

# *Department of Accounts*

## *Payroll Bulletin*

Calendar Year 2009

December 23, 2008

Volume 2009-02

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

- ✓ Change in Pay Card Procedure
- ✓ Utility Field for Pre-Tax Deductions
- ✓ Fringe Benefit Expenditure Codes for Severance
- ✓ Savings Bond Annual Purchase Limits
- ✓ Military Pay Taxability Change Effective 1/1/2009

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

---

## **Change in Pay Card (EPPICard) Procedure**

---

### **New Recommended Procedure**

Prenotes for direct deposit accounts were eliminated in December, 2006 with the exception of prenotes for deposits to the EPPICard. The purpose of prenoting the EPPICard account was to allow time for the actual card to be produced and mailed to the employee. There have been several instances when payroll funds have been deposited to a card not yet received by the employee because the agency was not notified that the card had not been received. To eliminate this problem, it is recommended that agencies institute a practice of requiring the employee to notify the payroll office when the card has been received. It is also recommended that the direct deposit deduction should not be established on H0ZDC until the agency is notified that the employee has received the card. Once notified, the agency should establish the deduction and override the automatic prenote by changing the last position of the utility field to a zero.

This process will require the agency to maintain a record of employees who have applied for cards. The agency will also need to follow up with employees who have not notified them that the card has been received after a specified period of time such as three weeks. While this requires some additional effort, it is much less onerous than the efforts required when funds have posted to cards which have not been received.

As agencies continue to have the option to follow the original procedure of establishing the deduction upon notification from DOA that the account information has been entered on H0BB1, the system will continue to prenote EPPICard transactions and the override described above will be required. If the agency chooses to continue the original practice, internal controls to prevent funds from going to cards not received must be identified and documented. Additionally the agency must have a procedure in place to ensure an alternative compensation measure is available if an employee's funds are posted to the card and the employee notifies the agency that the card has not been received.

---

---

## Change In Pay Card (EPPICard) Procedure, *continued*

---

### Employee Letters

Agencies will now need to create an agency-specific letter notifying the employee of the responsibility to advise the agency when the card has been received. Some sample letters are provided at the end of this bulletin. You may use these as a template to customize your letter to suit your agency's practice.

---

### Program Information

Agencies should distribute information about the Pay Card to employees in one of the following ways.

Option A: Provide the internet address. Tell employees to "click" on the sample Virginia pay card to access all of the program details including the enrollment form under the heading "Program Material" at <https://www.eppicard.com>.

Option B: Print and distribute the following forms from the web site:

1. Program Announcement
2. Enrollment Form
3. Program Instruction

Employees that opt to participate will complete the enrollment form and return it to the Payroll Officer. Upon receipt of the completed form, fax the form to the DOA Direct Deposit Unit at 804-225-3499.

---

### Recap of Pay Card Process

DOA will enter the information into MasterCard's system to establish the account and then enter the account information on the H0BB1 screen in CIPPS. Once entered, DOA will send the Payroll Office an email notification that CIPPS has been updated.

The Payroll Office should then:

- Make a screen print of the H0BB1 screen, attach it to the original enrollment form and file in the employee's payroll/personnel file.
  - Create and send the employee a notification letter.
  - **After notification** that card has been received by the employee, establish the pay card deduction on the H0ZDC screen using the appropriate deduction number with a "9" in the tenth position of the utility field. Use deduction number 59 or 67 for **fixed** amounts, or 69 for **net** deposits.
  - The utility field will automatically be established with a prenote indicator. However, as you have been notified that the card has been received, enter a zero in the last position of the utility field to override the prenote.
- 

*Continued on next page*

---

## Change In Pay Card (EPPICard) Procedure, *continued*

---

### Additional Information

The pay card program is available to all employees of the Commonwealth over the age of 18. This electronic payment option is ideal for those employees currently receiving a paper check or even those on direct deposit who wish to have a portion of their pay set aside in the pay card each pay day.

**Please note that DOA will be establishing a policy of no same day replacement for lost or stolen checks (either via petty cash or X-batch vouchers) in the near future. Therefore, inform employees who receive paper paychecks that they are highly encouraged to choose either direct deposit or the debit card to receive their net pay.**

Additional information about the program including FAQ's can be found in Payroll Bulletins 2008-14 and 2008-12.

If you have any questions, concerns or comments, please send an email to Martha Laster at [martha.laster@doa.virginia.gov](mailto:martha.laster@doa.virginia.gov) or call her at 804-225-2382.

---

## Utility field for Pre-tax Deductions

---

### Utility Field Auto-fills for Pre-Tax Deductions

**Do not complete the utility field for pre-tax deductions.** We continue to experience out-of-balance conditions for employee tax accumulations as a result of payroll technicians entering data into the utility field for pre-tax deductions. The system automatically fills a pre-tax deduction's utility field with the appropriate information when "Enter" is pressed. *A warning message will appear in the bottom left corner stating "0002w-UTILITY FIELD WILL BE POPULATED".* Press "Enter" again to commit the information to the database.

Deductions included are:

- 021 – Medical Reimbursement
  - 022 – Dependant Care Reimbursement
  - 037 – Pretax DGS Parking
  - 038 – Deferred Compensation
  - 039 – Annuities
  - 050 – Non-DGS Pretax Parking
  - 051 – Pretax Transportation
-

## Fringe Benefit Expenditure Codes for Severance

---

**Group Insurance for Severance Payments** VRS has requested that group insurance on severance payments (special pay number 031) be calculated through CIPPS in lieu of Interagency Transfer Vouchers (IATs). Effective 12/23/08, DOA has modified the General Ledger Interface programs to charge group insurance (GI) to object code 1174 whenever special pay 031 is used. As before, FICA will continue to be charged to 1172 when 031 is used.

---

**Charges when Severance Payments Cease** When severance payments cease and group insurance and imputed life continue to calculate, you have two options that will ensure charges go to the correct object codes for FICA (1172) and Group Insurance (1174).

### Option 1

On HUC01, Special Payments as Regular Payments, enter \$.01 using Pay No '031'.

### Option 2

On HUA03, Time and Attendance, enter \$.01

On HMBU1, change the object code for 0R1 to 1171

### Option 3 (not recommended)

If you choose to continue data entry of the \$.01 on HUA03 without changing HMBU1, FICA will charge to 1112 and GI to 1114 and an Agency Transfer Voucher (ATV) will be required to reclassify the expenditures for FICA and Group Insurance.

The following table summarizes each of these methods:

Option	Pay will be charged to	FICA	Group Insurance	ATV required
1. HUC01, SP 031	1171	1172	1174	NO
2. HUA03 \$.01 HMBU1 0R1 = 1171	1171	1172	1174	NO
3. HUA03 \$.01 HMBU1 0R1 ≠ 1171	0R1 object code value	1112	1114	YES

Options 1 and 2 require less manual effort and are the recommended Payroll Best Practice.

---

## Savings Bond Annual Purchase Limits

---

### Savings Bond Annual Purchase Limits

The US Treasury Department reduced the limit on the amount of savings bonds an individual can purchase annually. Effective January 1, 2008, the maximum amount one person is permitted to spend purchasing Series EE or Series I bonds in a calendar year is \$5,000 per series. This is a large reduction from the previous limit of \$30,000 per series annually.

We have received some inquiries regarding employer responsibility for monitoring these limits. The Federal Department of Treasury has notified DOA that this is not an employer responsibility. However should an employee enroll for payroll deduction of bonds which would exceed this limit, they should be advised of the annual limits.

More information can be found at Treasury Direct using the link below.  
<http://www.savingsbonds.gov/tdhome.htm>

---

## Change in Taxability of Military Pay Effective 1/01/2009

---

### Military Pay Taxability Effective 1/01/2009

The Heroes Earnings Assistance and Relief Tax Act of 2008 (Heroes Act) makes military differential pay subject to FIT and SIT withholding for all amounts paid after December 31, 2008. These payments will continue to be exempt from OASDI and HI withholding. CIPPS will be updated on January 5, 2009 to make special pay 044, MIL SUPP, taxable for FIT and SIT.

Prior to the Heroes Act, military differential pay was not treated as wages and should be reported in box 3 of Form 1099-MISC for tax year 2008.

More information about this change can be found beginning on page 7 at:  
[http://www.irs.gov/pub/irs-tege/p4090\\_0109.pdf](http://www.irs.gov/pub/irs-tege/p4090_0109.pdf)

---

## Existing Pay Card Notification Example One

TO:  
FROM:  
DATE:

SUBJECT: Direct Deposit to Existing EPPICard Account

Your request to have payroll funds deposited to your existing Virginia EPPICard has been established. Deposits to your card will begin on \_\_\_\_\_. You can use Payline <http://payline.doa.virginia.gov> 4 days prior to payday to check the details of the direct deposit to your EPPICard. *Please also note that this card can only accept deposits from your agency payroll office, and certain other COVA deposits such as DSS child support payments.* As requested you have been set up for:

\_\_\_\_\_ Your net pay to be deposited

Or

\_\_\_\_\_ A fixed amount of \$ \_\_\_\_\_

-----  
-----  
**To avoid paying any charges or fees for using this card**, please note the following:

Make purchases at most places where MasterCard is accepted **\*\*no fee\*\***

Get cash back with purchase at most major retailers **\*\*no fee\*\***

Review your account activity online anytime at <https://www.eppicard.com/> **\*\*no fee\*\***

Get cash at Wachovia ATM's **\*\*2 free withdrawals per calendar month\*\***

Get cash at a Wachovia bank teller window **\*\*1 free withdrawal per calendar month\*\***

Call 1-800-961-8423 to access your account **\*\*5 free calls per calendar month\*\***

Become familiar with the other fees that you can incur as outlined in the materials you will get with your card. For example, if you check your card balance while at the Wachovia ATM machine a .65 fee will be deducted from your balance. If you use your card at a non-Wachovia ATM you usually will be charged \$1.50 plus a surcharge fee.

Please also note that at most gas stations, you will need to go inside to use this Debit Card.

**If you have any questions regarding your paycheck, please call your agency payroll office at \_\_\_\_\_.** **For questions or concerns regarding your Debit Card, please call EPPICard at 1-800-961-8423.** **Be sure to inform both EPPICard and your payroll office anytime your address or name changes.**

## New Pay Card Notification Example Two

TO:  
FROM:  
DATE:

SUBJECT: New Pay Card Account

Your application for a Virginia EPPICard has been processed. Please note the following important information:

- **Your card will be mailed to you in a plain white envelope with a return address of Virginia Debit Card Program, PO Box 3128, Tallahassee, FL 32315-3128.**
- **Once you have the card in hand, call the payroll office at \_\_\_\_\_ and let us know you have received the card. Once we receive that notification, we will inform you which paydate money will be deposited to your card.**
- **If you do not receive your card by \_\_ (DOA set up date plus 10) \_\_ you will need to take the following steps to ensure that money is not deposited to a card you have not yet received.**
  1. Call 1-800-961-8423 and talk to an Eppicard Customer Service Representative (CSR). To speak with a live CSR, ignore all of the recorded messages and remain on the line until you are transferred to a CSR (normally within two minutes). For non-receipt of the first, initial pay card, the CSR should waive the replacement cost fee and remail another card.
  2. Immediately notify the payroll office that you have requested a reissued card and call us back once you have received the card.

You can use Payline <http://payline.doa.virginia.gov> 4 days prior to payday to check the status of the direct deposit to your EPPICard. *Please also note that this card can only accept deposits from your agency payroll office, and certain other COVA deposits such as DSS child support payments.* As requested you have been set up for:

\_\_\_\_\_ Your net pay to be deposited

or

\_\_\_\_\_ A fixed amount of \$ \_\_\_\_\_

-----  
-----  
**To avoid paying any charges or fees for using this card,** please note the following:

Make purchases at most places where MasterCard is accepted **\*\*no fee\*\***

Get cash back with purchase at most major retailers **\*\*no fee\*\***

Review your account activity online anytime at <https://www.eppicard.com/> **\*\*no fee\*\***

Get cash at Wachovia ATM's **\*\*2 free withdrawals per calendar month\*\***

Get cash at a Wachovia bank teller window **\*\*1 free withdrawal per calendar month\*\***

Call 1-800-961-8423 to access your account **\*\*5 free calls per calendar month\*\***

Become familiar with the other fees that you can incur as outlined in the materials you will get with your card. For example, if you check your card balance while at the Wachovia ATM machine a .65 fee will be deducted from your balance. If you use your card at a non-Wachovia ATM you usually will be charged \$1.50 plus a surcharge fee.

Please also note that at most gas stations, you will need to go inside to use this Debit Card.

**If you have any questions regarding your paycheck, please call your agency payroll office at \_\_\_\_\_.** **For questions or concerns regarding your Debit Card, please call EPPICard at 1-800-961-8423. Be sure to inform both EPPICard and your payroll office anytime your address or name changes.**