate records

Keep all records associated with the formation of your business, such as articles of incorporation, partnership agreement, LLC documentation and business licenses. Also save bylaws and minutes of all board meetings.

Shareholder records should include stock registers and records of all share issuances and redemptions. Also keep copies of all contracts and leases. And do not forget proprietary information such as formulas, trade secrets, patent information and designs. – *Michael Redemske, CPA*

## How to develop a document retention policy

Some people save every scrap of paper, while others toss everything without a second thought. But if a legal problem arises or the business is audited by the IRS, it may be the one memo thrown out or the one e-mail that was not deleted that saves or costs the company thousands of dollars.

Document needs vary from industry to industry and from company to company. After you have identified your legal and business requirements, here are some suggestions for developing a document retention policy:

- Consult your attorney, accountant, human resources professional and others. They can tell you which documents you need to keep and when you can destroy them.
- Create a calendar that describes the time and method for archiving, maintenance and destruction of documents.
- Train your employees so they understand the policy and make it part of your employee handbook.
- Follow your policy diligently. Do not wait until someone sues you to implement it.
- Explain the rationale for each part of the policy. Assume you will have to defend every action later.
- Write everything down – the policy and the rules for implementation and enforcement.

Your document policy should include the following:

- A statement of purpose
- A description of the specific records and documents covered by the policy, including both written and electronic records
  - Exceptions to the policy
  - A schedule showing what is to be retained, by whom, and where the documents will be stored and for how long
  - A schedule showing which documents were destroyed and when and how they were destroyed
  - A stipulation that management must approve the destruction of documents

If you are under the threat of a lawsuit, you should check with your attorney to determine whether document destruction should be suspended or continued.

Of course, retained documents are of no use if you cannot find or access them. Your retained documents should be:

- Archived
- Indexed
- Searchable
- Organized logically
- Perhaps encrypted (save the passwords at a different location)

You should ensure that access to the files is limited and be sure to store duplicates offsite.

Document management software may be available to assist you.

