

# Department of Accounts

## Payroll Bulletin

Calendar Year 2007

December 12, 2006

Volume 2007-01

### 2007 Calendar Year Payroll Operations and Leave Processing

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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 McGill at (804) 371-7800 or Email at [cathy.mcgill@doa.virginia.gov](mailto:cathy.mcgill@doa.virginia.gov)

State Payroll Operations

**Director** Lora L. George

Assistant Director Cathy C. McGill

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#### Introduction

This Payroll Bulletin addresses key **2007** 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.

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#### 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](mailto:cathy.mcgill@doa.virginia.gov) or FAX to (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 2007 please notify Payroll Operations at the time of the change.

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### Payroll Accounting

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#### IRS Deposit Notices

As with 2006, 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 Cathy Gravatt at (804) 225-3499.

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## Payroll Accounting, Continued

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### 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 15<sup>th</sup> 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-4s (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.

Remember that employers are no longer required to submit copies of W-4s to the IRS for employees who claim more than 10 exemptions. The IRS has developed a new process to more effectively identify workers with withholding compliance problems. In cases where problems are identified, the employer will receive a written notice (called a lock-in letter) from the IRS with specific instructions for withholding on the affected employee.

The IRS has posted the draft version of the Form W-4 for 2007. A copy of the form can be found on the [IRS Web site](#).

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### Social Security Tax Withholding

The maximum wage base for 2007 withholding is **\$97,500** 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 2007.

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. **Don't forget to change the FICA status from 6 back to a 4 for employees who reached the OASDI max in 2006.**

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### 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).

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## Payroll Accounting, Continued

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**Name Changes** Employees requesting name changes in CIPPS should be reminded to immediately notify the Social Security Administration (SSA) of the change. The employee's name should not be changed in CIPPS *and* PMIS until the employee provides a new SS card showing the changed name. If the 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. You can verify up to 10 names/SSNs online and find out immediately if there is a mismatch. Go to [www.ssa.gov/bsowelcome.htm](http://www.ssa.gov/bsowelcome.htm) and register for a PIN and password. Your activation code will be sent to your supervisor. Input the activation code to turn on SSNVS. Log into Business Services Online with your PIN and password and enter the SSNs for verification.  
<http://www.socialsecurity.gov/employer/critical.htm>

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**W-5 Forms** The IRS has announced that the maximum amount an employee may receive in 2007 through the payroll for the earned income credit payment in advance will be \$1712.

**REMINDER** – Employees who want to continue receiving advance payments of the earned income credit (EIC) must complete a **new W-5 FORM** by December 31, 2006. Agencies with employees receiving EIC should review CIPPS Report #806, "**Employees Currently Receiving Earned Income Credit**", prior to certifying pay for period ending January 9<sup>th</sup> and ensure a valid 2007 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.*

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### 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 2007 with a pay period begin date with a 2006 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.
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## Payroll Deductions

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**Flex Account Administrative Fees** Administrative fees for Flexible Reimbursement Accounts continue to be waived for the remainder of the 2007 plan year.

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**Flex Account Mass Transaction** DOA will **NOT** process a mass transaction at calendar year-end to change the Deduction GOAL fields for flex accounts on H0ZDC to zeros. Flex accounts interfaced in July for the new plan year were set up with decremented goals and no action is needed. If you set up accounts after that time for new employees and you did not set the goal to decrement, you must review the amount of the goal entered to ensure that the correct amount will be withheld for the remainder of the plan year (January through June deductions).

**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.**
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**VPSWU increase must be manually updated** The Virginia Public Service Workers Union (UE Local 160) announced that active member dues will increase from \$12 monthly to \$14 monthly effective 1/1/2007. Unfortunately, DOA is unable to create a mass transaction in CIPPS to process the increase; therefore, you will need to manually update the deduction on H0ZDC for employees enrolled in the Virginia Public Service Workers Union. The Union should have provided a list of active members to agencies. Contact Annette Joseph-Walker at 757-476-6587 for more information.

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**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 28, 2006 through January 2, 2007.**

For questions regarding these changes, contact Martha Laster, via email at [Martha.laster@doa.virginia.gov](mailto:Martha.laster@doa.virginia.gov) or by telephone at (804) 225-2382.

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**Optional Group Life Update** Reports U024 - Optional Group Life Premium Listing and U025 - Optional Group Life Errors will be produced later in 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](mailto:joseph.chang@minnesotamutual.com) or FAX 804-644-2460.

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## Payroll Deductions, Continued

### Qualified Benefit Plans

The 457 Deferred Compensation Plan is available to all salaried and wage employees of the Commonwealth. Employees of the Commonwealth who are employed by a college or university may use both the 457 Deferred Compensation Plan and a 403(b) Tax Deferred Account. The maximum limits on 403(b) and 457 plan elective deferrals for calendar year 2007 are:

Deferral Category	457 Deferred Compensation Plan	403(b) Tax-Deferred Account
Normal Annual Limit	\$15,500 (1)(5)	\$15,500 (1)(5)
Age 50 Catch-up	\$5,000 (2)	\$5,000 (2)(5)
457 Standard Catch-up	\$15,500 (3)(5)	N/A
403(b) 15-Year Catch-up	N/A	\$3,000 (4)(5)

- (1) Eligible participants may contribute the normal annual limit to both plans.
- (2) Eligible participants may contribute the Age 50 Catch-up to both plans.
- (3) The 457 Standard Catch-up may not be used in the same year that the 457 Age 50 Catch-up is used. The 457 Standard Catch-up can only be used in the three years preceding "normal retirement age" as designated on the Normal Retirement Age Election Form. The Standard Catch-up plus the Normal Annual Limit results in a total possible deferral to the 457 Plan of **\$31,000 for 2007**.
- (4) The 403(b) 15-Year Catch-up, the 403(b) age 50 Catch-up and the 403(b) Normal Annual Limit can all be used in the same year for a total deferral of **\$23,500 in 2007**. (Note: there is a lifetime limit of \$15,000.)
- (5) The 457 Standard Catch-up and the 403(b) 15-Year Catch-up may both be used in the same year. A participant in both plans could potentially defer **\$54,500 in 2007** if eligible for the full 403(b) 15-Year Catch and the full 457 Standard Catch-up.

**Note: Questions concerning eligibility for catch-up contributions should be directed to the applicable Plan provider.**

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## Payroll Deductions, Continued

**Misc. Deduction TPA Processing Schedule** The calendar year 2007 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
12/10/06 - 12/24/06	12/07/2006	12/14/2006	12/21/2006	12/29/2006
12/25/06 - 01/09/07	12/20/2006	12/29/2006	01/09/2007	01/16/2007
01/10/07 - 01/24/07	01/10/2007	01/19/2007	01/26/2007	02/01/2007
01/25/07 - 02/09/07	01/29/2007	02/05/2007	02/12/2007	02/16/2007
02/10/07 - 02/24/07	02/08/2007	02/15/2007	02/23/2007	03/01/2007
02/25/07 - 03/09/07	02/26/2007	03/05/2007	03/12/2007	03/16/2007
03/10/07 - 03/24/07	03/12/2007	03/19/2007	03/26/2007	03/30/2007
03/25/07 - 04/09/07	03/27/2007	04/03/2007	04/10/2007	04/16/2007
04/10/07 - 04/24/07	04/11/2007	04/18/2007	04/25/2007	05/01/2007
04/25/07 - 05/09/07	04/26/2007	05/03/2007	05/10/2007	05/16/2007
05/10/07 - 05/24/07	05/11/2007	05/18/2007	05/25/2007	06/01/2007
05/25/07 - 06/09/07	05/25/2007	06/04/2007	06/11/2007	06/15/2007
06/10/07 - 06/24/07	06/12/2007	06/19/2007	06/26/2007	07/02/2007
06/25/07 - 07/09/07	06/25/2007	07/02/2007	07/10/2007	07/16/2007
07/10/07 - 07/24/07	07/12/2007	07/19/2007	07/26/2007	08/01/2007
07/25/07 - 08/09/07	07/27/2007	08/03/2007	08/10/2007	08/16/2007
08/10/07 - 08/24/07	08/13/2007	08/20/2007	08/27/2007	08/31/2007
08/25/07 - 09/09/07	08/24/2007	08/31/2007	09/10/2007	09/14/2007
09/10/07 - 09/24/07	09/10/2007	09/17/2007	09/24/2007	09/28/2007
09/25/07 - 10/9/07	09/25/2007	10/02/2007	10/10/2007	10/16/2007
10/10/07 - 10/24/07	10/12/2007	10/19/2007	10/26/2007	11/01/2007
10/25/07 - 11/09/07	10/26/2007	11/02/2007	11/09/2007	11/16/2007
11/10/07 - 11/24/07	11/07/2007	11/15/2007	11/26/2007	11/30/2007
11/25/07 - 12/09/07	11/26/2007	12/03/2007	12/10/2007	12/14/2007

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

[http://www.doa.virginia.gov/Payroll/TPA/TPA\\_Cutoff\\_Dates.cfm](http://www.doa.virginia.gov/Payroll/TPA/TPA_Cutoff_Dates.cfm)

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## 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 (804 Area Code)
Ervin L. Farmer	Agency Payroll and Leave Procedural Support; Training	<a href="mailto:ervin.farmer@doa.virginia.gov">ervin.farmer@doa.virginia.gov</a>	225-3120
John (JR) Rodgers	Technical Support; Mass Transactions, Special Pay, Deduction, or Report Set-up	<a href="mailto:john.rodgers@doa.virginia.gov">john.rodgers@doa.virginia.gov</a>	225-3079
Martha Laster	non US citizens, I-9s, deceased pay	<a href="mailto:Martha.laster@doa.virginia.gov">Martha.laster@doa.virginia.gov</a>	225-2382

### Payroll Operations – PR/Benefits Accounting

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

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## Payroll and Leave Contact Personnel, Continued

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### 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/UI's; Stop Payments-Void Earnings Notices; Gross Pay Differences	<a href="mailto:annie.callanta@doa.virginia.gov">annie.callanta@doa.virginia.gov</a>	371-7799
Felecia Smith	Direct Deposit Stop Payments, CIPPS Report Recovery; Checkwrites	<a href="mailto:felecia.smith@doa.virginia.gov">felecia.smith@doa.virginia.gov</a>	371-8385
Diana Jones	Direct Deposit Stop Payments, CIPPS Report Recovery; Checkwrites	<a href="mailto:diana.jones@doa.virginia.gov">diana.jones@doa.virginia.gov</a>	371-4883

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### Payroll Operations - Management

Name and Title	Functional Area	E-mail	Phone (804 Area Code)
Lora George, Director, State Payroll Operations and Charge Card Administration	General Information	<a href="mailto:lora.george@doa.virginia.gov">lora.george@doa.virginia.gov</a>	225-2245
Cathy McGill, Assistant Director, State Payroll Operations	General Information, Technical Support, Mass Transactions, Special Pay, Deduction, or Report Set-up	<a href="mailto:cathy.mcgill@doa.virginia.gov">cathy.mcgill@doa.virginia.gov</a>	371-7800

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**Payroll  
Operations  
FAX Numbers**

- (804) 225-3499
  - (804) 786-9201
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# Payroll Operations Calendar

## January 2007

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	<b>1</b> <b>HOLIDAY</b>	<b>2</b> <b>HOLIDAY</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>7</b>	<b>8</b>	<b>9</b> Semimonthly salaried certification Period 1-(12/25-1/09)	<b>10</b>	<b>11</b> Leave keying deadline (12/25-1/09)  <b>Year End Leave Processing</b>  Final Year End Certifications for W- 2s due to DOA	<b>12</b> <b>HOLIDAY</b>  CIPPS files open- no edits or pay runs	<b>13</b>
<b>14</b>	<b>15</b> <b>HOLIDAY</b>  CIPPS files open- no edits or pay runs	<b>16</b> <b>Payday for semimonthly salaried employees</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>
<b>21</b>	<b>22</b>	<b>23</b>	<b>24</b>	<b>25</b>	<b>26</b> Semimonthly salaried certification Period 2-(1/10-1/24)	<b>27</b>
<b>28</b>	<b>29</b> Last Day for W-2s to be distributed to Agencies	<b>30</b>	<b>31</b> Leave keying deadline (1/10-1/24)  <b>December 2006 Healthcare certification due</b>  <b>W-2s due to Employees</b>			

**February 2007**

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

**March 2007**

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

## April 2007

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

May 2007

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-(4/25-5/09)	11	12
13	14	15 Leave keying deadline (4/25-5/09)	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	28 <b>HOLIDAY</b>	29	30	31 Leave keying Deadline (5/10-5/24)  <b>April Healthcare certification due</b>		

## Certification Schedule

The Payroll Operations Calendar for the period June through November 2007 will be issued in May. The calendar for December 2007 will be issued in November. For agency planning purposes, the certification dates and paydays for this period are listed below.

Month and Period	Certification Date	Pay Date
<b>June</b> <i>1st pay period 5/25 - 6/9</i> <i>2nd pay period 6/10 - 6/24</i>	6/11 6/26	6/15 7/2
<b>July</b> <i>1st pay period 6/25 - 7/9</i> <i>2nd pay period 7/10 - 7/24</i>	7/10 7/26	7/16 8/1
<b>August</b> <i>1st pay period 7/25 - 8/9</i> <i>2nd pay period 8/10 - 8/24</i>	8/10 8/27	8/16 8/31
<b>September</b> <i>1st pay period 8/25 - 9/9</i> <i>2nd pay period 9/10 - 9/24</i>	9/10 9/24	9/14 9/28
<b>October</b> <i>1st pay period 9/25 - 10/9</i> <i>2nd pay period 10/10 - 10/24</i>	10/10 10/26	10/16 11/01
<b>November</b> <i>1st pay period 10/25 - 11/9</i> <i>2nd pay period 11/10 - 11/24</i>	11/09 11/26	11/16 11/30
<b>December</b> <i>1st pay period 11/25 - 12/9</i> <i>2nd pay period 12/10 - 12/24</i>	12/10 12/20	12/14 12/28