

Department of Accounts

Payroll Bulletin

Calendar Year 2015

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the Payroll
Bulletin.....*

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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

Deceased Pay Processing Update

Overview

Payments owed to a deceased employee (regular, overtime, leave balances, etc.) are subject to certain provisions within Code of Virginia §64.2-601 and §64.2-602 which govern the process by which those payments are made. The guidelines and legal requirements governing deceased pay can be complicated. Individual circumstances can vary and may require additional guidance from the Attorney General's Office.

\$25,000 Threshold Rule

In compliance with Code of Virginia §64.2-602, amended in 2014, when there is *no executor or administrator* and the total amount due from payroll (for either wage or salaried) is less than \$25,000 use the Survivor Affidavit (at the end of this bulletin). Payment can be made after 60 days regardless of the total value of the estate (regardless of the amount of VRS benefit, etc.).

Amounts in Excess of \$25,000

If the total amount due from payroll is more than \$25,000 follow §64.2-601 and consider the value of any liquid asset or accounts with a stated monetary value such as:

- VRS/ORP group life insurance benefit
- VRS/ORP retirement account balance
- Deferred compensation and/or annuity account balances

Personal property and real estate do not have to be considered.

If the agency determines that the total value of the above amounts (payroll, VRS, etc.)

- will exceed \$50,000, then payment must be made to an executor or administrator only
- is less than \$50,000, offer the survivors the option of completing the Virginia Small Estate Act Affidavit (found at the end of this bulletin). If the survivors cannot sign this affidavit, then payment must be made to an executor or administrator only.

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Deceased Pay Processing, Revised continued

Payments to Executor or Administrator

Agencies can process the final payment immediately when there is a court-approved executor or administrator, regardless of the amount, once the required documentation (listed below) has been received. When meeting with the executor or administrator, the agency will need to request and retain the following items before payment is processed.

- IRS Form W-9 with the TIN for the estate and the name of the executor or administrator (not the employee's name/SSN, not the executor's/administrator's SSN). The executor/administrator must apply for and receive a TIN for the estate by completing IRS form SS4, which can be found at: <http://www.irs.gov/pub/irs-pdf/fss4.pdf> . They can call 800-829-4933 for assistance in completing the form and can receive the number "within minutes".
 - If the payee is not a US citizen, then they should complete a W-8 form and 30% tax may need to be withheld.
 - Copy of the Certificate/Letter of Qualification. This is the court document that certifies who was appointed executor or administrator.
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Payments to Heir(s)/Survivor(s)

When there is no executor/administrator and payment is made to any heir(s)/survivor(s) the agency must wait 60 days before processing the payment.

When meeting with the heir(s), the agency will need to request and retain the following items before payment is processed:

- IRS Form W-9: Each heir should complete a W-9 with the heir's name and SSN and NOT the employee's name/SSN. If paying more than one heir, each heir should complete a separate W-9 form.
 - If the payee is not a US citizen, then they should complete a W-8 form and 30% tax may need to be withheld.
- Survivor Affidavit or Virginia Small Estate Act Affidavit: Completed, signed and notarized. Affidavits are found at the end of this bulletin.
- List of Heirs form: <http://www.courts.state.va.us/forms/circuit/cc1611.pdf> . The family needs to complete and file this form with the Circuit Court.

After the 60 days have passed, a call to the Court in the locality where the employee lived is required to ensure that no application for the appointment of a personal representative (executor or administrator) is pending or has been granted in any jurisdiction. Be sure to document the date called and name and position of the individual to whom you speak.

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Deceased Pay Processing, Revised continued

Entering Beneficiary or Estate information on H0901

In the same manner as a garnishment or tax levy, the H0901 screen contains the name of the payee to whom deceased payments will be issued. Enter the beneficiary or estate information found on the form W-9.

- NEVER change the employee's name on H0BID. CIPPS records are always in the name of an employee; not an estate.
 - DO NOT enter "The Estate of..." as the payee on H0901 unless form W-9 shows the estate name entered on line 1 and the "Trust/estate" box is checked on line 3.
 - Only one name may be established on H0901. If funds need to be split among multiple payees, enter the agency name as payee on H0901. The agency will need to deposit the check to a petty cash fund, and then make the necessary payments to the appropriate payees. If no petty cash fund is available, then the check will need to be deposited to the Treasurer of Virginia and CARS transactions must be processed to issue the necessary payments to payees.
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Additional Actions before Payment is Issued

The agency needs to take the following action before issuing the final check:

- Obtain a certified copy of the death certificate.
 - Notify the Virginia Retirement System and Minnesota Life of the death of a salaried employee.
 - Deduct any court-ordered deductions such as child support, garnishments, tax levies, etc.
 - Deduct any amounts "Due to Agency/Commonwealth." Such items may include health care premiums, flexible spending contributions, parking fees, amounts for unreturned uniforms or equipment (you must have written authorization from the employee on file before withholding), and any unpaid balance on the Travel Charge Card.
 - Health care options available to the survivors should be coordinated with your agency HR department.
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Deceased Pay Processing, Revised continued

Deduction for Amounts Owed to Agency Deduction 010, DUE AGY, is used to deduct amounts due to the employing agency for which written permission from the employee is retained on file. Generally this would represent the value of items which are required to be returned upon termination, death, or reassignment from a specific position. Examples include uniforms, electronic equipment such as cell phones, laptops, PDAs, and any outstanding balance on the Travel Charge Card.

When used, a single check is generated and includes amounts from all employees with this activated deduction. If you have the need to begin using this deduction, email DOA payroll operations providing the name and address to be included on the check.

Deduction for Deceased Payments Establish deduction 013, DEC-NET, as instructed in the “Statewide Deduction Codes - Matrix of Deduction Codes” found on the Payroll Operations Forms page at http://www.doa.virginia.gov/Payroll/Forms/Payroll_Forms_Main.cfm. The net amount will be calculated as gross, minus FICA tax (if any), minus pre-tax deductions, minus Deduction 010, and minus any child support, garnishment, or tax levy. Be sure to turn off direct deposit and any other deductions that should not be withheld from the final deceased payment.

Deductions for Retirement on Final Creditable Comp The automated VRS reconciliation will ensure that funds are collected in full for the employee’s last month of service. ORP contribution processing and the VRS employee contribution should be collected following the instructions for deceased pay as outlined in the current VRS Examples on our web site at: http://www.doa.virginia.gov/Payroll/Payroll_Bulletins/VRSModernizationWorkingExamples.cfm

Deduction for Health Care/Other Pre-Tax Items If the deceased employee owes amounts for pre-tax items, such as health care and pre-tax parking, those deductions should be allowed to process as normal. Leave these deductions turned on in CIPPS. Because they are pre-tax, CIPPS will take these deductions prior to processing deduction 010 and deduction 013.

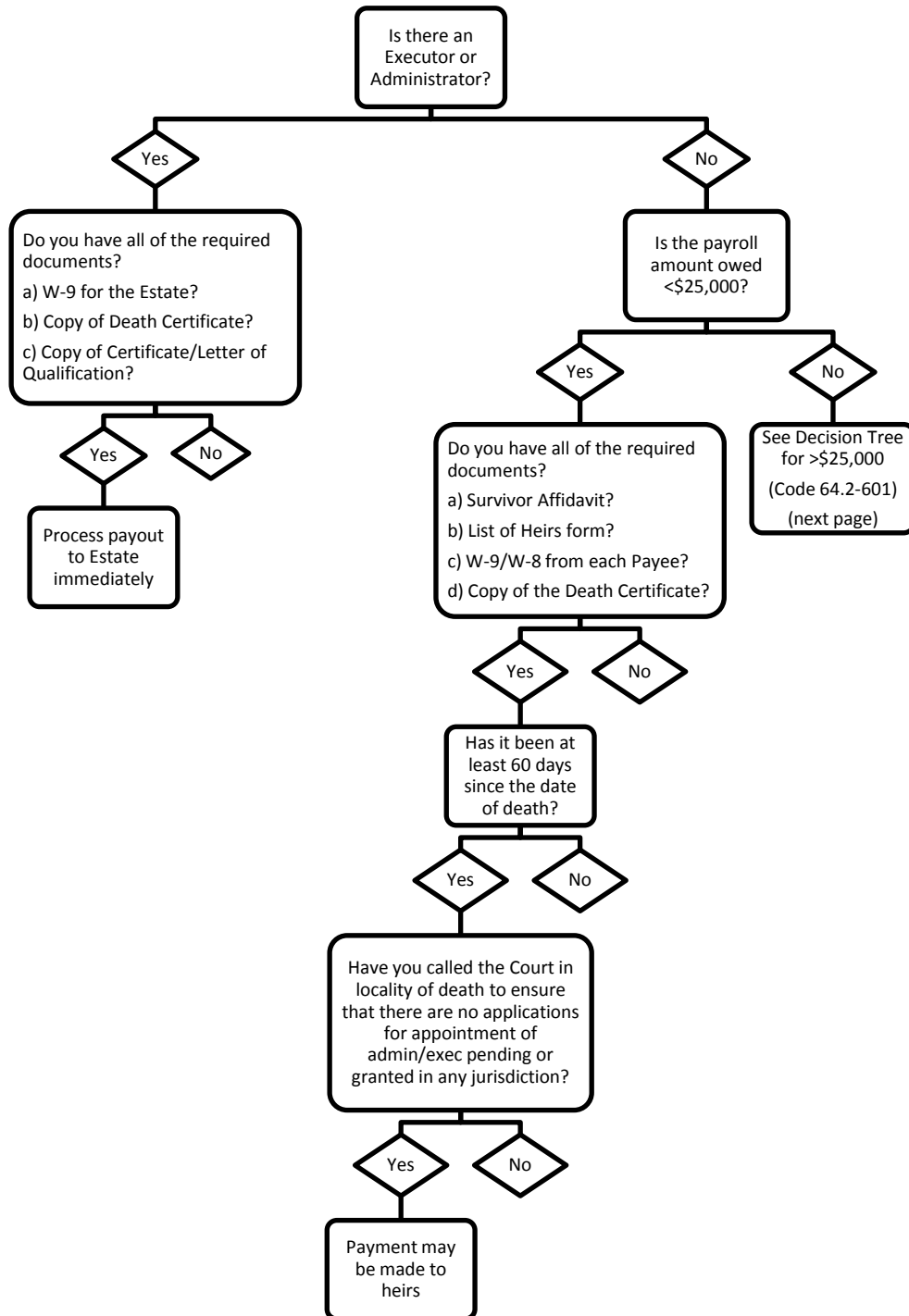
Calendar Year End Processing At calendar year end:

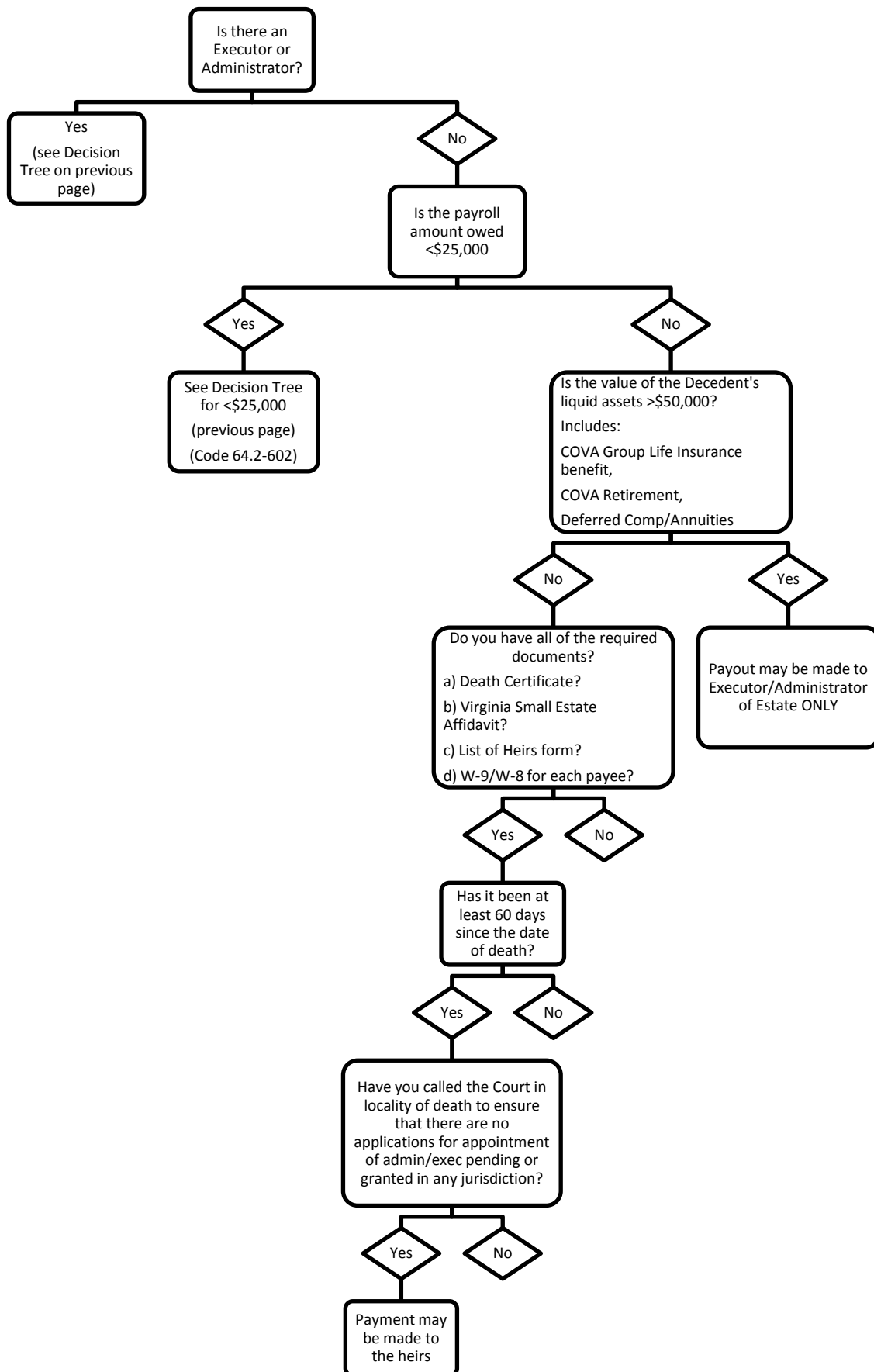
- a. The W-2 should be issued in the employee’s name and SSN.
- b. Manually issue a 1099-MISC using the information on form(s) W-9 in accordance with IRS regulations and instructions for form 1099-MISC. A 1099-MISC should be issued to all parties who received payments, regardless of the amount. The \$600 threshold that applies to payments for goods and services does not apply in this case.

Unclaimed Property If, after one year, there are no known beneficiaries then the payment should be transferred to the Virginia Department of Treasury, Unclaimed Property Division according to their policies and procedures found on their website: <http://www.trs.virginia.gov/Ucp/ucp.asp>

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When to Process Deceased Pay





SURVIVOR AFFIDAVIT

TO BE USED FOR PAYMENT OF AMOUNTS LESS THAN \$25,000 AND WHEN NO QUALIFICATION OF THE ESTATE HAS OCCURRED WITHIN 60 DAYS. (Reference Code of Virginia §64.2-602)

I/WE, the "Successor(s)" _____, after being first duly sworn, depose and state as follows:

1. That _____, the "Decedent", died on or about the _____ day of _____, 20____.
2. The name of each successor designated to receive payment or delivery of the small asset on behalf of all successors is/are:

3. That at least 60 days has elapsed since the Decedent's death.
4. That no application for the appointment of a personal representative is pending or has been granted in any jurisdiction.
5. That the Designated Successor shall have a fiduciary duty to safeguard and promptly pay or deliver the small asset as required by the laws of the Commonwealth to the other successors, if any.
6. We acknowledge that we have a fiduciary duty to safeguard and promptly pay or deliver monies received to the other successors, if any, and to repay the Commonwealth of Virginia all monies received if it is discovered by the probate of a will or other evidence that we were not entitled to receive such wages or other sums.

WHEREFORE, the undersigned Successor(s) to the Small Asset of the Decedent make this Affidavit pursuant to §64.2-602 of the 1950 Code of Virginia, as amended.

_____ Signature	_____ Signature
_____ Signature	_____ Signature

STATE OF VIRGINIA , City/County of _____, to-wit:

This Survivor Affidavit was acknowledged, subscribed and sworn to before me this _____ day of _____, 20____, by

(SEAL)

Notary Public
My Commission expires:_____.

Notary Registration Number:_____

VIRGINIA SMALL ESTATE ACT AFFIDAVIT
Va. Code §64.2-601

I/WE, the "Successor(s)" _____,
_____, after being first duly sworn, depose and state as follows:

1. That _____, the "Decedent", died on or about the _____ day of _____, 20____.
2. That the value of Decedent's entire personal probate estate as of the date of the Decedent's death, wherever located, does not exceed \$50,000.00.
3. That at least 60 days has elapsed since the Decedent's death.
4. That no application for the appointment of a personal representative is pending or has been granted in any jurisdiction.
5. That the Decedent's will, if any, was duly probated.
6. That the claiming Successor is entitled to payment or delivery of the small asset, and the basis upon which such entitlement is claimed appears below:

7. The names and addresses of all Successors, to the extent known, are:

8. The name of each successor designated to receive payment or delivery of the small asset on behalf of all successors is/are:

VIRGINIA SMALL ESTATE ACT AFFIDAVIT

Va. Code §64.2-601

- 9. That the Designated Successor(s) shall have a fiduciary duty to safeguard and promptly pay or deliver the small asset as required by the laws of the Commonwealth.
- 10. We acknowledge that we have a fiduciary duty to safeguard and promptly pay or deliver monies received to the other successors, if any, and agree to repay the Commonwealth of Virginia all monies received if it is discovered by the probate of a will or other evidence that we were not entitled to receive such wages or other sums.

WHEREFORE, the undersigned Successor(s) to the Small Asset of the Decedent, make this Affidavit pursuant to §64.2-601 of the 1950 Code of Virginia, as amended.

Signature	Signature
Signature	Signature
Signature	Signature
Signature	Signature

STATE OF VIRGINIA , City/County of _____, to-wit:

This Virginia Small Estate Act Affidavit was acknowledged, subscribed and sworn to before me this _____ day of _____, 20____, by

(SEAL)

Notary Public
My Commission expires:_____.

Notary Registration Number:_____.

Report 861, Employees Whose Status Should Be Changed to a '3'

**Employee
Records to be
Terminated**

Report 861, CIPPS Employees Whose Status Should Be Changed to a '3', identifies those employees that have not received a payment through CIPPS in the current calendar year. Whenever practical, these employees must be terminated in CIPPS immediately. This report will be run tonight and agencies will have until March 31st to either terminate the listed employees or to contact DOA providing a list of which records not to terminate and a supporting disposition.

Any employees not terminated and explanation not received by March 31st will be terminated by DOA and the agency could be listed in the Quarterly Report for non-compliance.
