

Department of Accounts

Payroll Bulletin

Calendar Year 2008

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Volume 2008-01

2008 Calendar Year Payroll Operations and Leave Processing

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

- ✓ Payroll Accounting
- ✓ Payroll Deductions
- ✓ Payroll and Leave Contact Personnel
- ✓ Payroll Operations Calendars
- ✓ 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 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 **2008** 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 2008 please notify Payroll Operations at the time of the change.

Payroll Accounting

IRS Deposit Notices

As with 2007, 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.

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-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 not yet posted the 2008 version of the Form W-4. When they do, you will be able to access the form on the [IRS Web site](#).

Social Security Tax Withholding

The maximum wage base for 2008 withholding is **\$102,000** 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 2008.

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.**

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. 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/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 announced that the maximum amount an employee may receive in 2008 through the payroll for the earned income credit payment in advance will be \$1750.

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, 2007. 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 2008 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 2008 with a pay period begin date with a 2007 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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Payroll Deductions

Flex Account Administrative Fees Administrative fees for Flexible Reimbursement Accounts continue to be waived for the remainder of the 2008 plan year.

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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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 27, 2007 through January 1, 2008.

Optional Group Life Update Reports U024 - Optional Group Life Premium Listing and U025 - Optional Group Life Errors will be produced 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.

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Payroll Deductions, Continued

Qualified Benefit Plans

Starting January 1, 2008, newly hired or rehired salaried state employees will be enrolled automatically in the 457 Deferred Compensation Plan (457 Plan). The 2007 General Assembly passed legislation making enrollment in the 457 Plan automatic for salaried state employees unless they opt out of the plan within 90 days. The 457 Deferred Compensation Plan is also available to wage employees, but they will not be automatically enrolled. Automatic enrollments will be included on the U062 report which is generated twice each pay period. Transactions for employees who opt out will also be included in the U062. The U063 report provides a list of transactions that did not post to CIPPS for various reasons. Each report should be reviewed to determine if further action is required.

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 2008 remain the same as they were in 2007 and 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 2008**.
- (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 2008**. (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 2008** 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 2008 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
12/25/07-01/09/08	12/21/2007	01/03/2007	01/10/2008	01/16/2008
01/10/08-01/24/08	01/10/2008	01/17/2008	01/28/2008	02/01/2008
01/25/08-02/09/08	01/28/2008	02/04/2008	02/11/2008	02/15/2008
02/10/08-02/24/08	02/08/2008	02/15/2008	02/25/2008	02/29/2008
02/25/08-03/09/08	02/25/2008	03/03/2008	03/10/2008	03/14/2008
03/10/08-03/24/08	03/11/2008	03/18/2008	03/25/2008	03/31/2008
03/25/08-04/09/08	03/27/2008	04/03/2008	04/10/2008	04/16/2008
04/10/08-04/24/08	04/11/2008	04/18/2008	04/25/2008	05/01/2008
04/25/08-05/09/08	04/28/2008	05/05/2008	05/12/2008	05/16/2008
05/10/08-05/24/08	05/09/2008	05/16/2008	05/23/2008	05/30/2008
05/25/08-06/09/08	05/27/2008	06/03/2008	06/10/2008	06/16/2008
06/10/08-06/24/08	06/11/2008	06/18/2008	06/25/2008	07/01/2008
06/25/08-07/09/08	06/25/2008	07/02/2008	07/10/2008	07/16/2008
07/10/08-07/24/08	07/14/2008	07/21/2008	07/28/2008	08/01/2008
07/25/08-08/09/08	07/28/2008	08/04/2008	08/11/2008	08/15/2008
08/10/08-08/24/08	08/11/2008	08/18/2008	08/25/2008	08/29/2008
08/25/08-09/09/08	08/26/2008	09/03/2008	09/10/2008	09/16/2008
09/10/08-09/24/08	09/10/2008	09/17/2008	09/24/2008	09/30/2008
09/25/08-10/9/08	09/25/2008	10/02/2008	10/09/2008	10/16/2008
10/10/08-10/24/08	10/10/2008	10/20/2008	10/27/2008	10/31/2008
10/25/08-11/09/08	10/24/2008	10/31/2008	11/07/2008	11/14/2008
11/10/08-11/24/08	11/06/2008	11/14/2008	11/21/2008	12/01/2008
11/25/08-12/09/08	11/24/2008	12/03/2008	12/10/2008	12/16/2008
12/10/08-12/24/08	12/09/2008	12/16/2008	12/23/2008	12/31/2008

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

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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 (JR) 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

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	jeff.breen@doa.virginia.gov	225-2246
Cathy Gravatt	941s; W-2Cs; Void Checks; Employee Masterfile Maintenance; CIPPS/CARS Interface; CIPPS Adjustments	cathy.gravatt@doa.virginia.gov	225-2386
Denise Halderman	Payroll Accounting; Benefits Accounting; CIPPS Security	denise.halderman@doa.virginia.gov	371-8912
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

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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 and Charge Card Administration	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 2008

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 State Holiday NEW YEAR CIPPS files open- no edits or pay runs	2	3	4	5
6	7	8	9	10 Semimonthly salaried certification Period 1-(12/25-1/09)	11 CYE Certifications Due to DOA	12
13	14	15 Leave keying deadline (12/25-1/09) CYE Leave processing	16 Payday for semimonthly salaried employees	17	18 State Holiday LEE –JACKSON DAY CIPPS files open- no edits or pay runs	19
20	21 State Holiday MARTIN LUTHER KING, JR DAY CIPPS files open- no edits or pay runs	22	23	24	25	26
27	28 Semimonthly salaried certification Period 2-(1/10-1/24)	29	30	31 Leave keying deadline (1/10-1/24) December 2007 Healthcare certification due		

February 2008

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1 Payday for semimonthly salaried employees	2
3	4	5	6	7	8	9
10	11 Semimonthly salaried certification Period 1-(1/25-2/09)	12	13	14 Leave keying deadline (1/25-2/09)	15 Payday for semimonthly salaried employees	16
17	18 State Holiday GEORGE WASHINGTON'S BIRTHDAY CIPPS files open- no edits or pay runs	19	20	21	22	23
24	25 Semimonthly salaried certification Period 2-(2/10-2/24)	26	27	28 Leave keying deadline (2/10-2/24)	29 Payday for semimonthly salaried employees January 2008 Healthcare certification due	

March 2008

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
2	3	4	5	6	7	8
9	10 Semimonthly salaried certification Period 1-(2/25-3/09)	11	12	13 Leave keying deadline (2/25-3/09)	14 Payday for semimonthly salaried employees	15
16	17	18	19	20	21	22
23	24	25 Semimonthly salaried certification Period 2-(3/10-3/24)	26	27	28 Leave keying deadline (3/10-3/24)	29
30	31 Payday for semimonthly salaried employees February 2008 Healthcare certification due					

April 2008

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 1st Qtr Wage Recon Due to DOA	12
13	14	15 Leave keying deadline (3/25-4/09)	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) March 2008 Healthcare certification due			

May 2008

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-(4/25-5/09)	13	14	15 Leave keying deadline (4/25-5/09)	16 Payday for semimonthly salaried employees	17
18	19	20	21	22	23 Semimonthly salaried certification Period 2-(5/10-5/24)	24
25	26 State Holiday Memorial Day CIPPS files open- no edits or pay runs	27	28	29 Leave keying deadline (5/10-5/24)	30 Payday for semimonthly salaried employees April 2008 Healthcare certification due	31

Certification Schedule

The Payroll Operations Calendar for the period June through November 2008 will be issued in May. The calendar for December 2008 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>	7/10 7/28	7/16 8/1
August <i>1st pay period 7/25 - 8/9</i> <i>2nd pay period 8/10 - 8/24</i>	8/11 8/25	8/15 8/29
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>	10/9 10/27	10/16 10/31
November <i>1st pay period 10/25 - 11/9</i> <i>2nd pay period 11/10 - 11/24</i>	11/07 11/21	11/14 12/01
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 12/31