

Department of Accounts

Payroll Bulletin

Calendar Year 2010

December 15, 2009

Volume 2010-01

2010 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

State Payroll Operations

Director **Lora L. George**
Assistant Director Cathy C. McGill

Introduction

This Payroll Bulletin addresses key **2010** 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 will be distributed this month. Please review the reports and provide any changes to Cathy McGill via Email at 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 2010 please notify Payroll Operations at the time of the change.

Payroll Accounting

IRS Deposit Notices

As with 2009, 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

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-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 2010 version of the Form W-4 is available on the IRS website: <http://www.irs.gov/pub/irs-pdf/fw4.pdf?portlet=3>. New this year is specific language on the W-4 prohibiting the use of flat amounts or percentages of wages.

Social Security Tax Withholding

The maximum wage base for 2010 withholding remains at **\$106,800** 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 2010.

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 whose records were adjusted by DOA to prevent over-withheld OASDI taxes when an employee had more than one employment record.** Report #825, FICA Status not Equal to 4 and Employee Status Equal 1 or 2, may be requested on HSRUT for review.

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

Name Changes Employees requesting name changes in CIPPS should be reminded to notify the Social Security Administration (SSA) of the change immediately. Name changes for existing employees are part of the PMIS/CIPPS interface and changes to employee names should not be entered in PMIS until the employee provides a new SS card showing the changed name or documentation proving SSA notification. If the employee's name is changed in 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/bso/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>

W-5 Forms The IRS has not yet announced the maximum amount an employee may receive through the payroll for the earned income credit payment in advance for 2010.

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, 2009. 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 2010 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 transactions no longer required.
 - When entering a certification or edit request in 2010 with a pay period begin date with a 2009 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 be accepted in the system.
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Flex Reimbursement Accounts

Flex accounts set up through the interface with BES now use an end-date instead of a goal as the means of turning off the deduction. DOA will **NOT** process any mass transactions at calendar year-end to change any fields related to the flex accounts on H0ZDC. If you manually set up accounts using a goal, you must review the deduction to ensure that the correct amount will be withheld for the remainder of the plan year (January through June deductions).

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Payroll Deductions

CVC Deduction #62

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**.

NEW IN 2010 – DOA will process an update provided by DHRM to establish CVC deductions for calendar year 2010 the first week of January.

Optional Group Life Update

Reports U024 - Optional Group Life Premium Listing and U025 - Optional Group Life Errors will be produced sometime this week. 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.

Qualified Benefit Plans

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 457 and 403(b) plan elective deferrals for calendar year 2010 are:

Deferral Category	457 Deferred Compensation Plan	403(b) Tax-Deferred Account
Normal Annual Limit	\$16,500 (1)(5)	\$16,500 (1)(5)
Age 50 Catch-Up	\$5,500 (2)	\$5,500 (2)(5)
457 Standard Catch-Up	\$16,500 (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 **\$33,000 for 2010**.
 - (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 **\$25,000 in 2010**. (Note: there is a lifetime limit of \$15,000 on the 15-yr catch up.)
 - (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 **\$52,500 in 2010** if eligible for the full 403(b) 15-Year Catch-Up 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 2010 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
12/25/09-01/09/10	12/23/2009	12/31/2009	01/08/2010	01/14/2010
01/10/10-01/24/10	01/08/2010	01/19/2010	01/26/2010	02/01/2010
01/25/10-02/09/10	01/26/2010	02/02/2010	02/09/2010	02/16/2010
02/10/10-02/24/10	02/08/2010	02/16/2010	02/23/2010	03/01/2010
02/25/10-03/09/10	02/24/2010	03/03/2010	03/10/2010	03/16/2010
03/10/10-03/24/10	03/11/2010	03/18/2010	03/25/2010	03/31/2010
03/25/10-04/09/10	03/29/2010	04/05/2010	04/12/2010	04/16/2010
04/10/10-04/24/10	04/12/2010	04/19/2010	04/26/2010	04/30/2010
04/25/10-05/09/10	04/26/2010	05/03/2010	05/10/2010	05/14/2010
05/10/10-05/24/10	05/10/2010	05/17/2010	05/24/2010	06/01/2010
05/25/10-06/09/10	05/26/2010	06/03/2010	06/10/2010	06/16/2010
06/10/10-06/24/10	06/11/2010	06/18/2010	06/25/2010	07/01/2010
06/25/10-07/09/10	06/25/2010	07/02/2010	07/12/2010	07/16/2010
07/10/10-07/24/10	07/12/2010	07/19/2010	07/26/2010	07/30/2010
07/25/10-08/09/10	07/27/2010	08/03/2010	08/10/2010	08/16/2010
08/10/10-08/24/10	08/12/2010	08/19/2010	08/26/2010	09/01/2010
08/25/10-09/09/10	08/26/2010	09/02/2010	09/10/2010	09/16/2010
09/10/10-09/24/10	09/10/2010	09/17/2010	09/24/2010	09/30/2010
09/25/10-10/09/10	09/24/2010	10/01/2010	10/08/2010	10/15/2010
10/10/10-10/24/10	10/12/2010	10/19/2010	10/26/2010	11/01/2010
10/25/10-11/09/10	10/26/2010	11/02/2010	11/09/2010	11/16/2010
11/10/10-11/24/10	11/08/2010	11/16/2010	11/23/2010	12/01/2010
11/25/10-12/09/10	11/24/2010	12/03/2010	12/10/2010	12/16/2010
12/10/10-12/24/10	12/10/2010	12/16/2010	12/23/2010	12/30/2010

This schedule will be posted soon on DOA's web site at the following address:

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	ervin.farmer@doa.virginia.gov	225-3120
John (J.R.) Rodgers	Technical Support; Mass Transactions, Special Pay, Deduction, or Report Set-up	john.rodgers@doa.virginia.gov	225-3079
Martha Laster	Non US citizens, I-9s, deceased pay	Martha.laster@doa.virginia.gov	225-2382
Shannon Gulasky	Agency Payroll and Leave Procedural Support	Shannon.gulasky@doa.virginia.gov	225-3065

Payroll Operations – PR/Benefits Accounting

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

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Payroll and Leave Contact Personnel, Continued

Payroll Operations - Production

Name	Functional Area	E-mail	Phone (804 Area Code)
Felecia Smith	Direct Deposit Stop Payments, Checkwrites; Direct Deposit; Deposit Certificates; CIPPS Production Jobs & Report Distribution/Recovery; AD-HOC Reports/U1's; Stop Payments-Void Earnings Notices; Gross Pay Differences	felecia.smith@doa.virginia.gov	371-8385
Diana Jones	Direct Deposit Stop Payments, Checkwrites; Direct Deposit; Deposit Certificates; CIPPS Production Jobs & Report Distribution/Recovery; AD-HOC Reports/U1's; Stop Payments-Void Earnings Notices; Gross Pay Differences	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	General Information	lora.george@doa.virginia.gov	225-2245
Cathy McGill, Assistant Director, State Payroll Operations	General Information, Technical Support, Mass Transactions, Special Pay, Deduction, or Report Set-up; CIPPS Production Jobs & Report Distribution/Recovery; Gross Pay Differences	cathy.mcgill@doa.virginia.gov	371-7800

**Payroll
Operations
FAX Numbers**

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

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January 2010

Payroll Operations

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1 State Holiday NEW YEAR CIPPS files open- no edits or pay runs	2
3	4 Deferred Comp Transaction Upload	5	6	7 Deferred Comp Transaction Upload	8 Semimonthly salaried certification Period 1-(12/25-1/09) CYE Certifications Due to DOA	9
10	11	12	13 Leave keying deadline (12/25-1/09) Calendar Year-End Leave Processing	14 Payday for semimonthly salaried employees	15 State Holiday LEE –JACKSON DAY CIPPS files open- no edits or pay runs	16
17	18 State Holiday MARTIN LUTHER KING, JR DAY CIPPS files open- no edits or pay runs	19	20	21 Deferred Comp Transaction Upload	22 Deferred Comp Transaction Upload	23
24	25	26 Semimonthly salaried certification Period 2-(1/10-1/24)	27 Last day for W2's to be to be distributed to agencies	28	29 Last day for agencies to distribute W-2s to employees Leave keying deadline (1/10-1/24) December 2008 Healthcare certification due	30
31						

**February 2010
Payroll Operations**

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1 Payday for semimonthly salaried employees Deferred Comp Transaction Upload	2	3	4 Deferred Comp Transaction Upload	5	6
7	8	9 Semimonthly salaried certification Period 1-(1/25-2/09)	10	11	12 Leave keying deadline (1/25-2/09)	13
14	15 State Holiday GEORGE WASHINGTON'S BIRTHDAY	16 Payday for semimonthly salaried employees	17	18 Deferred Comp Transaction Upload	19 Deferred Comp Transaction Upload	20
21	22	23 Semimonthly salaried certification Period 2-(2/10-2/24)	24	25	26 Leave keying deadline (2/10-2/24) January 2010 Healthcare certification due	27
28						

**March 2010
Payroll Operations**

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1 Payday for semimonthly salaried employees Deferred Comp Transaction Upload	2	3	4 Deferred Comp Transaction Upload	5	6
7	8	9	10 Semimonthly salaried certification Period 1-(2/25-3/09)	11	12	13
14	15 Leave keying deadline (2/25-3/09)	16 Payday for semimonthly salaried employees	17	18 Deferred Comp Transaction Upload	19	20
21	22	23	24	25 Semimonthly salaried certification Period 2-(3/10-3/24)	26	27
28	29	30 Leave keying deadline (3/10-3/24)	31 Payday for semimonthly salaried employees February 2010 Healthcare certification due			

**April 2010
Payroll Operations**

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1 Deferred Comp Transaction Upload	2	3
4	5	6	7 Deferred Comp Transaction Upload	8	9	10
11	12 Semimonthly salaried certification Period 1-(3/25-4/09) 1st Qtr Wage Recon Due to DOA	13	14	15 Leave keying deadline (3/25-4/09)	16 Payday for semimonthly salaried employees	17
18	19	20 Deferred Comp Transaction Upload	21	22	23	24
25	26 Semimonthly salaried certification Period 2-(4/10-4/24)	27	28	29 Leave keying deadline (4/10-4/24)	30 Payday for semimonthly salaried employees March 2010 Healthcare certification due	

**May 2010
Payroll Operations**

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3 Deferred Comp Transaction Upload	4	5	6 Deferred Comp Transaction Upload	7	8
9	10 Semimonthly salaried certification Period 1-(4/25-5/09)	11	12	13 Leave keying deadline (4/25-5/09)	14 Payday for semimonthly salaried employees	15
16	17	18	19 Deferred Comp Transaction Upload	20	21 Deferred Comp Transaction Upload	22
23	24 Semimonthly salaried certification Period 2-(5/10-5/24)	25	26	27 Leave keying deadline (5/10-5/24) April 2010 Healthcare certification due	28 FURLOUGH DAY	29
30	31 State Holiday Memorial Day					

Certification Schedule

The Payroll Operations Calendar for the period June through November 2010 will be issued in May. The calendar for December 2010 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
June <i>1st pay period 5/25 - 6/9</i> <i>2nd pay period 6/10 - 6/24</i>	6/10 6/25	6/16 7/1
July <i>1st pay period 6/25 - 7/9</i> <i>2nd pay period 7/10 - 7/24</i>	7/12 7/26	7/16 7/30
August <i>1st pay period 7/25 - 8/9</i> <i>2nd pay period 8/10 - 8/24</i>	8/10 8/26	8/16 9/1
September <i>1st pay period 8/25 - 9/9</i> <i>2nd pay period 9/10 - 9/24</i>	9/10 9/24	9/16 9/30
October <i>1st pay period 9/25 - 10/9</i> <i>2nd pay period 10/10 - 10/24</i>	10/8 10/26	10/15 11/1
November <i>1st pay period 10/25 - 11/9</i> <i>2nd pay period 11/10 - 11/24</i>	11/09 11/23	11/16 12/1
December <i>1st pay period 11/25 - 12/9</i> <i>2nd pay period 12/10 - 12/24</i>	12/10 12/23	12/16 12/30