

Planning Ahead W2 Workshop

2018

Preparing for Year End & W-2's

Preparing for Year End and W-2's

Purpose: to assist you in completing calendar year end housekeeping and preparing for W-2 processing.

It is **VERY IMPORTANT** to check your payroll file now for any possible discrepancies so they can be addressed before the end of the calendar year. We strongly encourage all corrections and adjustments be done prior to the last pay in 2018.

#1 2 Column Year-To-Date Balancing for W-2's

SMART / Check & Wage Reporting / W2 / Processing/Adjustments / 2-Way Balance

This spreadsheet is very similar to the 3 column balancing spreadsheet in Pay Execution.

The 2-Way Balancing uses the amounts from the YTD fields as opposed to the amounts in the current pay fields. The difference should be Zero.

#2 Reporting Employer Sponsored Health Coverage on W-2 – 5th Year

Create excel spreadsheet by either using –

- a. SMART / Payroll Reports / Health Cost Summary
- b. Employee Analysis – Include all employees who have received health benefits in the calendar year. Spreadsheet will require employee name, employee number, Pay Item#, total cost of reportable Health Coverage.

HEALTH COVERAGE = BOTH EMPLOYEE COST AND EMPLOYEE CO-PAY.

#3 Review the Error List in SMART / Check & Wage Reporting / W-2 / Processing/Error List

The Error List reports any employee that does not balance for federal and FICA Taxable wages. There should not be employees with differences. Any employee with differences needs to be researched and resolved prior to year-end. There are (4) Tabs – If the tab is Blue there's information that needs to be investigated.

#4 Employee Wages Should Not Be Paid Through Accounts Payable

Check with Accounts Payable to determine if any wage compensation has been paid through their department for the current calendar year. If yes, contact a RESA consultant to assist in bringing those dollars into your payroll file prior to year-end. Do NOT wait until January to make these adjustments.

All wages for employees must flow through the Payroll file and be subject to taxes. This includes coaching pay and school board member stipends as well (for IRS regulations specifically relating to coaches and school board members go to www.IRS.gov and search on 'school board members').

Preparing for Year End and W-2's

#5 TSA / 457 / HSA Year to Date Report thru Pay Execution / Warnings

This report will assist in checking for employees who may exceed the maximum TSA / 457 / HSA deduction amount for the calendar year. Edit filter to see Max Amounts – Code 501, 502, 503

#6 Compare Federal Tax Gross / State Tax Gross

Verify on your Tax Filing report and on Pay Detail / Summary Tab that your YTD federal taxable gross matches your YTD state taxable gross. If there is a discrepancy contact a consultant for assistance in correcting the error before the end of the year. (If you have employees with Ohio State tax add both MI and OH Taxable Wages to compare to Federal Wages)

#7 Negative YTD Amounts on Pretax Deductions??

Check for negative YTD amounts on pretax deductions in the W2 Module / Error List / Other Tab. (TSA's, TDP's, 457's, Sec 125 Deductions, MIP, etc.) The negative amount in the YTD field usually means that a 2017 deduction was refunded in calendar year 2018. The W-2 Module will process a negative amount as a blank field on the W-2.

#8 Group-Term Life Insurance over \$50,000

The value of employer provided coverage in excess of \$50,000 is fully taxable income. You are required to report the value on the employees W-2 as fully taxable earnings. The employer is not required to withhold federal withholding tax but is required to withhold FICA OASDI and FICA HI on the taxable value for all current employees. This means that you MUST bring the taxable value into payroll before the last regular pay in December so the employee has FICA withheld. Reporting FICA withholding as uncollected on the W-2 is NOT an option for active employees.

#9 Section 125 Dependent Care and/or Health Care Flex Spending Limits

There is a \$5,000 calendar year limit on the amount that an employee can have deducted for flex spending dependent care. The limit for health care flex spending reimbursement is \$2,650. Use SMART / Check & Wage Reporting / W-2 / Processing/Adjustments to verify employee YTD amounts for those two deductions. If any employee has or will have more than \$5,000/\$2,650 total for the calendar year, you must make the necessary adjustments to correct the YTD amount before the end of the calendar year. You may have to adjust the amounts of the remaining deductions for the calendar year or refund any amount over \$5,000 that has already been deducted.

Preparing for Year End and W-2's

#10 3RD PARTY SICK PAY DOCUMENTATION

ALL 3RD PARTY SICK PAY MUST BE REPORTED ON THE W-2.
EVEN IF THE PAY IS NOT FEDERAL, STATE OR FICA TAXABLE.

Non Taxable 3rd Party sick pay must be reported in box 12J of the employees W-2 form.

Reporting short and long term disability payments is always tedious and confusing but every year it gets easier and we get better at it ☺ To avoid 3rd Party Sick Pay problems while processing W-2's we require you bring copies of the documents received from the 3rd Party Insurance Company for any sick pay you will be adding to your W2 file.

Even if you are not the department responsible for tracking or reporting the 3rd Party Sick Pay, please bring copies of the documents from the insurance company to the workshop (not just an excel spreadsheet with the amount of sick pay to add).

Pay Item Configuration: Go to SMART / Payroll / Pay Item Manager / Setup / Pay Item Configuration / Earning (Deductions)

Code	Description	Supplemental?	1st	2nd	3rd	9th	Fed. Exempt	Fed. WH Exempt	FICA Exempt	FICA WH Exempt	State Exempt	State WH Exempt	Method	Am
0010	REGULAR PAY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	00	
0020	FUTURE RAISE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	00	
0030	OVERTIME PAY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	00	
0050	CONTRACT-ADD'L	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	02	
0060	CONTRACT-MISC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	01	
0070	CONTR. PAY DOCK	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	02	
0080	CONTRACT-OTHER	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	01	
0090	CONTRACT-RETRO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	01	
0100	CONT. RETRO-CURYQ	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	01	
0110	CONT. RETRO-PRYR	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	02	
0120	RMMSS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	01	

Record Count: 132

Earnings | Deductions | Accumulators

Preparing for Year End and W-2's

Non-Taxable 3rd Party Sick Pay: Pay Item: _____

Employee paid Short Term Disability insurance premiums with after tax dollars payroll deducted from their payroll check.

Fully Taxable 3rd Party Sick Pay: Pay Item: _____

Employer paid Short Term Disability (the first 6 months).

Fed/State Taxable (No FICA) 3rd Party Sick Pay: Pay Item: _____

Employer Paid Long Term Disability (after 6 months). Long Term Disability over 6 months is not FICA taxable but is federal and state taxable.

Preparing for Year End and W-2's

#11 WORKSHEET FOR PAY ITEMS TO PRINT IN W2 BOXES

SMART / W2 / Processing / W2 Box Configuration

Last Year's Setup will pull in. Review, Change, Add, and Delete as necessary.

W2 Box 10 Qualified Dependent Care Benefit Deduction:

Pay Item: _____

NOTE: THIS IS SEC125 DEPENDENT CARE ONLY

DO NOT include SEC125 Health Care Deductions!

W2 Box 12C Group Term Life Insurance Over \$50,000

Pay Item: _____

W2 Box 12E Employee Contributions to Section 403b's:

When entering multiple screens, change the Separator Code for each new screen. You may list up to a maximum of 36 TSA Pay Items.

PAY ITEM: _____	PAY ITEM: _____	PAY ITEM: _____
PAY ITEM: _____	PAY ITEM: _____	PAY ITEM: _____
PAY ITEM: _____	PAY ITEM: _____	PAY ITEM: _____
PAY ITEM: _____	PAY ITEM: _____	PAY ITEM: _____
PAY ITEM: _____	PAY ITEM: _____	PAY ITEM: _____
PAY ITEM: _____	PAY ITEM: _____	PAY ITEM: _____
PAY ITEM: _____	PAY ITEM: _____	PAY ITEM: _____
PAY ITEM: _____	PAY ITEM: _____	PAY ITEM: _____
PAY ITEM: _____	PAY ITEM: _____	PAY ITEM: _____
PAY ITEM: _____	PAY ITEM: _____	PAY ITEM: _____

Preparing for Year End and W-2's

#12 WORKSHEET FOR PAY ITEMS TO PRINT IN W2 BOXES

W2 Box 12G Employee Contributions to Section 457's:

PAY ITEM: _____ PAY ITEM: _____

PAY ITEM: _____ PAY ITEM: _____

W2 Box 12J Non-Taxable 3rd Party Sick Pay:

PAY ITEM: _____

W2 Box 12M Uncollected FICA OASDI on Group Term Life over \$50,000
for Former Employees:

PAY ITEM: _____

W2 Box 12N Uncollected FICA HI on Group Term Life over \$50,000 for
Former Employees:

PAY ITEM: _____

W2 Box 12W Contributions to a Health Savings Account (HSA):

PAY ITEM: _____

W2 Box 12DD Employer/Employee Sponsored Health Coverage:

PAY ITEM: _____ 9710 _____

Preparing for Year End and W-2's

W2 Box 14 "Optional":

Note: It is recommended to include, at least, ER Defined Contribution.

Priority A DESC: _____ PAY ITEM: _____; _____

Priority B DESC: _____ PAY ITEM: _____; _____

Priority C DESC: _____ PAY ITEM: _____; _____

Priority D DESC: _____ PAY ITEM: _____; _____

Priority E DESC: _____ PAY ITEM: _____; _____

Priority F DESC: _____ PAY ITEM: _____; _____

#13 WHAT TO BRING TO THE W2 WORKSHOP IN JANUARY:

- Pay Detail Summary for 2018
- Tax Filing Report 2018
- From Last Payroll in 2018, Flex Medical & Dependent Care Deductions from EA
- 3rd Party Sick Pay recipients list with names and ss#'s to assist you in completing Box 13 on W-2 (Checkmark in 3rd Party Sick Box)
- A balanced 2 Way Balancing Spreadsheet in SMART / Check & Wage Module.
- Documents from 3rd Party Sick Pay Insurance Company for all sick pay to be added to W-2's. Please fax over a few days before your workshop date.
- Review & Verify W2 Box Configuration from 2017
- Purchase Order Form or PO# for W-2 Forms and Envelopes if not included w/1099's