# Year End 2016 and Beginning 2017

## Table of Contents

1. Key Dates.................................................................................................. 2
2. Internal Revenue Service (IRS)................................................................. 6
3. Social Security Administration (SSA)......................................................... 9
4. Other State Withholding Tax.................................................................. 11
5. EFTPS Payments Not Made Through HRMS......................................... 12
6. Office of Financial Management (OFM).................................................. 12
7. Rates/Limits for 2017........................................................................... 13
8. Affordable Care Act.................................................................................. 15
10. New for 2016! Changes to the Deferred Comp Program....................... 19
11. Contact Information – OFM, OST, and WaTech....................................... 20

*Remember, Year-End Happens All Year Long!*
1. Key Dates

NOW:

Complete Year End Planning:

Look at lessons learned from 2015 and incorporate as needed

Complete an internal calendar that shows cutoffs for the following:

- Address changes (W-2's print correctly) (periodically ask employees to verify during the year)
- Any documents that affect gross pay
- Account coding changes if applicable
- Cash allowances to be paid through payroll
- Commute Trip Allowance Requests
- Health/Life/LTD insurance changes
- Leave (all types) – including Leave without pay
- Miscellaneous deduction changes
- Overtime/Standby/Callback/Shift Differential hours
- Part-time employee hours
- Salary rate changes if applicable
- Travel – taxable issues
- Work location changes
- Moving Expenses
- Non-cash/taxable fringe benefits reporting
- New hires
- Settlement Issues
- Terminations
- Anything else as identified by the agency

Communicate with the following groups:

- Agency Human Resources Office
- Accounts Payable
- Executive Office
- Employees
- Department managers
- Travel desk
- Field offices
- Commute Trip Reduction Coordinator
- Other offices having payroll related business

Plan adequate staffing availability during the holidays

- Ensure proper staffing levels for December and January

Be mindful that a severe weather event could occur during payroll processing

- Remember the 2012 ice storm!
Key Dates (Continued)

Obtain, review, and have ready procedures for manual transactions. What can you do to prevent these from occurring?

- Emergency payroll payments – OFM Payroll Resources Site
- Manual ACH/warrant cancellations – OFM Payroll Resources Site
- Manual tax deposits - OST EFTPS Instructions Site

Run Forms 941 and W-3 in HRMS each payday and:

- Reconcile deposits
- Balance 941 to W-2
- Prior to filing Form 941:
  - Check for a balance due on Line 14 or an overpayment (refund) on Line 15. Additional research may be needed.
  - Check for errors and warnings in PU19.
- This is not only a year end activity! Do this throughout the year!

Remind employees to submit amended Forms W-4 (if applicable), review beneficiaries, and verify SSA records:

- Per the IRS, remind employees to file an amended W-4 if their filing status, allowances, or exempt status has changed since the last time they filed a W-4. Do this by December 1.
- Be sure to tell employees that if there are no changes, there is no requirement to file a new W-4.

Year-end is a great time for employees to review their beneficiaries for life insurance, retirement, deferred comp, and health savings account (HSA).

Also, remind employees to contact the SSA if they have had an event that would create a change of record.

If you have the Tax Reporter role, sign up for the HRMS Tax Reporter class.

Remind employees who will not be participating in a Consumer Directed Health Plan (CDHP) after 2016 to stop their HSA payroll deduction (if they have one).

Note: Employees cannot enroll in a CDHP/HSA if the employee or spouse/registered domestic partner enrolls in a Flexible Spending Account (FSA) in 2017, unless the FSA is a limited purpose FSA. The PEBB FSA cannot be made limited purpose.
Key Dates (Continued)

Not all employees need to reattest for a covered spouse or registered domestic partner in 2017. For more information, go to the PEBB surcharge site at http://www.hca.wa.gov/public-employee-benefits/employees/spousal-coverage-surcharge.

Remind employees who have a non-qualified tax dependent to review IRS Section 152 eligibility (this should take place throughout the year):

- For complete instructions, including forms, go to the following Public Employee Benefits Board (PEBB) site: http://www.hca.wa.gov/search/site/Tax%20Status?section=4581. Employees who want to add a non-qualified tax dependent would also go to this site.
- The Rates page on the PersPay site will be updated with the 2017 Tax Issues Related to non-qualified tax dependents: http://www.hca.wa.gov/perspay/rates-information

Verify that Accounts Payable has all Form 1099-MISC data needed for amounts paid to the claimant of deceased employee’s estates:

- Use wage type 3102 for net pay – it accures to general ledger 5145 (Due to Deceased Employees Estates).
- New for 2016 reporting! Forms 1099-MISC must be filed with the IRS by January 31, 2017. Be sure the preparer has the data in time to meet the deadline. If your agency is using Account Ability, be aware that there are internal deadlines as well.

Final Off-Cycle Workbench for December 23, 2016: Watch for HRMS communication!

Friday, December 23, 2016: PAYDAY!

End 2016 and Beginning 2017: Be aware of employee health insurance premium collections between years (cannot be pretax, unless agency administrative error – means a W-2 correction for 2016 – 2017 should not be affected). Be sure to communicate with affected employees!

Prior to sending out 4th quarter 2016 IRS Form 941: Ensure that Forms 941, 941-X, W-2, and W-2c are in balance. Doing so will help avoid penalties from the IRS, SSA, or both. Note: Once WaTech has processed Forms W-2, this means a W-2c.

- DON'T wait until the end of January to complete the 2016 reconciliation process! You should have reconciled all payrolls prior to December 24 already.
Key Dates (Continued)

- **DO wait until the 941 filing deadline to file!** Why? Avoids a 941-X if you find a correction that needs to be made to Form 941.

Items to be postmarked by January 31, 2017:

- Forms W-2 to employees

**February 15, 2017:** Exempt Forms W-4 expire.

- Per IRS Publication 15, any Form W-4 previously given to you claiming exemption from withholding has expired.
- Begin withholding for any employee who previously claimed exemption from withholding, but has not given you a new Form W-4 for the current year.
  - If the employee does not give you a new Form W-4, withhold tax as if he or she is single, with zero withholding allowances.
  - If you have an earlier Form W-4 for this employee that is valid, withhold based on the earlier Form W-4.
- After Day 4 for the 12/9 payroll, you can run **HRMS report ZHR_RPTPY661 “Tax Exempt Status Report”** to find out which employees are claiming exempt.

**TIP:** Run this report after every payroll to make sure that:
- Employees listed on the report have a current exempt W-4 on file.
- Employees filing exempt are listed as “reportable” in HRMS. Why? Even though an employee turns in an exempt W-4, wages are still reportable in Box 1 of the W-2!

After Completing the Year-End Process

- Schedule a Year-End debriefing meeting to review successes and failures.
- Document lessons learned in 2016 in preparation for the next Year-End.
- Go over the 2017 payroll calendar: Be aware of deadlines and paydates!
  - Of special note are:
    - July 4 – Day 1 on a Saturday
    - November 22, - Payday is early, Day 4 is on a Saturday
    - December 22 – Payday is early, Day 1 is on a Saturday

Throughout the year, watch “effective dating” on Form W-4 changes

- If you use a date that does not include a time period in the employees’ tenure in your agency, you may affect another agency’s payroll revolving account (035), causing an out of balance condition for both agencies.

**Go to the HR site and check out the year-end schedule!**
[https://watech.wa.gov/payroll/year-end](https://watech.wa.gov/payroll/year-end)
2. Internal Revenue Service

Taxable Fringe Benefits:

The IRS guide to Taxable Fringe Benefits can be viewed at the following web address: https://www.irs.gov/pub/irs-pdf/p15b.pdf?_ga=1.14343934.873758405.1453249327

In addition, the IRS Fringe Benefits Guide can be viewed at: http://www.irs.gov/pub/irs-pdf/p5137.pdf (Note: This publication has not been updated since 2014, but still provides great information)


Items of note:

- Taxable travel – work with Accounts Payable
  - Based on your agency’s policy, be sure to use the appropriate HRMS wage types to either:
    - Tax the value of the taxable travel (traveler was already reimbursed outside of the system) or
    - Reimburse and tax the taxable travel (traveler is reimbursed for taxable travel using HRMS)
- Commute Trip Reduction payments
- Allowance payments
- QDP – rate changes (automatically updated)
- Special Accounting Rule for benefits provided in November/December (or a shorter period)

IRS Contact Information for Government Agencies:

- 1-877-829-5500
- Washington’s Federal, State, and Local Government contact
  - Clark Fletcher
  - Clark.M.Fletcher@irs.gov
  - (425) 489-4042 – (however, email is best)
Deceased Employees - reporting rules

- IRS requirements:
  - All payroll payments made to a deceased employee (in the calendar year of death as well as future calendar years) are not subject to federal income tax.
  - With the exception of sick leave buyouts, all wage payments (pay, overtime, comp time, annual leave, etc.) to a deceased employee are subject to social security and Medicare taxes in the calendar year of death, but not in subsequent years (Excluding payments to employees who have reached their respective maximums). The earning period being processed is not relevant - only the actual pay date.
  - Sick leave buyouts made to deceased employees’ survivors are exempt from social security and Medicare taxes.
  - The claimant of payouts made to the deceased employee receives a Form 1099-MISC. Per Clark Fletcher from the IRS, Gross Pay less deferrals are reported. Report in Box 3, “Other Income.”

Forms and Instructions:

- Form W-2 (Wage and Tax Statement), Form W-3 (Transmittal of Wage and Tax Statements) and instructions

  Forms W-2c (Corrected Wage and Tax Statement), Form W-3c (Transmittal of Corrected Wage and Tax Statements), (multiple copies) and instructions - Can register with the SSA and submit on line: http://www.ssa.gov/employer/

  Electronic Forms W-2c are strongly recommended. Note: Per the SSA, if submitting for 2016 in the first quarter of 2017, print, but do not submit, until the SSA has processed the electronic file sent by WaTech in January. Go to the above website or call the SSA in Seattle for verification.

- Form 941-X (Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund)

The following website can be used to research any of the above mentioned forms and instructions as well as all other forms and instructions provided by the IRS: https://apps.irs.gov/app/picklist/list/formsPublications.html
Internal Revenue Service (Continued)

Overpayments Collected for Prior Years:

Per the IRS, wages repaid for prior years do not reduce the actual wages paid to an employee in the current tax year. The employee may claim the repayment on Form 1040.

The example below relates to Form W-2 Box 1 (Wages, Tips, and Other Compensation) only:

- Employee paid $21,000 in 2016, $1,000 of which was an overpayment
- Employee pays back the $1,000 in 2017
- Employee paid $25,000 in 2017

Therefore:
  - 2016 Box 1 is $21,000
  - 2017 Box 1 is $25,000
  - Employee may take a deduction for $1,000 in 2017 on their 1040.
  - Employer DOES NOT reduce 2017 wages to $24,000

For further information, see IRS Publication 15 “Wage Repayments:”
3. Social Security Administration

The Social Security Administration (SSA) has updated its “Critical Links” document, which provides guidance to employers on correctly reporting names and social security numbers on Forms W-2 so that SSA can match each W-2 to the employee’s lifelong earnings history. The “Critical Links” document can be found at: http://www.ssa.gov/employer/critical.htm

The SSA encourages:

- Employers to verify an employee's name and social security number (SSN) on the employee’s W-4 form as part of the hiring process for tax withholding and reporting purposes.
- Employers to use the Social Security Number Verification Service (SSNVS) to verify social security numbers on-line. More information is available at http://www.ssa.gov/employer/ssnv.htm.
- Workers NOT to carry their SSN or social security card on them because of identity theft.

The social security card cannot be a required document for purposes of proving the employee's authorization to work in the U.S. under the immigration law (I-9).

Knowing what social security numbers have been allocated will help you determine if a social security number is valid. The SSA has two guides that will help you make this determination (note: Effective June 25, 2011, social security numbers are assigned using the randomization method):

- Social Security Number Allocations – How SSN’s were assigned and a list of number areas by state (http://www.ssa.gov/employer/stateweb.htm).
- Note: The above sites are no longer being updated - they are for historical and informational purposes only.
- Social Security Number Randomization: http://www.ssa.gov/employer/randomization.html

IRS Penalties: If Form W-2 does not contain the employee’s correct name or social security number, under the Internal Revenue Code, the employer “may be” penalized up to $260.00 for each incorrect Form W-2 (maximums apply – see the IRS Forms W-2/W-3 Instructions at http://www.irs.gov/pub/irs-pdf/iw2w3.pdf).

Helpful Hint: If an employee has only one name, such as “Cher” or “Madonna” it would be considered the last name for W-2 reporting purposes.
Social Security Administration (Continued)

The SSA has announced that it will begin returning electronic and paper wage reports to employers that contain a W-2 with any of the following conditions (effective January 2015):

- Medicare wages and tips less than the sum of social security wages and social security tips on the W-2
- Social security tax is greater than zero and social security wages and social security tips equal to zero
- Medicare tax is greater than zero and Medicare wages and tips are equal to zero

See page iii of the 2016 Specifications for Filing Forms W-2 Electronically booklet (SSA Publication 42-007): [https://www.ssa.gov/employer/efw/16efw2.pdf](https://www.ssa.gov/employer/efw/16efw2.pdf) (Note: You may need to cut/past the link into your browser).

The SSA provides a helpful site called [Hints for Preventing Resubmission Notices from Social Security](https://www.ssa.gov/employer/efw/16efw2.pdf). Check it out!

Washington’s SSA contact
- Armond Joseph
- [Armond.Joseph@ssa.gov](mailto:Armond.Joseph@ssa.gov)
- (425) 215-2229
4. Other State Withholding Tax (as provided by Social Security Administration)

State and local tax data needs to be reported on the employee's copy of the W-2 so that they can file state or local tax returns. However, the W-2 file that the state sends to the SSA does not need to contain that information. The SSA does not read state and local tax data nor pass it on to anyone.

Depending upon the locality involved, agencies may need to send state or local W-2 data to that entity. For example, Oregon requires W-2 data to be sent electronically.

Each state is slightly different rules and regulations so you need to check with those in which you have employees.

As far as the mechanics of getting the state and local tax data to the employee, agencies have many choices.

- You could pull, or suppress, the automated W-2 and provide one that includes all of the Boxes for other state taxes (see below).
- The automated system could provide the data automatically.
- The SSA does not recommend that you use the W-2-c route as it may create more confusion for the employee or their tax preparer.

No matter how you choose to give the state and local tax data to the employee, do not send that information to SSA.


**Agencies using HRMS can include other state wage and tax information by following HRMS procedures.**

- For other state’s income taxes to be reported on employees’ Forms W-2, a state ID is required.
- HRMS must have the state’s ID number in the system.
- For state ID numbers that are not presently in HRMS, complete a State ID Number Form and send it to HRMS by December 16, 2016: Refer to the WaTech Service Notification sent on November 3, 2016.

**Agencies not using HRMS can include other state wage and tax information by updating (but not sending) the Form W-2 found on SSA’s Business Services Online website at [http://www.ssa.gov/employer/](http://www.ssa.gov/employer/).**
5. EFTPS Payments Not Made Through HRMS

Journal vouchers to be sent to the Office of the State Treasurer (OST) for IRS payments (EFTPS) are due by **11:30am** in order to process for next day settlement. In the event you require same-day tax transmission, please call the OST as soon as possible.

Here is the link to the OST site: [http://www.tre.wa.gov/](http://www.tre.wa.gov/)  Hover on “For State Agencies,” then “Accounting.”  Click on “Transfer JVs” or Transfer JVs Form.”

**Note:** In order for the deposit to show on the HRMS generated IRS Forms 941/Schedule B, agencies still have to go in to HRMS and enter it. Use transaction code PU19.

6. Office of Financial Management

Manual Processing Tasks

The following manual processing tasks can be found on OFM’s website in the Accounting page under “Find Administrative & Accounting Resources” (Payroll): [http://www.ofm.wa.gov/resources/payroll.asp](http://www.ofm.wa.gov/resources/payroll.asp)

If you are unable to find what you need at this website, contact Steve Nielson.

- Manual warrant cancellations
- Emergency payroll payments
- Federal tax Reconciliations
- Year-end reconciliations

Other items of interest in the Payroll Resources Site:

- Calendar year-end information
- IRS/SSA materials (forms and publications)
- Deceased employees
- State paydates, federal holidays, IRS $100,000 next day deposit dates
- ACH authorization form
- Payroll card information
- Garnishments and Reconciliation
- Overpayments
- Settlement payments attributable to wages
- Comp time cash-out for terminating employees
- Mid-Period transfer template
- PPA Website
- There are many other items in this site as well. Check it out!

OFM Home Page:  [http://www.ofm.wa.gov](http://www.ofm.wa.gov)
7. Rates/Limits for 2017

Social Security Wage Base:

- $118,500 in 2016 and
- **$127,200 for 2017**

The employee and employer tax rates remain at **6.2% each** (12.4% total).

**Note:** For employees that are at or near the max that transfer in to your agency from another HRMS agency, follow HRMS procedures to ensure that Social Security will not be deducted when the employee maxes out for the year (the state of Washington is one employer for Social Security purposes).

The employee and employer **Medicare Tax Rates** remains at **1.45% each** (2.90% total). **See note below.** There is no maximum wage base for Medicare taxes.

**Note:** Employers must withhold an additional 0.9% from wages paid to an employee that exceed $200,000 during the year (regardless of the employee’s filing status). This makes the effective employee Medicare tax rate **2.35% on wages over $200,000.**

Supplemental Withholding Rate (for supplemental wages less than $1 Million):

- 25% in 2016 and
- **25% for 2017** (39.6% for supplemental wages over $1 million)

**Election Worker exclusion threshold** for applicable states:

- $1,700 in 2016 and
- **$1,800 for 2017**

**POV Mileage Rate:**

- $0.54 per mile max in 2016 and
- **$0.535 max for 2017** (refer to SAAM 10.10.10.b.)

**Qualified Transportation Fringe Benefit Limits:**

- Qualified parking provided by an employer to an employee:
  - $255/mo in 2016 and
  - **$255/ mo for 2017 (unchanged)**
- Combined Commuter Highway Vehicle Transportation, Transit Passes and Vanpool Privileges:
  - $255/mo in 2016 and
  - **$255/ mo for 2017 (unchanged)**
Rates/Limits for 2017 (Continued)

Limitations on Exclusions for Elective Deferrals Under:

- IRS Section 403(b): Non-Profit Employers and Public Schools and IRS Section 457 (State and Local Governments and Tax Exempts)
  - $18,000 in 2016 and
  - $18,000 for 2017 (unchanged)

Flexible Spending Accounts:

- $2,500/yr. maximum in 2016 and
- $2,500 for 2017 ($240 minimum) (remains the same)
- **Remember, use or lose!**
- **Note:** The IRS limit increased to $2,600 in 2017, but PEBB decided to continue with the $2,500 limit.

Health Savings Accounts:

- **Individual contribution limit:**
  - $3,350/yr. maximum in 2016 and
  - **$3,400/ yr. maximum for 2017**
- **Family contribution limit** (Employee + one or more family members enrolled in the Consumer Directed Health Plan (CDHP)):
  - $6,750/yr. maximum in 2016
  - **$6,750/ yr. maximum for 2017 (unchanged)**
- **Note:** The above limits include the employer’s annual contributions ($700.08 for an individual, $1,400.04 for a family)
- Members ages 55 and older may contribute up to $1,000 more annually (in addition to the limits above)
- **Note:** The $125 wellness incentive counts towards the yearly limit! Employees should take this amount, as well as the employer’s annual contributions, into account when figuring out any of their own contributions.

Compensation Limits for Retirement Contributions:

- $265,000 in 2016 and
- **$270,000 for 2017**

The rates and limits listed above are based on information supplied by the American Payroll Association, the Health Care Authority, and OFM. The IRS and SSA are the final authority on rates and limits.
8. Affordable Care Act

W-2 Reporting of Cost of Employer Provided Health Coverage

The federal Affordable Care Act (ACA) requires employers to report the total cost of employer sponsored health coverage on employees’ Forms W-2.

- Effective for 2012 and later Forms W-2
- Reported in Box 12 using code DD
- Provides information to the employee

**Note:** The cost of employer provided health insurance does **not equal** employee premiums + state share.

- The amount shown on the W-2 will be the amount paid to health insurance providers by HCA. The amounts can differ. Examples: Single vs. family, one provider vs. another.
- This means that the amount shown on the earnings statement will differ from the amount on the W-2.

**Remember!**

- Be sure that employee premiums and state share are recorded properly for all employees, especially:
  - New employees
  - Terminating employees
  - Employees on leave without pay
- When processing ER medical cost (wage type 2550), be sure to **also use wage type 2575 (insurance provider cost).**
  - Failing to do so will cause inaccurate reporting on Box 12 DD.

- Reconciling your health insurance general ledger (account 035, GL 5181) will help you find discrepancies!
- Utilize the new HRMS Health Care Activity Report.
  - ZHR_RPTBNN36
  - Use Tax Reporter File Format
**Affordable Care Act (Continued)**

**Employee and Employer Reporting Requirements**

**IRS Form 1095-C:** Employer-Provided Health Insurance and Coverage
**IRS Form 1094-C:** Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns

- The 1095-C is the detail, and the 1094-C is the summary (think W-2 and W-3).
  - The forms are virtually unchanged.
- What type of information is to be reported?
  - 1095-C
    - Employee and employer name, address, ID numbers, etc.
    - Type of health insurance offered to the employee, employee's spouse, and dependents *by month.*
    - Each covered individual's name, SSN (or date of birth if SSN isn't available), and which months were covered.
    - And more!
  - 1094-C
    - Employer's name, EIN, address, contact person.
    - Number of Forms 1095-C
    - Full-time employee count *by month.*
    - Total employee count *by month.*
    - And more!
- The Health Care Authority works with WaTech (as well as the other 7 higher education payroll systems) on data compilation for reporting to the IRS.
- 2016 forms will be postmarked by January 31, 2017.
  - Why is your agency the contact for retirees?
    - There is only one contact line available for your entire agency (active and retirees).
    - Retirees in Uniform Medical Plan will receive a report from the employer.
    - Retirees in other plans will receive a report from the plan.
    - Questions can be directed to PEBB.
- For further information, refer to the following HCA/PEBB resources:
  - “Decoding Form 1095-C:”
    [http://www.hca.wa.gov/assets/perspay/Decoding_Form_1095-C.pdf](http://www.hca.wa.gov/assets/perspay/Decoding_Form_1095-C.pdf)
  - Q&A document:  [http://www.hca.wa.gov/assets/perspay/FAQForm1095_v2.pdf](http://www.hca.wa.gov/assets/perspay/FAQForm1095_v2.pdf)

The Consolidated Appropriations Act, 2016 was signed into law on December 18, 2015:

- Combined several pieces of legislation including the Protecting Americans from Tax Hikes Act of 2015 (PATH Act)
- The PATH Act includes changes that will affect Payroll and Accounts Payable

What changed?

- For the first time, Forms W-2 with incorrect dollar amounts may fall under a safe harbor for certain de minimis errors.
- The safe harbor applies if:
  - No single amount in error differs from the correct amount by more than $100, and;
  - No single amount reported for tax withheld differs from the correct amount by more than $25.
- If the safe harbor applies, you will not have to correct the Form W-2 and it will be treated as having been filed with all of the correct required information.
- **However, the safe harbor does not apply if the payee elects to have you issue a corrected return.**
- Examples:
  - If wages, tips, and other compensation reported on Box 1 of Form W-2 was overstated by $75, a correction made with either a corrected Form W-2 or Form W-2c would not be required, unless the payee elects to have you issue a corrected form.
  - If wages, tips, and other compensate reported on Box 2 of Form W-2 was overstated by $75, a correction made with either a corrected Form W-2 or Form W-2c would be required.
  - If wages, tips, and other compensation reported on Box 1 of Form W-2 was overstated by $15, a correction made with either a corrected Form W-2 or Form W-2c would not be required, unless the payee elects to have you issue a corrected form.
- This provision is in affect for forms dated 2016 and later only! Use the current process for 2015 and prior.
- For further information, refer to the following:
- **Remember, Forms 941 and W-2/ W-2c must still be in balance!**
Safe Harbor for Di Minimis Errors on Information Returns and Payee Statements (Continued)

- The IRS has issued guidance. Refer to Notice 2017-09: https://www.irs.gov/pub/irs-drop/n-17-09.pdf
  - The de minimis error safe harbor applies only to inadvertent errors on a filed information return or furnished payee statement.
  - A payor that intentionally misreports a dollar amount on an information return or payee statement, whether or not the amount otherwise qualifies as de minimis, fall under intentional disregard provisions of the Internal Revenue Code and the safe harbor does not apply.
  - The safe harbor only applies to information returns that have been filed.
  - The regulations are also to include a requirement for payors to notify payees regarding the de minimis error safe harbor and the election for the safe harbor not to apply.
  - For further details, refer to the Notice.
10. New for 2016! Changes to the Deferred Comp Program

Engrossed Substitute Senate Bill (ESSB) 5435 was passed in the 2016 legislative session. The effective date of the bill is January 1, 2017.

- Effective January 1, 2017, newly hired, full-time employees of the state and higher education employers will be automatically enrolled in the state’s Deferred Compensation Plan (DCP).
- Default deferral rate under auto enrollment is 3 percent of taxable salary.
- Employees will have 30-days from date of mailed notice to opt out of the auto enrollment provisions.
- Employees who do NOT opt out within the 30-day window will have another 90-day window following their first deferral to stop deferrals and request a permissible withdrawal of contributions made under auto enrollment.
- Employees can change the deferral amount.

What changes have already taken place?
- Effective October 3, 2016, DCP implemented percentage deferrals as an option for all DCP participants.
- Employees can still contribute to DCP with a fixed dollar amount.

What changes will take place in HRMS this coming January?
- Newly hired full-time employees who are hired January 1, 2017 or after will default into DCP.
- Partial deferral amounts will occur.
  - Why is this happening? To support DRS’ recent rule changes for DCP deferral percentages.
  - What does this mean?
    - Currently, if there is not enough net pay to defer the amount in HRMS, the deferral does not take place.
    - Effective January 2, 2017 (for the January 25 payroll), HRMS will take what it can. Example:
      - An employee’s deferral amount is set at $500.
      - The net pay for the pay period is $350.
      - $350 will be sent to DCP (zero net pay).
  - HRMS has added deferral limits to the system.

Watch for communications from DCP regarding these changes. Further information can be found here: https://savewithwa.empower-retirement.com/login.do (click on the “new option” window).
- Information will be linked in this banner on this landing page.
- The Department of Retirement Systems (DRS) will be sending out an Employer Notice in mid-December regarding the upcoming auto-enrollment changes.
- DRS will send out a communication to current DCP participants regarding the “take what it can” approach prior to January.
11. Contact Information – OFM, OST, and WaTech

Contact OFM for any accounting-related concern or problem, plus anything where help is needed in regard to a payroll issue other than HRMS system concerns or OST-related issues. OFM will try to assist agencies on whatever issues that come up.

Steve Nielson: (360) 725-0226 steve.nielson@ofm.wa.gov
Heidi Algiere: (360) 725-0182 heidi.algiere@ofm.wa.gov

Tax payments not made through HRMS/OFM
Cindy Doughty: (360) 902-8908 EFTJV@tre.wa.gov
Ryan Pitroff: (360) 902-8917 EFTJV@tre.wa.gov
Lesa Williams (360) 902-8911 EFTJV@tre.wa.gov
Fax: (360) 704-5155

Payroll direct deposit:
Lesa Williams: (360) 902-8911 EFTJV@tre.wa.gov
Kristy Sartain: (360) 902-8909 EFTJV@tre.wa.gov
Ryan Pitroff: (360) 902-8917 EFTJV@tre.wa.gov
Cindy Doughty: (360) 902-8908 EFTJV@tre.wa.gov
Fax: (360) 902-8945

Payroll warrants:
Warrant Division (360) 902-8994 WarrantInquiry@tre.wa.gov
Mary Ann Johnson: (360) 902-8985 WarrantInquiry@tre.wa.gov
Fax: (360) 664-2292

WaTech - Washington Technology Solutions

Processing schedules; HRMS questions:
Support Center: (360) 407-9100 support@watech.wa.gov
(855) 928-3241 (855-WaTech1) toll free
(360) 586-1000

Payroll Vendors (3rd party payments)
Payee Help Desk (360) 407-8180 payeehelpdesk@watech.wa.gov