



## 2011 Year End Newsletter

Dear Client:

Please read this year-end newsletter carefully and keep it available for reference. It contains important information to help you prepare and plan for the busy months ahead.

**PLEASE NOTE: YEAR END PROCESSING WILL AUTOMATICALLY START ON YOUR ACCOUNT AFTER YOUR LAST SCHEDULED PAYROLL FOR 2011 IS RUN. IF WE NEED TO DELAY OR HOLD OFF ON PROCESSING YOUR YEAR-END FOR ANY REASON; YOU MUST NOTIFY YOUR PAYROLL SPECIALIST AS SOON AS POSSIBLE. THERE ARE THREE YEAR END FORMS AT THE BACK OF THIS NEWSLETTER THAT MUST BE COMPLETED AS APPLICABLE AND FAXED BACK TO YOUR PAYROLL SPECIALIST.**

PLEASE NOTE:

-WE DO NOT REFERENCE THE FORMS YOU HAVE SUBMITTED IN PRIOR YEARS.

-WE DO NOT ASSUME THAT YOU WILL OR WILL NOT RUN A BONUS BASED ON WHAT YOU DID IN PRIOR YEARS.

-WE DO NOT PUT YOUR ACCOUNT ON HOLD BASED ON WHAT YOU DID IN PRIOR YEARS.

YOU MUST COMPLETE THESE FORMS AGAIN.

BY FOLLOWING THIS NEWSLETTER AND SUBMITTING THE REQUIRED FORMS YOU WILL HELP ENSURE A SMOOTH YEAR-END PROCESS FOR YOUR COMPANY. PLEASE BE ADVISED THAT A MINIMUM FEE OF \$250 WILL APPLY IF WE HAVE TO RE-RUN YOUR YEAR END PROCESS.

**COMMUNICATION OF YOUR YEAR-END ACTIVITIES IS CRITICAL.**

If you have any questions, please ask your Payroll Specialist during your next scheduled payroll.

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## **W-2 and Year End Delivery Process**

- Year End Processing will begin within 48 hours of your last scheduled payroll unless you have notified us to place your account on hold.
- A MINIMUM CHARGE OF \$250.00 WILL APPLY IF WE HAVE TO RE-RUN YOUR QUARTER/YEAR END PROCESSING.
- A W-2 Preview and Approval Form will be sent out with your quarter/year end tax return package. You will need to review these as soon as possible and return the Approval Form that will accompany the package. W-2's will be printed for distribution with 48 hours of receipt of your W-2 Approval Form. WE WILL NOT PRINT YOUR FINAL W-2'S WITHOUT THIS FORM.
- All W-2's will be delivered via UPS Ground.

## **Check Dates**

With the Thanksgiving, Christmas, and New Year's holidays it is critical that you review your payroll calendar to ensure your check dates are properly reflected. November 24<sup>th</sup>, December 26<sup>th</sup>, and January 2<sup>nd</sup> are all banking holiday's and direct deposit transactions cannot be effective on these days. IF YOU'RE NORMAL CHECK DATE FALLS ON ONE OF THESE DATES AND YOU CHOSE NOT TO CHANGE YOUR CHECK DATE YOUR EMPLOYEES DIRECT DEPOSIT TRANSACTION WILL NOT BE DEPOSITED UNTIL THE NEXT AVAILABLE BANKING DAY. Please take a moment to review your calendar prior to submitting your payrolls for processing. Our system will date your payroll checks and direct deposit transactions with the date on your calendar. In the event that you wish to change your check date you must notify your Payroll Specialist prior to submitting your payroll.

## **W-2 Edit Report**

In late October you were sent a W-2 Edit Report. Please review your employee demographic information, such as names, addresses and social security numbers. This information is very important to ensure timely and efficient Year End Processing. After completing your review please return the W-2 Edit Report to your Payroll Specialist before Dec 5, 2011. If you are a remote user of our payroll software and you print your own reports please be sure to run this report so that you can perform the necessary verification.

## **IRS Federal Deposit Notice**

In late November, the IRS will mail tax deposit frequency change notices to all employers who have a change in their deposit frequency for 2012. If you receive one of these notices, please send us a copy for our records. *We do not automatically receive this information.*

## **Unemployment Insurance Rate Change for 2012**

Please fax or email us your 2012 unemployment rate notices. This information is very important for your 1<sup>st</sup> Quarter Returns in 2012. You should receive this information some time in the 4<sup>th</sup> quarter. Please note: **RATE NOTICES RECEIVED AFTER 1/1/2012 WILL RESULT IN ADDITIONAL PROCESSING FEES FOR CORRECTING YOUR TAX LIABILITIES.** *We do not automatically receive this information from your state(s).*

## **Void / Manual Checks with a Check Date for 2011**

If you have any void or manual checks that have not been reported to your Payroll Specialist, please be sure to do so by your final payroll run of 2011. ***Additional processing fees will apply if we have to re-run quarter/year-end to record these items.***

## **Billing for Employee W-2 and 1099-Misc Returns**

The charges for 2011 employee W-2 and 1099-Misc forms will be deducted from your account with the first payroll in February. Payroll Maxx will be using state of the art Laser Sealed W-2 forms this year. These W-2 forms ensure 100% security since they do not require an envelope with a window and all sensitive information is sealed inside the form before it is sent to you.

## **Missing ID or Social Security Numbers/Employee Address Information**

If we are missing your federal or state identification number or a social security number or address for any of your employees, please report this information to your Payroll Specialist. Federal and state agencies can impose penalties for every employee without a social security number.

## **2012 401(k) Limits**

The base limit goes to \$17,000 in 2012 with an available catch-up contribution of \$5,500 for those plans and employees who qualify. PLEASE NOTE THAT OUR SYSTEM WILL STOP 401(K) WITHHOLDING AT THE \$17,000 LIMIT. If you have employees who elect the catch-up contribution you MUST inform us so that the appropriate setting changes can be made.

## **Reporting Third Party Sick Pay (Disability Payments)**

By law, insurance companies have until January 15, 2012 to report to you any disability insurance benefits paid to your employees during 2011. Should you receive notification of such payment after reporting your last payroll for the year, please contact your Payroll Specialist immediately.

If you expect to receive third party sick pay information on any employee after your last payroll, let your Payroll Specialist know in advance. Since third party sick pay affects all fourth quarter and year-end returns, including W-2 forms, the processing of your returns will need to be delayed.

## **Fringe Benefits**

The value of personal use of company cars or other taxable cash or non-cash benefit must be included on Form W-2. Please report these benefits BEFORE your last payroll for the year. Reporting taxable benefits with cash wages allows the appropriate withholding taxes to be deducted from the employee's check. If these amounts are processed without wages, you may be required to pay the employee's portion of Social Security and Medicare taxes. Specific information about several types of benefits is provided below.

## **Group-Term Life Insurance**

Please report the amount of group-term life in excess of \$50,000 before your last payroll for this year. The value is based on an IRS published table that assigns a value for each \$1,000 of excess coverage per month based on the employee's age.

The value of group-term life insurance in excess of \$50,000 that is included in total wages is FICA taxable, even if the insurance was provided through a cafeteria plan. As the employer, you are liable for the employee FICA if you decide not to withhold it.

## **Dependent Care Assistance**

On Form W-2, employers are required to show in Box 10 (Dependent Care Benefits) the total amount of dependent care benefits paid or incurred for the employee, including any amount in excess of the \$5,000 exclusion. If you provided dependent care services to employees under an employer-sponsored program you must report the benefits paid or furnished by your last scheduled payroll run.

## **Flexible Spending Accounts (FSA)**

Contributions to an FSA are made before taxes and are used to pay non-covered health and dental costs like co-payments, deductibles, eye care, braces, prescription drugs or hospital care. FSA's can also be used to help pay for childcare and approved adult care. This is not required to be shown on the W2 form, but can be added to box 14 if you prefer (see Reporting Amounts on Form W-2, Box 14 on the next page).

## **Health Savings Accounts (HSA)**

On Form W-2, employers are required to show in Box 12w any employer or employee contributions to a Health Savings Account.

## **Processing Bonus Payrolls / Fringe Benefits / Additional Wage Information**

We are continuing with our policy regarding bonus, fringe benefits, and additional wage information payrolls. We need the enclosed forms signed and returned to us before these special year-end payrolls can be processed. These forms are designed to help your Payroll Specialist accurately process these special types of payrolls. If you have any questions when filling out these forms please contact your Payroll Specialist. NOTE: If you are a remote Evolution user you are responsible for the entry of these types of payrolls. If you have any questions feel free to contact your Payroll Specialist as you process these payrolls.

### **Reporting Amounts on Form W-2, Box 14**

The IRS allows employers to use Form W-2, Box 14 (Other) to report information to their employees (e.g., charitable contributions, union dues). We can set up specific earnings/deduction codes to print in Box 14. If you want an earning/deduction code to print in Box 14, let your Payroll Specialist know during your next scheduled payroll. Please review the earning/deduction code description you use. Only the first five letters of your earning/deduction code description will print in Box 14. This title should be as descriptive as possible. For example, an earning/deduction code labeled "Misc" may not be sufficient to substantiate a charitable contribution. Your Payroll Specialist can have your earning/deduction code descriptions adjusted if necessary. For each item you use, we will label beginning with 14A, 14B, and so on. You may have up to four items listed in Box 14. Please see the worksheet below for more details.

#### **Box 14 Example**

Box 14:

14A: 125_H
14B: 125_D
14C: DBL
14D: U_Way

- 125 H = Section 125 (Pretax) Health
- 125 D = Section 125 (Pretax) Dental
- DBL = NYS Disability Insurance- employee contributions
- U way = United Way Contributions

### **Social Security Wage Base Increase FOR 2012**

The Social Security Old Age Survivors and Disability Insurance (OASDI) wage base is changing to \$110,100. Therefore, the maximum 2012 OASDI tax payable by each employee is \$6,826.20, or 6.2 percent of the wage base. That amount is matched by an equal contribution from the employer.

## **Payroll Maxx Holiday Hours 2011/2012**

Thursday, November 24, 2011                      Closed  
Friday, November 25, 2011                      Closed

Monday, December 26, 2011                      Closed

Monday, January 2, 2012                      Closed

## **IMPORTANT DATES 2011/2012**

Tuesday, December 27, 2011                      THIS IS THE LAST DAY A BONUS  
PAYROLL PAID BY DIRECT DEPOSIT  
CAN BE PROCESSED.

Wednesday, December 28, 2011                      THIS IS THE LAST DAY A BONUS  
PAYROLL PAID BY LIVE CHECK  
CAN BE PROCESSED.

Tuesday, January 3, 2011                      THIS IS THE LAST DAY **ANY KIND** OF  
PAYROLL ENTRY CAN BE ENTERED  
AND POSTED TO 2011 AND HAVE THE  
ASSOCIATED FEDERAL TAXES  
PAID ON-TIME.

## Third Party Sick Pay / Disability Payments

Please fax or mail this form to your Payroll Specialist no later than December 5, 2011

**Company Name** \_\_\_\_\_ **Date** \_\_\_\_\_ **Co. ID.** \_\_\_\_\_

**Contact Name** \_\_\_\_\_ **Phone Number** \_\_\_\_\_

I am expecting to receive notice from my Disability Insurance Carrier regarding payments made to employees in the fourth quarter after December 31, 2011. Therefore, **please hold** the processing of my quarterlies until I notify you that all Disability information has been received and any additions to the 2011 payroll have been made.

<input checked="" type="checkbox"/> <b>INTERNAL USE ONLY:</b> <b>CSR:</b> _____ <b>DATE REC'D</b> _____
<input type="checkbox"/> Company tax returns placed on hold
<input type="checkbox"/> CSR Processed Third Party Sick Pay/Disability Payments
<input type="checkbox"/> Company tax returns taken off hold <input type="checkbox"/> Tax department notified.

# Additional Wage Form

Please fax or mail this form to your Payroll Specialist no later than December 5, 2011

Company Name \_\_\_\_\_ Date \_\_\_\_\_ Co. ID \_\_\_\_\_

\_\_\_\_\_ NO ADDITIONAL WAGE INFORMATION TO REPORT

If you will be reporting additional wage amounts in the tax year 2011, please complete this form and return it by December 5, 2011. Your payroll specialist will prepare your file so it is ready to receive these payroll amounts with the payroll.

PC Input/Remote Clients: If you are planning to enter these additional amounts yourself and would like assistance or need new codes set up, please contact your Payroll Specialist.

## Insurance Premiums for Group Term Life (GTL)

The IRS requires that excess premiums paid (coverage over \$50,000.) for group term life insurance be reported on all employees W-2 forms. (THIS ITEM MUST BE PROCESSED WITH A REGULAR PAYROLL RUN)

\_\_\_\_\_ We will be reporting annual insurance premiums for GTL for 2011, withhold all taxes.

\_\_\_\_\_ We will be reporting annual insurance premiums for GTL for 2011, Block Federal and State taxes.

## Fringe Benefits

Under certain circumstances, the value of non-cash fringe benefits (e.g. personal use of automobile or employer paid vacations) must be considered income to employees.

Fringe benefit description: \_\_\_\_\_

Fringe benefit description: \_\_\_\_\_

\_\_\_\_\_ Withhold all taxes.

\_\_\_\_\_ Block Federal and State taxes.

\_\_\_\_\_ FICA taxable only.

\_\_\_\_\_ Withhold all taxes.

\_\_\_\_\_ Block Federal and State taxes.

\_\_\_\_\_ FICA taxable only.

## S-Corporation Health Insurance(2% Shareholder)

Accident and health insurance coverage provided by an S-Corporation to its 2%-shareholder employees must be included in their income, and the cost of the premium must be reported on their W-2 forms as income.

\_\_\_\_\_ We will be reporting S-Corporation health insurance Block Federal/State withholding taxes.

\_\_\_\_\_ We will be reporting S-Corporation health insurance Withhold Federal/State taxes.

## Other Additional Wage Information

\_\_\_\_\_ Allocated Tips

\_\_\_\_\_ Dependent Care

\_\_\_\_\_ Moving Expenses (Taxable)

\_\_\_\_\_ Moving Expenses (Non-Taxable)

\_\_\_\_\_ Third Party Sick Pay

\_\_\_\_\_ Golden Parachute Payments

\_\_\_\_\_ Unsubstantiated employee expense reimbursements

**INTERNAL USE ONLY: CSR: DATE REC'D**

Logged Into Addtl Wage Spreadsheet  TSR Remove Tax Return Hold

TSR Code Setup/Tax Return Hold  CSR File Form with Payroll Run

CSR Run Payroll

# Bonus Payroll Reply Form

\*\*\*PLEASE NOTE WE WILL NOT PROCESS A BONUS PAYROLL WITHOUT THIS FORM\*\*\*

Please fax or mail this form to your Payroll Specialist no later than December 5, 2011

Company Name \_\_\_\_\_ Date \_\_\_\_\_ Co. ID. \_\_\_\_\_

Contact Name \_\_\_\_\_ Phone Number \_\_\_\_\_

\_\_\_\_\_**YES, AS A SEPARATE PAYROLL RUN**  
\_\_\_\_\_**YES, WITH A REGULAR PAYROLL RUN**

Period Ending Date \_\_\_\_\_ Processing Date \_\_\_\_\_ Check Date \_\_\_\_\_

- ✓ If you are using direct deposit, the processing date of your bonus payroll must be at least **THREE** business days before the check date.
- ✓ Keep in mind that **ONCE YOU PROCESS A BONUS PAYROLL, THE BONUS AMOUNTS WILL BE INCLUDED IN THE YEAR-TO-DATE SECTION OF ALL OF THE EMPLOYEE'S SUBSEQUENT CHECK STUBS**. Therefore, if you plan to present the bonus checks on a specific date, schedule your bonus payroll as the last payroll to process prior to the distribution of the bonus checks. This will prevent the bonus amounts from appearing on an earlier check stub.
- ✓ Keep in mind that if your employee's receive their payroll stub via our electronic delivery system (VMR) **ONCE YOU PROCESS A BONUS PAYROLL, THESE STUBS WILL IMMEDIATELY BE SENT TO YOUR EMPLOYEE'S EMAIL ADDRESS**. Therefore, you need to inform your employee's of their bonus amount prior to submitting this payroll to us for processing.

On the processing date I would prefer:

\_\_\_\_ Fax in my bonus payroll to (402) 537-9485 OR \_\_\_\_\_ Email my bonus payroll to [timesheets@payrollmaxx.com](mailto:timesheets@payrollmaxx.com)

\_\_\_\_ **Use the same Taxing/Payroll Options Same as Last Year**  
**OR**

## Taxing Options

Choose one of the following taxing options. (Consult your accountant for additional information regarding bonus taxation.) Your Payroll Specialist will use the information below to set up the appropriate taxation for your bonus payroll.

- \_\_\_\_ Take Regular Taxes
- \_\_\_\_ I will provide Payroll Maxx with pre-calculated gross-to-net figures.
- \_\_\_\_ Take supplemental wage tax for federal (25%) and applicable state, local and FICA Taxes.

## Payroll Options (please check all that apply)

- \_\_\_\_ Block Direct Deposit and Issue All Checks
- \_\_\_\_ Block all voluntary deductions except for pensions
- \_\_\_\_ Block all voluntary deductions.
- \_\_\_\_ Block the voluntary deductions listed below

**\*\*IF YOU ARE NOT RUNNING A BONUS PAYROLL YOU DO NOT NEED TO SEND IN THIS FORM\*\***

**Please fax or mail this form to your Payroll Specialist no later than December 5, 2011**

✓ <b>INTERNAL USE ONLY: CSR:</b>	<b>DATE REC'D:</b>
<input type="checkbox"/> Bonus Payroll entered into Task List	<input type="checkbox"/> Bonus Payroll processed
<input type="checkbox"/> Bonus Template built	<input type="checkbox"/> Company tax returns taken off hold
<input type="checkbox"/> Company tax returns placed on hold	<input type="checkbox"/> Tax department notified