

PPA Meeting – November 29, 2011

Minutes

Workers Compensation Reporting Change (by Stan Marshburn, OFM and Kelly Welsh, DES)

- HRMS calculates Workers Compensation based on the exact number of hours worked including overtime. Workers Compensation was not calculated on leave or holidays.
- Beginning January 1, 2012, Workers Compensation will be calculated using a 160 hour rule for salaried employees. That equates to 80 hours per pay period regardless of any paid leave.
- Workers Compensation will be calculated using the actual hours worked (including overtime) for hourly employees. Hourly employees' hours worked will continue to be entered on the CATS screen as usual.
- New Wage Types are being created to report daily employees' hours worked on the CATS screen. Wage Type 1620 Days Worked will be delimited. The new WTs will be effective 12/16/11.
 - WT 1624 Full Day Worked Hrs
 - WT 1625 Half Day Worked Hrs
 - WT 1626 Quarter Day Worked Hrs

Use the new Wage Types to enter the number of hours the employee worked (see OLOR CATS- Enter Hours for Daily Employee). The hours entered will only be used to calculate Workers Compensation. The hours entered are not used to pay the employee. The employee will still be paid appropriately based on the WT used.

- WT 1624 = \$100 per day
- WT 1625 = \$50 per day
- WT 1626 = \$25 per day

2011 Year End Payroll Processing by Steve Nielson, OFM (see the OFM "[Year End information – 2011](#)" handout).

- Key Dates

Currently think about:

- Remind employees to:
 - § Update their addresses for their Form W-2.
 - § Get pay information in timely (hours, overtime, taxable issues, travel advances etc).
 - § Submit amended Form W-4 if applicable
 - § Review beneficiaries.
 - § Review IRS Section 152 eligibility if they have a qualified/WA State registered domestic partner.
- Communicate with:
 - § HR about new hires, benefits, terminations.
 - § Accounts Payable about 1099-Misc data needed on deceased employees' estates.
 - § Management about upcoming expectations/deadlines.
- Having adequate staffing available during the holidays.
- Being ready for emergencies (manual payroll payments and tax deposits).
- Reconciling 941s and W-2s each payroll, monthly, quarterly and definitely at year end. If they are out of balance, it could be 18 months out before the IRS or SSA contacts you. It will be difficult to

remember what happened 18 months ago....so get thing in balance! To assist with the reconciliation, use the spreadsheet located on OFM's website.

<http://www.ofm.wa.gov/resources/payroll/reconciliation.asp>

See 941 to W-2 reconciliation under "Year-end balancing".

- Reconcile tax deposits by using the 2011 tax deposit reconciliation under "Federal tax deposit".



- 12/23/11 is payday! Why? December 25, the designated payday, is on a Sunday this year. When a designated payday falls on Sunday, the payday shall be moved to the following Monday but cannot be later than the following Monday. Since Monday December 26 is a state holiday, payday gets backed up to the prior Friday or non-holiday day.
- Exempt Form W-4 expires February 15, 2012.
- IRS issues such as:
 - Items considered taxable fringe benefits
 - Reporting rules pertaining to deceased employees
 - Forms (W-2, W-2c, 941x)
 - Processing of overpayments collected for prior years.
 - § Per the IRS, wages repaid for prior years do not reduce actual wages paid in the current tax year.
 - § Remember to calculate the total overpayment remaining (beginning balance less payments) and adjust the amount due from gross to net for 2012.
 - § Also adjust the payment amount the employee has to continue paying in 2012. The new payments should have an effective start date of 12/16/11 and come out on the 1/10/12 paycheck.
- SSA issues such as:
 - SSA has updated its "Critical Links" document. <http://www.ssa.gov/employer/ssnv.htm>
 - SSNVS – Social Security Number Verification Service to verify name and social security numbers supplied on the employee's W-4.
 - Social Security Number Randomization – Effective 6/25/11 new social security number are not issued based on the birth place of the individual. They are assigned randomly.
 - SSA has guidelines to assist you in determining if a SSN is valid.
 - § SSN Allocations by state <http://www.ssa.gov/employer/stateweb.htm> (historical data only)
 - § High Group List <http://www.ssa.gov/employer/ssnvhighgroup.htm> (historical data only)
 - § SSN Randomization <http://www.ssa.gov/employer/randomization.html>

- Submitting Forms W-2c online. If you're submitting a 2010 W-2c already, please wait until after April (after the main W-2 file has been sent to SSA). If SSA receives a W-2c before they have the main W-2 information, there could be problems with the employee's record.
- Other state (Idaho / Oregon) withholding tax requirements for wage/tax date on the W-2s.
 - State and local tax data needs to be reported on the employee's copy of the W-2. SSA does not need this information.
 - § Agencies may perform a year-to-date adjustment (see YTD Adjustments to show withholding on W2 [OLQR](#)).
- OST - Office of the State Treasurer's [manual tax deposit requirements](#).
 - A letter stating who has authorization to request a manual tax deposit.
 - A journal voucher that can be found at www.tre.wa.gov, select....
 - § For State Agencies
 - § Cash Management
 - § ACH Automated Clearing House
 - § EFTJV Electronic Funds Transfer Journal Voucher (Excel).



- Breakdown the following on the JV
 - § Withholding amount
 - § Social security employee
 - § Medicare employee
 - § Social security employer
 - § Medicare employer
- The JV submitted to OST by noon the day before you would like the manual deposit made.
- If a "same-day" manual deposit is needed, call OST for assistance.
- OFM's website <http://www.ofm.wa.gov/resources/payroll.asp> and where to find information on such things as:
 - Manual warrant cancellations
 - Emergency payroll payments
 - Federal tax reconciliations
 - Year-end reconciliations
 - Deceased employees

- 2012 paydates
- Payroll card information (new)
- Settlement payments (new)

- Rates / Limits for 2012
 - Social security wage bases increases to \$110,100
 - Social security percentage returns to 6.2%
 - Medicare rate remains the same at 1.45%
 - Qualified parking increases to \$240
 - Combined commuter highway vehicle transportation, transit passes and vanpool privileges decreases to \$125.
 - 457 plans increase to \$17,000
 - Flexible spending remains \$3,600
 - Health savings accounts \$3,100 individual, \$6,250 family
- Reconcile, reconcile, reconcile!
 - Tax deposits
 - 941 to W-2
- For more information, see the following document:
<http://www.ofm.wa.gov/resources/payroll/PR2011YearEndInformation.pdf>

DRS Update (by Eleanor Conway, DRS)

- There are changes to the rules for retirees who return to work.
- Changes for the Retirees.....
 - Effective January 1, 2012, PERS 1 retiree/rehire in an eligible position are limited to 867 hours before benefits are suspended.
 - They no longer have the 1500 hour exception
 - They no longer have the 1900 hour lifetime limit
- Changes for the Employer.....
 - No need to justify hiring a retiree
 - No need for a special hiring condition
 - No longer receive an employer billing for working beyond 867 hours
- See more on DRS's website at
 - <http://www.drs.wa.gov/news-announcements/retireenews.htm>
 - <http://www.drs.wa.gov/employer/drsn/11037.htm>