

Department of Accounts Payroll Bulletin

Calendar Year 2005

December 21, 2004

Volume 2005-01

2005 Calendar Year Payroll Operations and Leave Processing

Introduction This Payroll Bulletin addresses key **2005** calendar year payroll and leave processing issues. This bulletin should be distributed to and carefully reviewed by appropriate payroll and fiscal personnel within your agency.

Agency Profile Updates DOA maintains a database of the payroll operation profiles of each agency to facilitate communications and assistance. Included in this database are contact names, phone numbers (voice and fax), E-mail addresses and report distribution information.

Verification reports showing the contact information we currently have in our database were distributed this month. Please review these reports and provide any changes to Cathy McGill via Email at cathy.mcgill@doa.virginia.gov or FAX at (804) 225-3499. These reports are distributed semi-annually, however, if your agency undergoes personnel changes within your organization (Fiscal Officer, Human Resource Officer, Benefits Administrator, and Payroll Officer) during 2005, please notify Payroll Operations at the time of the change.

Payroll Accounting

IRS Deposit Notices As with 2004, the IRS will send FTD notices to all agencies regardless of the level of changes in Federal tax deposit amounts during the year.

If your agency experienced **significant** changes and you do not receive a notice, review Publication 15 (*Circular E, Employer's Tax Guide*) to ensure your deposit requirements will not change. Publication 15 may be found at <http://www.irs.gov/pub/irs-pdf/p15.pdf>

When you receive an FTD notice, FAX a copy to Denise Halderman at (804) 225-3499.

In This Issue of the Payroll Bulletin.....

1. Payroll Accounting
2. Payroll Deductions
3. Payroll and Leave Contact Personnel
4. Payroll Operations Calendars
5. Payroll Certification Schedule

The Payroll Bulletin is published periodically to provide CIPPS agencies guidance regarding Commonwealth payroll operations. If you have any questions about the bulletin, please call Cathy C. McGill at (804) 371-7800 or Email at cathy.mcgill@doa.virginia.gov

State Payroll Operations

Director Lora L. George

Assistant Director Cathy C. McGill

Continued on next page

Payroll Accounting, Continued

W-4 Form

Employees who claim exempt from withholding during the prior year on their W-4 must complete a new W-4 Form by February 15th to maintain their exempt status. If such employees do not provide a newly completed W-4 Form by February 15th, immediately begin to withhold Federal income tax as if they are single, with zero withholding allowances. Agencies can request CIPPS report #823, "**Employees With FIT Status Not Equal to 4, 5, or 6**", to identify employees with current exempt W-4's (FIT status "A").

IRS regulations stipulate which employees are eligible to file a W-4 Form with exempt status. Refer to Section 9 of Publication 15 (Circular E) for more information.

IRS regulations also require copies of certain W-4 forms be sent to the IRS on a quarterly basis. If you receive W-4s claiming more than 10 withholding allowances, or claiming exempt from withholding and the employee is expected to earn more than \$200 per week, you must send copies to the IRS Service Center with a cover letter at the end of each quarter. The address is IRS, Ogden, UT 84201-0046. Agencies can request CIPPS report # 807, "**W-4s To Be Pulled and Sent With Quarterly Reports**", to assist in identifying W-4's to report.

Social Security Tax Withholding

The maximum wage base for 2005 withholding is **\$90,000** for OASDI (old age, survivors, and disability insurance). The wage base for HI (hospital insurance) remains unlimited (i.e., all wages are HI taxable).

For OASDI, the tax rate is 6.2% each for employees and employers. For HI, the rate is 1.45% each for employees and employers. These tax rates did not change for 2005.

No agency action is required since CIPPS recognizes the OASDI maximum. When the maximum has been reached for an individual Employee Id Number within an agency, OASDI taxes will cease to be calculated and withheld.

IRS PUBS & FORMS

The IRS web site address is <http://www.irs.gov/>

If you do not have internet access, IRS publications and forms can be ordered by calling 1-800-TAX-FORM (1-800-829-3676).

Continued on next page

Payroll Accounting, Continued

Name Changes Employees requesting name changes in CIPPS should be reminded to immediately notify the Social Security Administration (SSA) of the change. If an employee's name is changed on CIPPS but not with the SSA, the name will not match SSA records when DOA remits the W-2 tape, possibly resulting in agency penalties. Refer to section 4 of Publication 15 (Circular E) for more information.

W-5 Forms **REMINDER** – Employees who want to continue receiving advance payments of the earned income credit (EIC) should complete a **new W-5 FORM** by December 31, 2004. Agencies with employees receiving EIC should review CIPPS Report #806, "**Employees Currently Receiving Earned Income Credit**", prior to certifying pay for period ending January 9th and ensure a valid 2005 W-5 form is on file for each EIC recipient. *If a new W-5 is not received the employee **must** be changed to FIT status 4 in CIPPS until a valid W-5 is received. Retroactive EIC payments are not authorized.*

Helpful Reminders Some items that should be considered when beginning a new calendar year:

- **Ensure all garnishments that have been satisfied due to a goal being reached are deactivated.**
- Review the pending file reports and delete any extraneous transactions no longer required.
 - When entering a certification or edit request in 2005 with a pay period begin date with a 2004 value, you will receive a Warning message stating "YEAR NOT SAME AS CURRENT YEAR." This is an informational message. However, you must hit the enter button again for the data on PYCTF/PYEDT to accept in the system.

Flex Account Administrative Fees Administrative fees for Flexible Reimbursement Accounts continue to be waived for 2005.

Flex Account Mass Transaction DOA will process a mass transaction at year-end to change the Deduction GOAL fields on H0ZDC **to all zeros**. Goal amounts must be re-entered for individuals participating in Flex accounts for 2005 to reflect **half of the annual election**. The mass transaction will not change the frequency since Flex Accounts are now based on Fiscal Years instead of Calendar Years.

REMINDER:

- **The utility field is automatically filled with values for FIT(position 11), SIT (position 12) and FICA (position 16).**
 - **AFTER the fields have been auto-filled with the defaults, put a "2" in position 13 to exempt from local taxing, if applicable.**
 - **Enter "1" in position 8 to DECREMENT the goal field.**
-

Continued on next page

Payroll Deductions

CVC Deduction #62 Format Change

DOA will process a mass transaction at year-end to turn-off Deduction #62 (changes frequency from '09' to '00') and to change the Deduction #62 AMT/PCT, GOAL and UTILITY fields on H0ZDC **to all zeros**.

REMINDER – Do not attempt to re-establish CVC deductions until CIPPS files are restored following year-end processing, scheduled for December 30, 2004 through January 2, 2005.

For questions regarding these changes, contact Cathy McGill, Asst. Director – Payroll Operations, via email at cathy.mcgill@doa.virginia.gov or by telephone at (804) 371-7800.

Qualified Benefit Plans

The maximum limits on 403(b) and 457 plan elective deferrals for calendar year 2005 are:

Category	Incremental Amount	Total 403(b) Plan (Annuity) Deduction 39 - Pre-Tax – Limits	Total 457 (Deferred Compensation) Deduction 38 – Deferred Compensation Limits
Normal (Under 50)	N/A	\$14,000	\$14,000
Age 50 + Provision	\$4,000	\$18,000	\$18,000
15 Year “Catch-up”	\$4,000	\$22,000	N/A
General “Catch-up”	Double normal	N/A	\$28,000

NOTE: On 457 accounts, you cannot combine the Age 50+ and the General “Catch-Up” amounts. Also, general “catch-up” can only be withheld in the three years preceding “designated normal” retirement age as identified on the Normal Retirement Age Election Form.

Optional Group Life Update

Reports U024 - Optional Group Life Premium Listing and U025 - Optional Group Life Errors will be produced the last week of December. CIPPS will be updated the first week of January with the new Optional Group Life rates. Look for notification on the CIPPS Broadcast Screen. For questions regarding OGL, contact Joe Chang in the Richmond Branch Office of Minnesota Life at 1-800-441-2258 x101 or via email at joseph.chang@minnesotamutual.com or FAX 804-644-2460.

Continued on next page

Payroll Deductions, Continued

Misc. Deduction TPA Processing Schedule The calendar year 2005 cut-off date schedule governing new enrollment and change processing for the miscellaneous insurance and annuity third party administrator (FBMC) follows:

Pay period	FBMC CUT-OFF	CHANGE LIST TO AGENCY	DOA Certify deadline	PAYDAY
12/25/04-01/09/05	12/23/04	12/30/04	01/07/05	01/13/05
01/10/05-01/24/05	01/12/05	01/19/05	01/26/05	02/01/05
01/25/05-02/09/05	01/27/05	02/03/05	02/10/05	02/16/05
02/10/05-02/24/05	02/09/05	02/16/05	02/23/05	03/01/05
02/25/05-03/09/05	02/24/05	03/03/05	03/10/05	03/16/05
03/10/05-03/24/05	03/11/05	03/18/05	03/25/05	03/31/05
03/25/05-04/09/05	03/28/05	04/04/05	04/11/05	04/15/05
04/10/05-04/24/05	04/11/05	04/18/05	04/25/05	04/29/05
04/25/05-05/09/05	04/26/05	05/03/05	05/10/05	05/16/05
05/10/05-05/24/05	05/11/05	05/18/05	05/25/05	06/01/05
05/25/05-06/09/05	05/27/05	06/03/05	06/10/05	06/16/05
06/10/05-06/24/05	06/13/05	06/20/05	06/27/05	07/01/05
06/25/05-07/09/05	06/24/05	07/01/05	07/11/05	07/15/05
07/10/05-07/24/05	07/12/05	07/19/05	07/26/05	08/01/05
07/25/05-08/09/05	07/27/05	08/03/05	08/10/05	08/16/05
08/10/05-08/24/05	08/12/05	08/19/05	08/26/05	09/01/05
08/25/05-09/09/05	08/26/05	09/02/05	09/12/05	09/16/05
09/10/05-09/24/05	09/12/05	09/19/05	09/26/05	09/30/05
09/25/05-10/9/05	09/23/05	09/30/05	10/07/05	10/14/05
10/10/05-10/24/05	10/12/05	10/19/05	10/26/05	11/01/05
10/25/05-11/09/05	10/26/05	11/02/05	11/09/05	11/16/05
11/10/05-11/24/05	11/08/05	11/15/05	11/22/05	12/01/05
11/25/05-12/09/05	11/28/05	12/05/05	12/12/05	12/16/05
12/10/05-12/24/05	12/09/05	12/16/05	12/23/05	12/30/05

This schedule can also be found on DOA's web site at the following address:

http://www.doa.virginia.gov/Payroll/TPA/TPA_Main.cfm

Continued on next page

Payroll and Leave Contact Personnel

Communication Guidance Address all processing questions to the individuals listed. Contact the appropriate DOA personnel to ensure accurate and consistent responses. Use E-mail and FAX to avoid “telephone tag” and provide all necessary relevant information. This will significantly reduce the amount of time it takes DOA personnel to address questions or concerns. **Review your CIPPS broadcast screen throughout the day for important messages.**

Payroll Operations – CIPPS Assistance

Name	Functional Area	E-mail	Phone <i>(804 Area Code)</i>
Ervin L. Farmer	Agency Payroll and Leave Procedural Support; Training	ervin.farmer@doa.virginia.gov	225-3120
John (JR) Rodgers	Technical Support; Mass Transactions, Special Pay, Deduction, or Report Set-up	john.rodgers@doa.virginia.gov	225-3079

Payroll Operations – PR/Benefits Accounting

Name	Functional Area	E-mail	Phone <i>(804 Area Code)</i>
Denise Waddy	Healthcare Reconciliations	denise.waddy@doa.virginia.gov	225-2246
Denise Halderman	941s; W-2Cs; Void Checks; Employee Masterfile Maintenance; CIPPS/CARS Interface; CIPPS Adjustments; Deferred Compensation; Deferred Compensation Cash Match; Political Appointee ORP	denise.halderman@doa.virginia.gov	371-8912
Judith Ohde	Payroll Accounting; Benefits Accounting; CIPPS Security	judi.ohde@doa.virginia.gov	225-2386
Walter Roish	Supplemental Insurances and Annuities; Annuity Cash Match; Flexible Reimbursement Accounts; ORPs (other than political appointee)	walter.roish@doa.virginia.gov	225-3100
Cathy Royal	CIPPS/PMIS Audit; Savings Bonds; CVC; VPEP; VEST	catherine.royal@doa.virginia.gov	225-2390

Continued on next page

Payroll and Leave Contact Personnel, Continued

Payroll Operations - Production

Name	Functional Area	E-mail	Phone (804 Area Code)
Annie Callanta	Agency Reports; Direct Deposit; Deposit Certificates; CIPPS Production Jobs & Report Distribution/Recovery; AD-HOC Reports/U1's; Stop Payments-Void Earnings Notices; Gross Pay Differences	annie.callanta@doa.virginia.gov v	371-7799
Kelvin Pride	CIPPS Report Recovery; Checkwrites	kelvin.pride@doa.virginia.gov	786-7549
Felecia Smith	Direct Deposit Stop Payments	felecia.smith@doa.virginia.gov	371-8385
Diana Jones	Direct Deposit Stop Payments	diana.jones@doa.virginia.gov	371-4883

Payroll Operations - Management

Name and Title	Functional Area	E-mail	Phone (804 Area Code)
Lora George, Director State Payroll Operations and FAS	General Information	lora.george@doa.virginia.gov	225-2245
Cathy McGill, State Payroll Operations Assistant Director	General Information, Technical Support, Mass Transactions, Special Pay, Deduction, or Report Set-up	cathy.mcgill@doa.virginia.gov	371-7800

**Payroll
Operations
FAX Numbers**

- (804) 225-3499
- (804) 786-9201

Continued on next page

December 2004

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1 Payday for semimonthly salaried employees	2	3	4
5	6	7	8	9	10 Semimonthly salaried certification Period 1-(11/25- 12/9)	11
12	13	14 Leave keying Deadline (11/25-12/9)	15	16 Payday for semimonthly salaried employees	17	18
19	20	21	22	23 Semimonthly salaried certification Period 2-(12/10- 12/24) Non-resident alien information due Close at 1PM	24 HOLIDAY	25
26	27 Deadline for prior quarter (manual) adjustment s	28 Leave keying deadline (12/10-12/24)	29 <u>Last day to process 2004 manual pay- sets, edits non-paid updates, voids and stop payments of direct deposit earnings</u> Files open for keying updates only. No Pay certifications allowed. CIPPS closes at 2:00p.m.	30 Payday for semimonthly salaried employees Files down until processing is complete. November Health care Cert Due	31 HOLIDAY	<u>Leave remote – print printers on Dec30 to Jan 2 to receive Quarter- end and Year-end reports</u>

January 2005

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3	4	5	6	7 Semimonthly salaried certification Period 1-(12/25-1/09) YEAR END W-2 CERTIFICATIO N DUE	8
9	10	11 Leave keying deadline (12/25-1/09) Leave Year End Processing	12	13 Payday for semimonthly salaried employees	14 HOLIDAY CIPPS files open- no edits or payruns	15
16	17 HOLIDAY CIPPS files open- no edits or payruns	18	19	20	21	22
23	24	25	26 Semimonthly salaried certification Period 2-(1/10- 1/24)	27 Last Day for W2's to be distributed to agencies.	28 Leave keying deadline (1/10-1/24)	29
30	31 December '04 Healthcare Cert Due					

February 2005

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 Payday for semimonthly salaried employees	2	3	4	5
6	7	8	9	10 Semimonthly salaried certification Period 1-(1/25-2/09)	11	12
13	14 Leave keying deadline (1/25-2/09)	15	16 Payday for semimonthly salaried employees	17	18	19
20	21 HOLIDAY	22	23 Semimonthly salaried certification Period 2-(2/10-2/24)	24	25 Leave keying deadline (2/10-2/24)	26
27	28 January Healthcare Certification due					

March 2005

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 Payday for semimonthly salaried employees	2	3	4	5
6	7	8	9	10 Semimonthly salaried certification Period 1-(2/25-3/09)	11	12
13	14 Leave keying deadline (2/25-3/09)	15	16 Payday for semimonthly salaried employees	17	18	19
20	21	22	23	24	25 Semimonthly salaried certification Period 2-(3/10-3/24)	26
27	28	29 Leave keying deadline (3/10-3/24)	30	31 Payday for semimonthly salaried employees February Healthcare Certification due		

April 2005

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4	5	6	7	8	9
10	11 Semimonthly salaried certification Period 1-(3/25-4/9)	12 Certificatio n of quarterly wages due	13 Leave keying deadline -(3/25-4/9)	14	15 Payday for semimonthly salaried employees	16
17	18	19	20	21	22	23
24	25 Semimonthly salaried certification Period 2-(4/10-4/24)	26	27 Leave keying deadline (4/10-4/24)	28	29 Payday for semimonthly salaried employees March Healthcare Certifications due	30

May 2005

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4	5	6	7
8	9	10 Semimonthly salaried certification Period 1-(4/25-5/9)	11	12 Leave keying deadline (4/25-5/9)	13	14
15	16 Payday for semimonthly salaried employees	17	18	19	20	21
22	23	24	25 Semimonthly salaried certification Period 2-(5/10-5/24)	26	27 Leave keying Deadline (5/10-5/24)	28
29	30 HOLIDAY	31 April Healthcare Certification due				