

Department of Accounts

Payroll Bulletin

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the Payroll
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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

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General Guidelines for FY13 Bonus

DHRM Policy
and Guidance

The Department of Human Resource Management distributed a memorandum dated July 12, 2012, entitled Fiscal Year 2013 Authorizations and Compensation Activities. Within this document DHRM provides an explanation of the policies related to the FY 13 bonus.

<http://www.dhrm.virginia.gov/compensation/communication/FiscalYear13AuthandCompensationActivities.pdf>

Additionally, DHRM will provide more information in the form of Frequently Asked Questions posted to its website in the near future.

<http://www.dhrm.virginia.gov/compensation/communication/BonusFAQsfor2012.pdf>

This bulletin only provides guidance relative to how the bonus is to be processed in CIPPS.

**Bonus Payment
and Taxing**

Bonus payments will be paid in a single payment (check or direct deposit) along with the employee’s regular November 30, 2012, pay date earnings. The bonus special pay will be taxed in conjunction with the employee’s salary received for that pay date using the employee’s tax profile (i.e., marital status, number of exemptions) in accordance with IRS regulations as defined in IRS Publication 15, Section 7, “Supplemental Wages.”

Agencies Using
PMIS

For those agencies that enter data into PMIS, DHRM will produce a file for use within CIPPS providing the “925” transactions (for Special Pay 025) in the applicable amounts for those eligible employees. The input file should be available approximately November 19, 2012, for loading into CIPPS. Agencies will need to adjust bonus amounts manually on payroll records for any employees whose salaries change (effective November 24, 2012, or earlier) after the November 16, 2012, PMIS file extract.

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General Guidelines for FY13 Bonus, cont.

Agencies NOT
Using PMIS

Agencies that do not enter data into PMIS should enter Special Pay transactions on HUE01 using the following indicators: tax – 5; check – 0; and deduction – 0.

Review of
DHRM
Transactions

It is the responsibility of each agency to verify the appropriateness and accuracy of the transactions loaded/entered and take corrective action where necessary.
Temporary pay should not be included in the determination of the bonus amount.

The night the DHRM file is loaded to CIPPS the bonus transactions will appear on the Report 1001, Input Transaction Listing. DHRM will batch the bonus transactions by semi-monthly and monthly pay schedules. Batch number 9999 will be used for those transactions created for employees paid semi-monthly. Batch number 9998 will be used for those transactions created for employees paid on a monthly basis. A subsequent edit will produce the Report 1004, Transactions Balance Report. As with the Report 1001, this report should be reviewed to verify the appropriateness and accuracy of the bonus payment amounts.

Tax Deferral
of Bonus
Payment

DHRM (FAQs for the 2012 Bonus) and VRS (October *Focus*, the quarterly newsletter for defined contribution plans participants) guidance related to tax deferral of the bonus payment through contribution to the 457 Deferred Compensation Plan has been or will be issued soon. Please note that the Payroll Authorization One-Time Deferral form must be completed and submitted to the Payroll Office ***no later than OCTOBER 31*** for the bonus to be contributed to the 457 Plan. On the One-Time Deferral form (link below), the employee should indicate the dollar amount they wish to contribute to the Plan or “Net” if they want the total (after applicable withholding) contributed.

https://vadcp.ingplans.com/einfo/pdfs/forms/virgna/650271/payroll_onetime.pdf

Employees not currently enrolled in the 457 Plan must enroll by October 1, 2012. The contribution of the bonus counts toward the participant’s annual contribution limit. To determine the full amount deferrable, use the Maximum Deferral Calculations Spreadsheet found on DOAs website at the (http://www.doa.virginia.gov/Payroll/Forms/Payroll_Forms_Main.cfm).

For deferrals to a 403(b) annuity plan, employees currently enrolled with an annuity provider must provide written authorization to the employing agency of the amount to be deferred, authorizing an increase to the current annuity contribution. For example, a form stating, “I want \$xxx of my November 30, 2012 bonus to be contributed to my 403(b) plan” with the employee’s signature will suffice. A new Salary Reduction Authorization form DOES NOT need to be completed. Participants are responsible for ensuring any additional contribution does not cause total 2012 contributions to exceed IRS limits.

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General Guidelines for FY13 Bonus, cont.

Tax Deferral of Bonus Payment, cont.

This is a one-time exception to the established FBMC change process. However, to facilitate review and posting of the November 30, 2012, annuity payroll, FBMC requests that each agency provide a listing of those employees affected. Please include the employee name, SSN, and amount of the bonus contribution to their plan. Fax (850-514-5803) or email (tmilton@fbmc.com) the listing to Toni Milton.

New enrollees MUST complete a Salary Reduction Authorization form in accordance with established procedures.

Once the appropriate documentation has been received by the payroll office, the agency will need to enter a deduction override on HUD01. When entering deduction override amounts for a one-time increase to the deferral, be sure to enter a + in the adjustment indicator blank as the one-time deferral is to be taken in addition to the previously existing deferral amount. (See screen print below.)

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Quick3270 - Session A - tn3270.crf
File Edit View Session Transfer Macro Settings Help
-----DEDUCTION OVERRIDE-----
i_ COMPANY--> 00230 BATCH NUMBER--> 0001 PAGE NUMBER--> 00001
EMPLOYEE C    DED STATE  DEDUCTION  DEDUCTION  DATE  DATE
NUMBER  D  TRN  NO LOCAL  GOAL      AMOUNT    FROM    TO      ADJ
              (2ND LINE) DEDUCTION UTILITY
1111111110 0 8 XX 038 000000 000000000000 00000057500 00000000 00000000  +
3213213210 0 8 XX 039 000000 000000000000 00000034500 00000000 00000000  +
0000000000 X 8 XX 000 000000 000000000000 00000000000 00000000 00000000  -
0000000000 X 8 XX 000 000000 000000000000 00000000000 00000000 00000000  -
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A287W-NO RECORD/S FOUND
11/15/12 16:27:53 1 M3LL CIP5
48 A 13/56
Connected to ditmvs2.cov.virginia.gov (165.176.127.4)
CIP00880 (CIP00880) DVR NUM
Start Inboxes - Microsoft... #2012-14.doc [Co... Quick3270 - Se... 4:28 PM
    
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REMEMBER: The employer-paid cash match is NOT to be paid on deferral amounts from the bonus payment but should be maintained on the normal pay period deferrals.

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Change to 2012 Certification Schedule

Additional
Holiday
Provided in
December

The Governor has provided an additional holiday for December 2012. December 31 has now been given as a paid holiday for the New Year. Therefore, payday has been moved back to December 28, 2012, and final certification for the December 10 to 24 pay period is moved to December 20. An updated certification schedule can be found at http://www.doa.virginia.gov/Payroll/Payroll_Certification_Calendar_2012.cfm.

New VRS Legislation Prompts “Act Now Campaign”

Act Now to
Purchase
Service

Recent legislation will change benefit plan provisions for Plan 1 employees who will not be vested (5 years of service) by January 1, 2013. VRS has sent communications to all agencies to include a list of employees that may be affected and an indication of possible time that can be purchased by the employee. Please ensure your agency received the communication and listing. More information on “Act Now” can be found at the link below.

<http://www.varetire.org/featured/Plan1-Less-Than-5-Years.asp>

Modified Calculation Spreadsheets Reflecting VRS Modernization Rules

Modified
Calculation
Spreadsheets

The calculation spreadsheets for VSDP, Partial Pay, and Retirement have been modified to reflect the new VRS Modernization rules.

http://www.doa.virginia.gov/Payroll/Forms/Payroll_Forms_Main.cfm

The Partial Pay spreadsheet has a “Current Retirement Calculations” tab that can be helpful in calculating employee’s SP 099 CONTBASE when manual salary adjustments occur and validating the VRS-related deduction amounts.
