

Department of Accounts

Payroll Bulletin

Calendar Year 2011

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Volume 2011-01

2011 Calendar Year Payroll Operations and Leave Processing

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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

Director **Lora L. George**

Assistant Director Cathy C. McGill

Introduction

This Payroll Bulletin addresses key **2011** 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 2011 please notify Payroll Operations at the time of the change.

Payroll Accounting

IRS Deposit Notices

As with 2010, 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. The IRS has not made the 2011 version of Publication 15 available yet. You may look for it in the Forms and Publications section at www.irs.gov.

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. 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 made the 2011 version of the W-4 available yet. You may look for it in the Forms and Publications section at www.irs.gov.

Social Security Tax Withholding

The maximum wage base for 2011 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 2011.

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.

HIRE ACT and Social Security Withholding

Effective 01/01/2011, the Employer Social Security tax holiday (HIRE Act) will be eliminated. Higher Education agencies with employees who met the criteria required for eligibility during 2010 must change the FICA status for those employees back to 4 **after** 12/31/2010 and before the first payroll for calendar year 2011 is certified. Report #825, FICA Status not Equal to 4 and Employee Status Equal 1 or 2, may be requested on HSRUT for review or you may use Report 963 from your last pay certified for 2010.

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/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>

AEIC Discontinued Effective 01/01/2011 The Advanced Earned Income Credit is no longer in effect as of January 1, 2011.
Employees who received EIC payments in 2010 must complete new W-4 forms by December 31, 2010. Agencies may identify affected employees through review of CIPPS Report #806, "**Employees Currently Receiving Earned Income Credit**". *If a new W-4 is not received the employee **must** be changed to FIT status 4, Single with Zero exemptions in CIPPS until a valid W-4 is received.*

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 2011 with a pay period begin date with a 2010 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.

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**.

DOA will process an update provided by DHRM to establish CVC deductions for calendar year 2011 the first week of January. Reports will be provided by DHRM and some manual entry may be required as well.

REMINDER – Do not attempt to enter CVC deductions until CIPPS files are restored following year-end processing, scheduled for December 29, 2010 through January 2, 2011.

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 2011 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 2011**.
- (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 2011**. (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 2011** 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 2011 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
12/25/10-01/09/11	12/22/10	12/30/10	01/07/11	01/13/11
01/10/11-01/24/11	01/10/11	01/19/11	01/26/11	02/01/11
01/25/11-02/09/11	01/27/11	02/03/11	02/10/11	02/16/11
02/10/11-02/24/11	02/08/11	02/15/11	02/23/11	03/01/11
02/25/11-03/09/11	02/24/11	03/03/11	03/10/11	03/16/11
03/10/11-03/24/11	03/11/11	03/18/11	03/25/11	03/31/11
03/25/11-04/09/11	03/28/11	04/04/11	04/11/11	04/15/11
04/10/11-04/24/11	04/11/11	04/18/11	04/25/11	04/29/11
04/25/11-05/09/11	04/26/11	05/03/11	05/10/11	05/16/11
05/10/11-05/24/11	05/11/11	05/18/11	05/25/11	06/01/11
05/25/11-06/09/11	05/26/11	06/03/11	06/10/11	06/16/11
06/10/11-06/24/11	06/13/11	06/20/11	06/27/11	07/01/11
06/25/11-07/09/11	06/24/11	07/01/11	07/11/11	07/15/11
07/10/11-07/24/11	07/12/11	07/19/11	07/26/11	08/01/11
07/25/11-08/09/11	07/27/11	08/03/11	08/10/11	08/16/11
08/10/11-08/24/11	08/12/11	08/19/11	08/26/11	09/01/11
08/25/11-09/09/11	08/26/11	09/02/11	09/12/11	09/16/11
09/10/11-09/24/11	09/12/11	09/19/11	09/26/11	09/30/11
09/25/11-10/09/11	09/23/11	09/30/11	10/07/11	10/14/11
10/10/11-10/24/11	10/12/11	10/19/11	10/26/11	11/01/11
10/25/11-11/09/11	10/26/11	11/02/11	11/09/11	11/16/11
11/10/11-11/24/11	11/08/11	11/16/11	11/23/11	12/01/11
11/25/11-12/09/11	11/28/11	12/05/11	12/12/11	12/16/11
12/10/11-12/24/11	12/08/11	12/15/11	12/22/11	12/30/11

This schedule is posted on DOA's web site at the following address:

http://www.doa.virginia.gov/Payroll/TPA/TPA_Calendar_2011.pdf

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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)
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	941s; 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	941-X; W-2Cs; Payroll Accounting; Benefits Accounting; CIPPS Security; Flexible Reimbursement Accounts;	denise.halderman@doa.virginia.gov y	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 2011

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1 9AM - CIPPS files open - no edits or payruns
2 9AM - CIPPS files open - no edits or payruns	3 Deferred Comp Transaction Upload	4	5	6 Deferred Comp Transaction Upload	7 Semi-monthly salaried certification Period #1 (12/25-01/09) CYE Cert Due	8 9AM - CIPPS files open - no edits or payruns
9 9AM - CIPPS files open - no edits or payruns	10	11	12 Leave keying deadline (12/25-01/09)	13 Payday for semi-monthly salaried employees	14 State Holiday: Lee-Jackson Day	15 9AM - CIPPS files open - no edits or payruns
16 9AM - CIPPS files open - no edits or payruns	17 State Holiday: M L King, Jr. Day	18	19 TPA Upload	20 Deferred Comp Transaction Upload	21	22 9AM - CIPPS files open - no edits or payruns
23 9AM - CIPPS files open - no edits or payruns	24 Deferred Comp Transaction Upload	25	26 Semi-monthly salaried certification deadline Period #2 (01/10-01/24)	27	28	29 9AM - CIPPS files open - no edits or payruns
30 9AM - CIPPS files open - no edits or payruns	31 Leave keying Deadline (01/10-01/24) December Healthcare Cert Due					

February 2011

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 Payday for semi-monthly salaried employees Deferred Comp Transaction Upload	2	3 TPA Upload	4 Deferred Comp Transaction Upload	5 9AM - CIPPS files open - no edits or payruns
6 9AM - CIPPS files open - no edits or payruns	7	8	9	10 Semi-monthly salaried certification Period #1 (1/25-02/09)	11	12 9AM - CIPPS files open - no edits or payruns
13 9AM - CIPPS files open - no edits or payruns	14	15 TPA Upload Leave keying deadline (1/25-02/09)	16 Payday for semi-monthly salaried employees	17	18 Deferred Comp Transaction Upload	19 9AM - CIPPS files open - no edits or payruns
20 9AM - CIPPS files open - no edits or payruns	21 State Holiday: George Washington Day	22	23 Semi-monthly salaried certification deadline Period #2 (02/10-02/24)	24	25	26 9AM - CIPPS files open - no edits or payruns
27 9AM - CIPPS files open - no edits or payruns	28 Leave keying Deadline (02/10-02/24) January Healthcare Cert Due					

March 2011

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 Payday for semi-monthly salaried employees Deferred Comp Transaction Upload	2	3 TPA Upload	4 Deferred Comp Transaction Upload	5 9AM - CIPPS files open - no edits or payruns
6 9AM - CIPPS files open - no edits or payruns	7	8	9	10 Semi-monthly salaried certification Period #1 (2/25-03/09)	11	12 9AM - CIPPS files open - no edits or payruns
13 9AM - CIPPS files open - no edits or payruns	14	15 Leave keying deadline (2/25-03/09)	16 Payday for semi-monthly salaried employees	17	18 Deferred Comp Transaction Upload TPA Upload	19 9AM - CIPPS files open - no edits or payruns
20 9AM - CIPPS files open - no edits or payruns	21	22	23	24	25 Semi-monthly salaried certification deadline Period #2 (03/10-03/24)	26 9AM - CIPPS files open - no edits or payruns
27 9AM - CIPPS files open - no edits or payruns	28	29	30 Leave keying Deadline (03/10-03/24)	31 Payday for semi-monthly salaried employees February Healthcare Cert Due		

April 2011

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1 Deferred Comp Transaction Upload	2 9AM - CIPPS files open - no edits or payruns
3 9AM - CIPPS files open - no edits or payruns	4 TPA Upload	5	6 Deferred Comp Transaction Upload	7	8	9 9AM - CIPPS files open - no edits or payruns
10 9AM - CIPPS files open - no edits or payruns	11 Semi- monthly salaried certification Period #1 (3/25-04/09) QTR Cert Due	12	13	14 Leave keying deadline (3/25-04/09)	15 Payday for semi-monthly salaried employees	16 9AM - CIPPS files open - no edits or payruns
17 9AM - CIPPS files open - no edits or payruns	18 TPA Upload	19	20 Deferred Comp Transaction Upload	21	22	23 9AM - CIPPS files open - no edits or payruns
24 9AM - CIPPS files open - no edits or payruns	25 Semi- monthly salaried certification deadline Period #2 (04/10-04/24)	26	27	28 Leave keying Deadline (04/10-04/24)	29 Payday for semi-monthly salaried employees March Healthcare Cert Due	30 9AM - CIPPS files open - no edits or payruns

May 2011

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1 9AM - CIPPS files open - no edits or payruns	2 Deferred Comp Transaction Upload	3 TPA Upload	4	5 Deferred Comp Transaction Upload	6	7 9AM - CIPPS files open - no edits or payruns
8 9AM - CIPPS files open - no edits or payruns	9	10 Semi-monthly salaried certification Period #1 (4/25-05/09)	11	12	13 Leave keying deadline (4/25-05/09)	14 9AM - CIPPS files open - no edits or payruns
15 9AM - CIPPS files open - no edits or payruns	16 Payday for semi-monthly salaried employees	17	18 Deferred Comp Transaction Upload TPA Upload	19	20	21 9AM - CIPPS files open - no edits or payruns
22 9AM - CIPPS files open - no edits or payruns	23 Deferred Comp Transaction Upload	24	25 Semi-monthly salaried certification deadline Period #2 (05/10-05/24)	26	27	28 9AM - CIPPS files open - no edits or payruns
29	30 State Holiday: Memorial Day	31 Leave keying Deadline (05/10-05/24) April Healthcare Cert Due				

Certification Schedule

The Payroll Operations Calendar for the period June through November 2011 will be issued in May. The calendar for December 2011 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 6/27	6/16 7/1
July <i>1st pay period 6/25 - 7/9</i> <i>2nd pay period 7/10 - 7/24</i>	7/11 7/26	7/15 8/1
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>	9/12 9/26	9/16 9/30
October <i>1st pay period 9/25 - 10/9</i> <i>2nd pay period 10/10 - 10/24</i>	10/7 10/26	10/14 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>	12/12 12/22	12/16 12/30