

Department of Accounts

Payroll Bulletin

Calendar Year 2014

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2014 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 **2014** calendar year payroll and leave processing issues. This bulletin should be distributed to and carefully reviewed by appropriate payroll, human resource and fiscal personnel within your agency.

Payroll Accounting

IRS Deposit Notices

As with 2013, the IRS will send Federal Tax Deposit notices to all agencies whose Federal tax deposit schedule has changed for 2014. When you receive an FTD notice, FAX a copy to Cathy Gravatt at (804) 225-3499.

If your agency experienced **significant** changes in the amount of taxes paid 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 2014 version of Publication 15 available yet. You may look for it in the Forms and Publications section at www.irs.gov.

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

W-4 Form

Employees who claim exempt from withholding on their W-4 during the prior year 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 2014 version of the W-4 is not yet available from the IRS website.

Social Security Tax Withholding

The maximum wage base for 2014 withholding will increase to **\$117,000** for OASDI (Old Age, Survivors, and Disability Insurance). The wage base for HI (Hospital Insurance) remains unlimited (i.e., all wages are HI taxable). Wages paid in excess of \$200,000 in 2014 will be subject to an extra 0.9% HI tax that will only be withheld from employees' wages. Employers will not pay the extra tax

The OASDI tax rate will return to 6.2% each for employees and employers. For HI, the rate is 1.45% each for employees and employers, with the additional 0.9% for employees only on wages in excess of \$200,000.

When the maximum has been reached for an individual Employee Id Number within an agency, OASDI taxes will cease to be calculated and withheld. No agency action is required since CIPPS recognizes the OASDI maximum.

DOA monitors totals for employees with records at more than one CIPPS agency and will change the FICA status to "6" once the OASDI max has been reached. **Don't forget to change the FICA status from "6" back to a "4" for the new calendar year.** Report #825, FICA Status not Equal to 4 and Employee Status Equal 1 or 2, may be requested on HSRUT for review.

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Payroll Accounting, continued

North Carolina Residents

The Virginia Department of Taxation *Income Tax Withholding Guide for Employers* states that payments to nonresidents not covered under reciprocity for services performed in Virginia are subject to Virginia withholding.

North Carolina's *Income Tax Withholding Tables and Instructions for Employers* states "An employee who is a resident of this State is subject to North Carolina withholding on all of his wages, whether he works within or outside the State; except that, to prevent double withholding and to anticipate any allowable tax credit, North Carolina withholding is not required from wages paid to a resident for services performed in another state if that state requires the employer to withhold. Withholding does not relieve the employee of the obligation to file a North Carolina individual income tax return and pay any balance due after tax credit."

Therefore, North Carolina residents working in Virginia must pay employment taxes to Virginia and must complete a Virginia income tax return. Only those North Carolina resident employees who are physically working in North Carolina can be excluded from Virginia reporting and withholding.

If you are withholding North Carolina state income tax for employees working in North Carolina, please note the following. Earlier in 2013 the North Carolina General Assembly enacted House Bill 998 which is effective for taxable years beginning on or after January 1, 2014. As a result of this legislation all employees residing in North Carolina are required to submit new Employee's Withholding Allowance Certificates, either Form NC-4 EZ or Form NC-4.

<http://www.dorn.com/downloads/nc4.pdf>

<http://www.dorn.com/downloads/nc4ez.pdf>

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>

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Payroll Accounting, continued

Change in Interpretation Regarding Maximum Annual Leave Carryover

DHRM recently announced a change in the interpretation of how the annual leave accrual for the last pay period of the leave calendar year should be applied in regard to the maximum carryover limits. The new interpretation will be in force for the coming 2014 leave year. Previously, policy interpretation held that the final leave accrual of the leave year would be awarded on January 9th and then the carryover maximum would be applied. The sequence has been changed so that the maximum carryover is applied to the leave balance on January 9th and then the leave accrual for the final pay period (12/25 through 1/9) is credited and available for use on the first day of the new leave year. This means that employees' Jan. 10th balances may exceed the previous year's maximum carryover limit. CIPPS and Payline have been reprogrammed to effect this change. "Estimated Leave Loss" in both systems now reflects the change in calculations. Agencies using different leave systems should make this adjustment to maintain consistency with this interpretation.

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 (frequency changed to 00).**
 - Review the pending file reports and delete transactions no longer required.
 - When entering a certification or edit request in 2014 with a pay period begin date with a 2013 value, you will receive a warning message stating "YEAR NOT SAME AS CURRENT YEAR." This is an informational message. 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 Reimbursement Accounts

Flex accounts set up through the interface with BES 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). Deductions 055, 056 and 057 used to capture flex amounts for Plan Year 2013 will become inactive effective January 1.

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 2014 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 30, 2013 through January 1, 2014.

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Payroll Deductions, continued

Optional Life Update Reports U024 - Optional Group Life Premium Listing and U025 - Optional Group Life Errors will be produced sometime next 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 remain the same for calendar year 2014:

Goals for the 457 Deferred Compensation Plan will no longer be established per individual deduction in employee records since those who participate in the hybrid plan may also have an additional voluntary deduction that is considered part of the 457 Plan (this will be deduction 016). The Employee Voluntary Hybrid Contribution will be linked with the existing 457 Deferred Comp contribution (deduction 038) to ensure that the combined total does not exceed the annual maximum.*

Deferral Category	457 Deferred Compensation Plan	403(b) Tax-Deferred Account
Normal Annual Limit	\$17,500 (1)(5)	\$17,500 (1)(5)
Age 50 Catch-Up	\$5,500 (2)	\$5,500 (2)(5)
457 Standard Catch-Up	\$17,500 (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 **\$35,000 for 2014**.
- (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 **\$26,000 in 2014**. (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 **\$55,500 in 2014** 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.

* Beginning in 2014 the "Goal" field will only contain an amount in Deduction 038 that equates to any limit above the standard limit for under age 50. Therefore only those 50 or over or in catch-up will have an amount in the Goal field.

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Payroll Deductions, continued

Misc. Deduction TPA Processing Schedule The calendar year 2014 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
12/25/13-01/09/14	12/26/2013	01/03/2014	01/10/14	01/16/14
01/10/14-01/24/14	01/09/2014	01/16/2014	01/27/14	01/31/14
01/25/14-02/09/14	01/27/2014	02/03/2014	02/10/14	02/14/14
02/10/14-02/24/14	02/07/2014	02/14/2014	02/24/14	02/28/14
02/25/14-03/09/14	02/24/2014	03/03/2014	03/10/14	03/14/14
03/10/14-03/24/14	03/11/2014	03/18/2014	03/25/14	03/31/14
03/25/14-04/09/14	03/27/2014	04/03/2014	04/10/14	04/16/14
04/10/14-04/24/14	04/11/2014	04/18/2014	04/25/14	05/01/14
04/25/14-05/09/14	04/28/2014	05/05/2014	05/12/14	05/16/14
05/10/14-05/24/14	05/09/2014	05/16/2014	05/23/14	05/30/14
05/25/14-06/09/14	05/27/2014	06/03/2014	06/10/14	06/16/14
06/10/14-06/24/14	06/11/2014	06/18/2014	06/25/14	07/01/14
06/25/14-07/09/14	06/25/2014	07/02/2014	07/10/14	07/16/14
07/10/14-07/24/14	07/14/2014	07/21/2014	07/28/14	08/01/14
07/25/14-08/09/14	07/28/2014	08/04/2014	08/11/14	08/15/14
08/10/14-08/24/14	08/11/2014	08/18/2014	08/25/14	08/29/14
08/25/14-09/09/14	08/26/2014	09/03/2014	09/10/14	09/16/14
09/10/14-09/24/14	09/10/2014	09/17/2014	09/24/14	09/30/14
09/25/14-10/09/14	09/25/2014	10/02/2014	10/09/14	10/16/14
10/10/14-10/24/14	10/10/2014	10/20/2014	10/27/14	10/31/14
10/25/14-11/09/14	10/24/2014	10/31/2014	11/07/14	11/14/14
11/10/14-11/24/14	11/06/2014	11/14/2014	11/21/14	12/01/14
11/25/14-12/09/14	11/24/2014	12/03/2014	12/10/14	12/16/14
12/10/14-12/24/14	12/09/2014	12/16/2014	12/23/14	12/31/14

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

http://www.doa.virginia.gov/Payroll/TPA/TPA_Main.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)
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, OGL	denise.waddy@doa.virginia.gov	225-2246
Cathy Gravatt	941s; 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; 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	Void Checks; 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	Void Checks; 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	General Information	lora.george@doa.virginia.gov	225-2245
Cathy McGill, Assistant Director	General Information, Production and Benefit Accounting Support,	cathy.mcgill@doa.virginia.gov	371-7800

**Payroll
Operations
FAX Number**

- (804) 225-3499
- payroll@doa.virginia.gov

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January 2014

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

February 2014

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 TPA Upload Deferred Comp Transaction Upload	4	5	6	7	8 9AM - CIPPS files open - no edits or payruns
9 9AM - CIPPS files open - no edits or payruns	10 Semi-monthly salaried certification Period #1 (01/25-02/09)	11	12	13 Leave keying deadline (01/25-02/09)	14 Payday for semi-monthly salaried employees TPA Upload	15 9AM - CIPPS files open - no edits or payruns
16 9AM - CIPPS files open - no edits or payruns	17 State Holiday: George Washington's Birthday 9AM - CIPPS files open - no edits or payruns	18	19 Deferred Comp Transaction Upload	20	21	22 9AM - CIPPS files open - no edits or payruns
23 9AM - CIPPS files open - no edits or payruns	24 Semi-monthly salaried certification Period #2 (02/10-02/24)	25	26	27 Leave keying deadline (02/10-02/24)	28 Payday for semi-monthly salaried employees January Healthcare Cert Due	

March 2014

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 TPA Upload Deferred Comp Transaction Upload	4	5	6	7	8 9AM - CIPPS files open - no edits or payruns
9 9AM - CIPPS files open - no edits or payruns	10 Semi-monthly salaried certification Period #1 (02/25-03/09)	11	12	13 Leave keying deadline (02/25-03/09)	14 Payday for semi-monthly salaried employees	15 9AM - CIPPS files open - no edits or payruns
16 9AM - CIPPS files open - no edits or payruns	17	18 TPA Upload Deferred Comp Transaction Upload	19	20	21	22 9AM - CIPPS files open - no edits or payruns
23 9AM - CIPPS files open - no edits or payruns	24	25 Semi-monthly salaried certification Period #2 (03/10-03/24)	26	27	28 Leave keying deadline (03/10-03/24)	29 9AM - CIPPS files open - no edits or payruns
30 9AM - CIPPS files open - no edits or payruns	31 Payday for semi-monthly salaried employees February Healthcare Cert Due					

April 2014

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 Deferred Comp Transaction Upload	2	3 TPA Upload	4	5 9AM - CIPPS files open - no edits or payruns
6 9AM - CIPPS files open - no edits or payruns	7 1st QTR Cert Due	8	9	10 Semi-monthly salaried certification Period #1 (03/25-04/09)	11	12 9AM - CIPPS files open - no edits or payruns
13 9AM - CIPPS files open - no edits or payruns	14	15 Leave keying deadline (03/25-04/09)	16 Payday for semi-monthly salaried employees Deferred Comp Transaction Upload	17	18 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 Period #2 (04/10-04/24)	26 9AM - CIPPS files open - no edits or payruns
27 9AM - CIPPS files open - no edits or payruns	28	29	30 Leave keying deadline (04/10-04/24) March Healthcare Cert Due			

May 2014

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1 Payday for semi-monthly salaried employees Deferred Comp Transaction Upload	2	3 9AM - CIPPS files open - no edits or payruns
4 9AM - CIPPS files open - no edits or payruns	5 TPA Upload	6	7	8	9	10 9AM - CIPPS files open - no edits or payruns
11 9AM - CIPPS files open - no edits or payruns	12 Semi-monthly salaried certification Period #1 (04/25-05/09)	13	14	15 Leave keying deadline (04/25-05/09)	16 Payday for semi-monthly salaried employees Deferred Comp Upload TPA Upload	17 9AM - CIPPS files open - no edits or payruns
18 9AM - CIPPS files open - no edits or payruns	19	20	21	22	23 Semi-monthly salaried certification Period #2 (05/10-05/24)	24 9AM - CIPPS files open - no edits or payruns
25 9AM - CIPPS files open - no edits or payruns	26 State Holiday: Memorial Day 9AM - CIPPS files open - no edits or payruns	27	28	29 Leave keying deadline (05/10-05/24)	30 Payday for semi-monthly salaried employees April Healthcare Cert Due	31 9AM - CIPPS files open - no edits or payruns

Certification Schedule

The Payroll Operations Calendar for the period June through November 2014 will be issued in May. The calendar for December 2014 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>	10/09 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