



Paycor's Guide to *End of Year Payroll*



Table of Contents

Year End is a busy time for our clients, but it doesn't have to be confusing. To ensure success, we've created this 2020 Year End Guide. Simply click on the links to the right (under Table of Contents) to view topics.

Now, for the big picture. When thinking about Year End, don't get overwhelmed! Remember that it all comes down to these 3 steps:

1. **Check employee and employer indicative data**
2. **Check wage, tax and benefits data**
3. **Check for special procedures**

Sounds easy, but as with many things in life, the devil's in the details. That's where your 2020 Year End Guide will come in handy. We'll walk you through everything you need to know, step by step.

If you'd prefer, you can always click on the **Get Help** link in Perform (top right corner of the Web page). From there, you can search by topic under the **Knowledge Base** section or enter your question in the **Search** box. Search results will contain both written procedures as well as short tutorial videos to assist you with your questions.

BONUS RUNS

Frequently Asked Questions

QUESTION #1

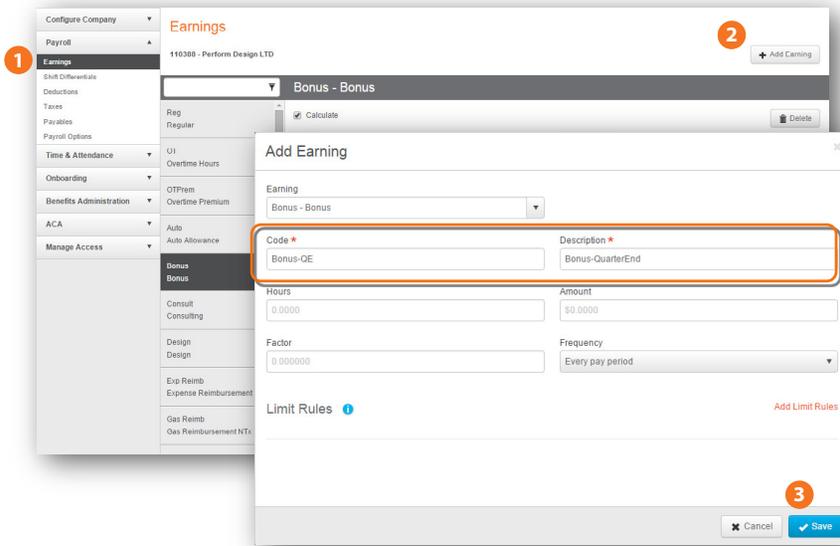
I would like to pay some of my employees a bonus on this payroll in addition to their normal pay. I have never paid a bonus before - how do I add a separate bonus check to each of those employees?

Answer:

Step 1: Add a Bonus Earning Code to Your Company

Follow the steps below to do this task.

- 1 In the **Configure Company** module, select **Earnings** under the Payroll menu.
- 2 If a Bonus earning code is not listed, click **+ Add Earning**.
- 3 Find the necessary Earning Code. Rename the **Code** and **Description** if you want to customize what appears on the employee's check stub and your reports. Click **Save**.



Bonus Runs Quick Links

Adding a Bonus Check to an Employee

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- 4 Highlight the **Earning Code** you added and review parameters and global settings.
- 5 You have options on how to tax the Earnings Code. To change the taxation, click on **How to Tax** field and select an option. The **How to Tax** includes options to meet the federal and state requirements on taxation for supplemental wages. When you select one of these options, the income tax will calculate at the federal rate of 22% and the state mandated percentage.
- 6 Customize the remaining defaults as needed for your earning. Click .

The screenshot displays the 'Earnings' configuration page for '110388 - Perform Design LTD'. The main configuration area is for 'Bonus-QE - Bonus-QuarterEnd'. Key fields include:

- Code:** Bonus-QE
- Description:** Bonus-QuarterEnd
- Hours:** 0.00000
- Amount:** \$0.00000
- Factor:** 0.0000000
- Frequency:** Every pay period

The 'Advanced Settings' section includes:

- Equation:** $RATE * HR + AMT$
- Rate:** \$0.000000
- Include In:** Regular only
- Check Stub:** Always print YTD
- Include in Shift Calculation:** No
- Effective Date:** 11/24/2015
- How To Tax:** FICA, Fed25, StSup%, Loc
- Sequence:** 1
- Appear on W2 Box 14:** No
- Include in Blended Overtime:** Yes

The 'Global Settings' section includes:

- Global Code:** Bonus
- Global Description:** Bonus
- Effect On Client:** Increase
- Effect On Employee:** Increase
- Tax Category:** Regular Earnings
- Include in Blended Overtime:** Yes

Numbered callouts (4, 5, 6) highlight the 'Bonus-QE' code, the 'How To Tax' dropdown, and the 'Save' button, respectively.

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Step 2: Add the Bonus Code to Your Paygrid

Follow these steps to customize columns in the paygrid:

- 1 Click on **Format Grid**, then select "Add/Remove Columns".
- 2 Select the **Earnings** from the dropdown.
- 3 Locate the Bonus Earning code you added. Check the Amount Box across from the Earning Code to enter a Bonus Amount.
- 4 Click **Save**. The Bonus Earning Column will now appear in the paygrid.

The screenshot displays the 'Add/Remove Paydata Column' dialog box in the Payroll Processing software. The dialog box is titled 'Add/Remove Paydata Column' and has a dropdown menu set to 'Earnings'. Below the dropdown is a table with columns for 'Code', 'Description', 'Hours', and 'Amount'. The 'Bonus' code is selected, and the 'Amount' checkbox is checked. The background shows a paygrid with employee names, check numbers, and amounts. The paygrid has columns for 'No Pay', 'Find Employees', '#', 'Check', 'NDD', 'Department', 'Shift', 'Add to Payrun', 'Format Grid', 'Payrun Settings', and 'Pay Related Changes'. The 'Format Grid' button is highlighted with a red circle 1. The 'Add/Remove Paydata Column' dialog box is highlighted with a red circle 2. The 'Earnings' dropdown is highlighted with a red circle 3. The 'Amount' checkbox for the 'Bonus' code is highlighted with a red circle 4.

Bonus Runs Quick Links

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BONUS RUNS

Step 3: Add the Bonus Check

Follow these steps in order to add a check for any employee:

Note: When a new check is added, the **check number** will be one higher than the previous **regular check**.

Scheduled **earning** and deduction amounts will not calculate for additional checks. Scheduled **deduction rates** will calculate on additional checks.

- 1 Locate the appropriate employee, and highlight the employee name.
- 2 Click the **+** button next to Check in the top left navigation. Then select Regular Check.
- 3 An additional check will display on the paygrid. Enter desired pay information in the Bonus Earning column on the line for Check #2.

The screenshot shows the PERFORM payroll processing interface. The paygrid table is as follows:

| No Pay | Find Employees | # | Check | Net DD | Department | Gross Receipts | Rate | Reg (hrs) | OT (hrs) | Reg (\$) | OT (\$) | Bonus (\$) | | | |
|--------------------------|--------------------|-----|-------|--------|------------|----------------|-----------|-----------|----------|---------------|---------|-------------|---------------|-------------|--|
| <input type="checkbox"/> | Finamore, Alex C. | 280 | 1 | ✓ | 1001 | | 0.000000 | | | \$ 900.0000 | | | | | |
| <input type="checkbox"/> | Finamore, Alex C. | 280 | 2 | ✓ | 1001 | | 0.000000 | | | \$ 0.0000 | | \$ 500.0000 | | | |
| <input type="checkbox"/> | May, Charles M. | 102 | 1 | ✓ | 1001 | | 17.000000 | | | | | | | | |
| <input type="checkbox"/> | Cassey, Jasmine | 69 | 1 | ✓ | 2000 | | 15.000000 | | | | | | | | |
| <input type="checkbox"/> | Cassidy, Linda | 132 | 1 | ✓ | 2000 | | 15.000000 | | | | | | | | |
| <input type="checkbox"/> | Cecciano, Tommy | 170 | 1 | ✓ | 2000 | | 15.000000 | | | | | | | | |
| <input type="checkbox"/> | Dalry, Irene | 151 | 1 | ✓ | 2000 | | 15.000000 | | | | | | | | |
| <input type="checkbox"/> | Dale, Judith | 143 | 1 | ✓ | 2000 | | 15.000000 | | | | | | | | |
| <input type="checkbox"/> | Diaz, Janice | 120 | 1 | ✓ | 2000 | | 15.000000 | | | | | | | | |
| <input type="checkbox"/> | Baeker, Liz S. | 139 | 1 | ✓ | 2001 | | 0.000000 | | | \$ 1,400.0000 | | | | | |
| <input type="checkbox"/> | Byrd, Eva S. | 213 | 1 | ✓ | 3001 | | 16.000000 | | | | | | | | |
| <input type="checkbox"/> | Barne, Ann N. | 105 | 1 | ✓ | 4004 | | 11.500000 | | | | | | | | |
| <input type="checkbox"/> | Paterson, James L. | 81 | 1 | ✓ | 4004 | | 18.000000 | | | | | | | | |
| Total: | | | | | | | | | | | 0.0000 | 0.0000 | \$ 2,300.0000 | \$ 500.0000 | |

Bonus Runs Quick Links

Adding a Bonus Check to an Employee

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BONUS RUNS

QUESTION #2

I'd like to pay a bonus to my employees this week. I've already added a Bonus Earning Code to the system but our normal pay cycle doesn't run until next week. How can I work around this?

Answer:

Step 1: Add an Additional Run

Follow the steps below to do this task.

Note: Additional payruns may be scheduled up to one year in advance. The Paygroup Schedule dictates the payrolls that will be included in all month-end reports. To avoid having to reprint month-end information, it's best to include additional payruns on your schedule as soon as possible.

- 1 Hover over Payroll, and select **Pay Employees**. Verify the necessary **Client Number** is selected.
- 2 Click **+ Add Payrun** . An **Add Payrun** window will open.
- 3 Enter the appropriate **Payroll**, **Paygroup**, and **Date**, then Click **Save** .

The screenshot displays a payroll management interface. At the top, there are dropdown menus for Client (116811 - Perform Design), Payroll (Payroll), Paygroup (PayGroup1), Date (Next 7 Days), and Status (All Defaults). Below these is a table with columns for Payroll, Paygroup, Process Date, Pay Period (Weeks), and Check Date. Two rows are visible, both with a 'Process Date' of 08/31/16 and a 'Check Date' of 09/01/16. A red circle '2' highlights the '+ Add Payrun' button in the top right of the table. An 'Add Payrun' modal window is open in the foreground, with a red circle '3' highlighting the 'Payroll' field. The modal contains the following fields: Client (116811 - Perform Design), Payroll (Payroll), Paygroup (PayGroup1), Check Date (09/02/2016), Process Date (08/30/2016), Pay Period Start (08/22/2016), and Pay Period End (08/28/2016). 'Cancel' and 'Save' buttons are at the bottom of the modal.

Bonus Runs Quick Links

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- The new payroll dates will appear in the **Payrun Schedule** and will say **Additional**. Click **Begin** to open the payrun.
- Select only the Employees that are receiving a bonus on the **Add Employee to Payrun** window. Make any necessary changes to the Payrun Settings.

| Client | Payroll | Paygroup | Show | Status | |
|-------------------------|---------|-----------|--|----------------------|--|
| 116811 - Perform Design | Payroll | PayGroup1 | Next 7 Days | All Statuses | + Add Payrun |
| Payroll | Payroll | PayGroup1 | Process Date: 08/17/16 Pay Period (Weekly): 08/08/16 - 08/14/16 | Check Date: 08/19/16 | + Add Manual Check Review Begin |
| Payroll | Payroll | PayGroup1 | Process Date: 08/23/16 Pay Period (Weekly): 08/15/16 - 08/21/16 | Check Date: 08/26/16 | + Add Manual Check Review Begin |
| Payroll | Payroll | PayGroup1 | Process Date: 08/30/16 Pay Period (Weekly): 08/22/16 - 08/28/16 | Check Date: 09/02/16 | + Add Manual Check Review Begin |

Add Employee To Payrun

Filter by employee name or number. **5**

| <input type="checkbox"/> | Name | # | All Statuses | All Paygroups | All Departments |
|-------------------------------------|---------------------|-----|--------------|---------------|-----------------|
| <input type="checkbox"/> | Andre, Betty | 286 | Terminated | Bi-Weekly | 2000 |
| <input type="checkbox"/> | Barre, Ann N. | 105 | Active | Weekly | 4004 |
| <input type="checkbox"/> | Baxter, Liz S. | 139 | Active | Weekly | 2001 |
| <input checked="" type="checkbox"/> | Byrd, Eva S. | 213 | Active | Weekly | 3001 |
| <input type="checkbox"/> | Casey, Jasmine | 69 | Active | Weekly | 2000 |
| <input checked="" type="checkbox"/> | Cassady, Linda | 132 | Active | Weekly | 2000 |
| <input type="checkbox"/> | Ceciliano, Tommy | 170 | Active | Weekly | 2000 |
| <input checked="" type="checkbox"/> | Dailey, Irene | 151 | Active | Weekly | 2000 |
| <input type="checkbox"/> | Dale, Judith | 143 | Active | Weekly | 2000 |
| <input type="checkbox"/> | Diaz, Janice | 120 | Active | Weekly | 2000 |
| <input type="checkbox"/> | Finamore, Alex C. | 280 | Active | Weekly | 1001 |
| <input type="checkbox"/> | Hix, James C. | 140 | Laid off | Bi-Weekly | 2002 |
| <input type="checkbox"/> | May, Charles M. | 102 | Active | Weekly | 1001 |
| <input type="checkbox"/> | Patterson, James L. | 61 | Active | Weekly | 4004 |

Cancel Add Selected

Bonus Runs Quick Links

Adding a Bonus Check to an Employee

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Tax Withholding on Bonus Check Runs

BONUS RUNS

Step 2: Adding the Bonus Paygrid Entry

- 1 Once you are on the paygrid screen, enter the necessary amount in the **Bonus** column.

Note: You may add more columns under Format Grid, or you may add a Bonus earning directly within an employee's detail window.

- 2 Click on an Employee Name to view their check details. Click on **Gross To Net** to see calculation details.
- 3 After all earning/bonus information has been entered and confirmed. Click the "Review Payrun" link. Make sure to run the Pre-Post Journal as usual before submitting the payroll to ensure all information was entered correctly.

The screenshot displays the Paycor interface. The top window shows a paygrid for 'Check Date - 10/12/12' and 'Payroll 3 - Regular'. A red circle '1' highlights the 'Special (\$)' column for Adam Conn, where a bonus of \$500.0000 has been entered. The bottom window shows the 'Adam Conn' employee detail for 'Employee # 8842'. A red circle '2' highlights the 'Gross To Net' link. The 'Gross To Net' window shows a breakdown of earnings, deductions, taxes, and accruals, with a 'Net Total: \$ 282.37'.

| Earnings | Rate | Hours | Amount | Deductions | Amount | Taxes | Amount | Accruals | Hours |
|----------|----------|-----------|-----------|------------|----------|-------|-----------|----------|-------|
| Special | 0.000000 | 0.0000 | \$ 500.00 | 401k | \$ 30.00 | SOC | \$ 18.95 | | |
| | | | | Dent125 | \$ 25.00 | MED | \$ 6.89 | | |
| | | | | | | FITWH | \$ 111.25 | | |
| | | | | | | CT | \$ 14.56 | | |
| | | | | | | OHCIN | \$ 9.98 | | |
| Totals | 0.0000 | \$ 500.00 | | | \$ 55.00 | | \$ 182.63 | | |

Bonus Runs Quick Links

Adding a Bonus Check to an Employee

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BONUS RUNS

- 4 On the Review Payrun screen, review the **Edit Payrun Exceptions** to make any mass changes to the payroll (for example, turn off direct deposit, scheduled earnings, deductions, etc.).



4

Exceptions

General Exceptions

Calculate Net Direct Deposit Automatically Apply Labor Allocation Calculate Accruals

Paydata Exceptions

Earnings

Calculate all scheduled earnings
 Turn off all scheduled earnings
 Customize

Deductions

Calculate all scheduled deductions
 Turn off all scheduled deductions
 Calculate retirement deductions only
 Customize

Partial Direct Deposits

Calculate all partial direct deposits
 Turn off all partial direct deposits
 Customize

Tax Exceptions

Tax Withholding Frequency: Weekly
How to Tax: FICA, Fed, St, Local

- 5 If you typically pay your employees through direct deposit, but you would like to pay their bonus through a live check, please reach out to Payroll Support to confirm your current delivery method. This will ensure your checks arrive in a timely manner.

Bonus Runs Quick Links

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BONUS RUNS

QUESTION #3

I am running a payroll strictly for bonuses this week and my CPA told me to make sure they are taxed correctly since they are an annual bonus. What do I need to do?

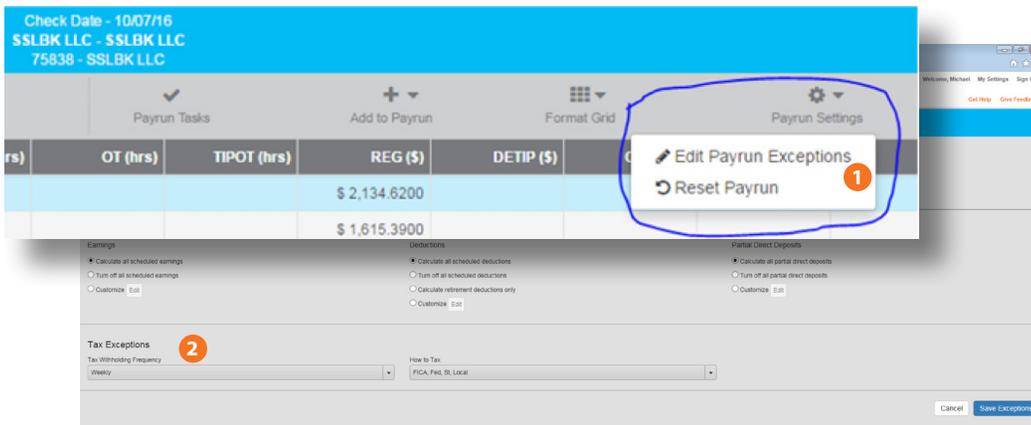
Answer:

Step 1: Discuss Appropriate Tax Withholding with Your CPA

Each business may handle the tax withholding for a bonus differently so discuss any tax inquiries with your CPA to understand how to tax your employees' bonuses. Paycor can make sure taxes are calculated accordingly for bonus payrolls if needed, so feel free to contact with questions.

Step 2: Discuss Appropriate Tax Withholding with Your CPA

- 1 On the Review Payrun screen, select the **Edit Payrun Exceptions** button to make any mass changes to the payroll taxation (i.e. if the change applies to everyone receiving the bonus).
- 2 Make any necessary changes using the dropdown selections under the Tax Exceptions section.



Bonus Runs Quick Links

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Tax Withholding on Bonus Check Runs

BONUS RUNS

- 3 If you would like to make changes to a specific employees' tax withholding, select their name in the Paygrid and choose the Taxes section. Here, you can update a single employee's Tax Frequency or enter in a specific withholding amount for Federal, State, and Local taxes (if they apply.) Please note, Social Security and Medicare amounts cannot be changed and you will be unable to enter anything into those Tax Amount sections.

The screenshot shows the Paycom Perform interface for payroll processing. The user is viewing the 'Taxes' section for employee Alex C. Finamore. The 'Tax Frequency' dropdown is highlighted with a red circle and the number 3. The table below shows the following tax codes and descriptions:

| Code | Description | Amount |
|-------|----------------------------|--------|
| SOC | Social Security - Employee | |
| MED | Medicare - Employee | |
| FITAX | Federal Income Tax | |
| OH | Ohio State Treasurer | |
| OHCON | Cincinnati Ohio | |

Bonus Runs Quick Links

Adding a Bonus Check to an Employee

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Tax Withholding on Bonus Check Runs

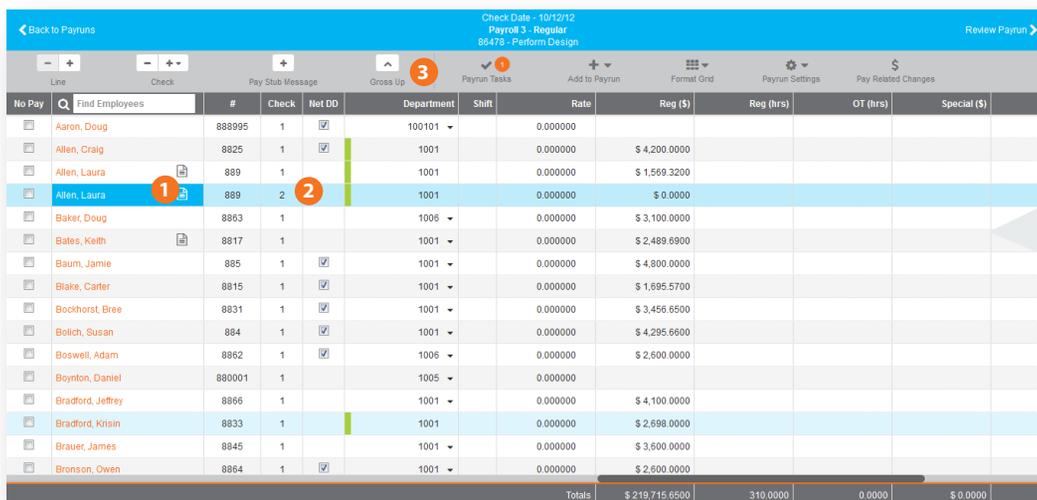
PAYING EMPLOYEES PRE-DETERMINED AMOUNTS

Grossing Up a Bonus Check – Ensuring an Employee Receives a Specific Amount After Tax Withholding

There may be times, usually during a bonus run or based upon a salary agreement, where you will need to be sure that an employee is receiving a specific amount in their check after all taxes are deducted from their gross pay. This process, called **Grossing Up**, ensures that an employee will receive a Net Amount equal to an agreed upon or desired amount.

In this instance, the system will allow you to enter the desired amount for the employee to Net. Follow these steps in order to gross up a check for any employee:

- 1 From within the paygrid for the necessary payrun, locate and click next to the appropriate employee name.
- 2 Click the  button next to Check in the left menu navigation. Select Regular Check.
- 3 With the second line highlighted, click the  icon above Gross Up.



| No Pay | Find Employees | # | Check | Net DD | Department | Shift | Rate | Reg (\$) | Reg (hrs) | OT (hrs) | Special (\$) |
|--------------------------|-------------------|--------|-------|-------------------------------------|------------|-------|----------|-----------------|-----------|----------|--------------|
| <input type="checkbox"/> | Aaron, Doug | 888995 | 1 | <input checked="" type="checkbox"/> | 100101 | | 0.000000 | | | | |
| <input type="checkbox"/> | Allen, Craig | 8825 | 1 | <input checked="" type="checkbox"/> | 1001 | | 0.000000 | \$ 4,200.0000 | | | |
| <input type="checkbox"/> | Allen, Laura | 889 | 1 | <input checked="" type="checkbox"/> | 1001 | | 0.000000 | \$ 1,569.3200 | | | |
| <input type="checkbox"/> | Allen, Laura | 889 | 2 | <input checked="" type="checkbox"/> | 1001 | | 0.000000 | \$ 0.000000 | | | |
| <input type="checkbox"/> | Baker, Doug | 8893 | 1 | <input checked="" type="checkbox"/> | 1006 | | 0.000000 | \$ 3,100.0000 | | | |
| <input type="checkbox"/> | Bates, Keith | 8817 | 1 | <input checked="" type="checkbox"/> | 1001 | | 0.000000 | \$ 2,489.6900 | | | |
| <input type="checkbox"/> | Baum, Jamie | 885 | 1 | <input checked="" type="checkbox"/> | 1001 | | 0.000000 | \$ 4,800.0000 | | | |
| <input type="checkbox"/> | Blake, Carter | 8815 | 1 | <input checked="" type="checkbox"/> | 1001 | | 0.000000 | \$ 1,695.5700 | | | |
| <input type="checkbox"/> | Bockhorst, Bree | 8831 | 1 | <input checked="" type="checkbox"/> | 1001 | | 0.000000 | \$ 3,456.6500 | | | |
| <input type="checkbox"/> | Bolich, Susan | 884 | 1 | <input checked="" type="checkbox"/> | 1001 | | 0.000000 | \$ 4,295.6600 | | | |
| <input type="checkbox"/> | Boswell, Adam | 8862 | 1 | <input checked="" type="checkbox"/> | 1006 | | 0.000000 | \$ 2,600.0000 | | | |
| <input type="checkbox"/> | Boynton, Daniel | 880001 | 1 | <input checked="" type="checkbox"/> | 1005 | | 0.000000 | | | | |
| <input type="checkbox"/> | Bradford, Jeffrey | 8866 | 1 | <input checked="" type="checkbox"/> | 1001 | | 0.000000 | \$ 4,100.0000 | | | |
| <input type="checkbox"/> | Bradford, Krisin | 8833 | 1 | <input checked="" type="checkbox"/> | 1001 | | 0.000000 | \$ 2,698.0000 | | | |
| <input type="checkbox"/> | Brauer, James | 8845 | 1 | <input checked="" type="checkbox"/> | 1001 | | 0.000000 | \$ 3,600.0000 | | | |
| <input type="checkbox"/> | Bronson, Owen | 8864 | 1 | <input checked="" type="checkbox"/> | 1001 | | 0.000000 | \$ 2,600.0000 | | | |
| Totals | | | | | | | | \$ 219,715.6500 | 310.0000 | 0.0000 | \$ 0.0000 |

Paying Employees Pre-Determined Amounts Quick Links

Grossing Up a Bonus Check

Key Points When Grossing Up a Check

Note: When a new check is added, the check number will be one higher than the previous regular check.

Scheduled **earning** and **deduction** amounts will not calculate for additional checks. Scheduled **deduction** rates will calculate on additional checks.

Additional checks may also be deleted by following the same steps. Select the row to be deleted, and click  check button.

PAYING EMPLOYEES PRE-DETERMINED AMOUNTS

- 4 The gross up window appears. Enter the **Desired net amount**, **Earning code**, and **Department**.

Note: If an employee is set up with permanent labor allocation, you may use the checkbox to remove allocation for this gross up check.

- 5 Click **Calculate Gross Up**.
- 6 Perform will take you to the **Gross To Net** overview for the new check. A 'G' will appear in the Check column.

The image shows two overlapping screenshots from a payroll system. The foreground screenshot is the 'Gross Up' dialog box. It has a title bar with a close button. Below the title bar, there is a 'Desired net amount' field containing '\$ 250.00' with a circled '4' next to it. Underneath is a section 'Apply gross amount to' with 'Earning:' set to 'Special - Bonus' and 'Department:' set to '1001'. There is a checked checkbox for 'Automatic Labor Allocation' and a circled '5' next to it. At the bottom are 'Cancel' and 'Calculate Gross Up' buttons. The background screenshot is the 'Gross To Net' overview for 'Laura Allen, Employee # 889'. It shows a table with columns for 'Hours', 'Amount', 'Deductions', 'Amount', 'Taxes', 'Amount', 'Accruals', and 'Hours'. The 'Net Total' is '\$ 250.00'. A circled '6' is next to the 'Gross To Net' tab. An orange arrow points to the 'Net Total'.

| Hours | Amount | Deductions | Amount | Taxes | Amount | Accruals | Hours |
|--------|-----------|------------|-----------|-------|-----------|----------|-------|
| 0.0000 | \$ 105.29 | 401k | \$ 25.27 | SOC | \$ 17.69 | | |
| 0.0000 | \$ 315.66 | | | MED | \$ 6.11 | | |
| | | | | FITWH | \$ 98.96 | | |
| | | | | OH | \$ 13.86 | | |
| | | | | OHCIN | \$ 6.63 | | |
| | | | | OHJOH | \$ 2.63 | | |
| Totals | 0.0000 | | \$ 421.15 | | \$ 145.88 | | |

Note: To edit a gross up check: make sure the correct employee name is highlighted, then click the Gross Up button.

Paying Employees Pre-Determined Amounts Quick Links

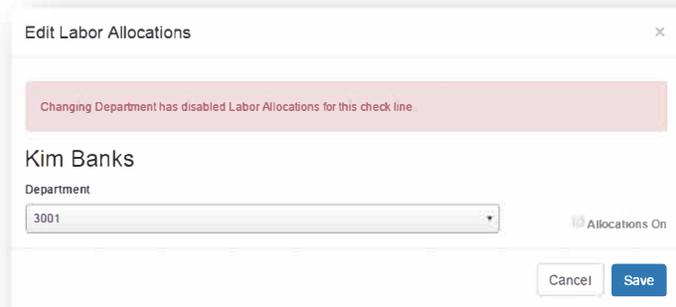
Grossing Up a Bonus Check

Key Points When Grossing Up a Check

PAYING EMPLOYEES PRE-DETERMINED AMOUNTS

Key Points when Grossing Up a Check

1. When grossing up a check it will remain a gross up. The user would need to “no pay” the employee and then remove the no pay to enter as a regular check.
2. The user cannot change a department in the paygrid once gross up has been calculated. You will receive the following message:



3. You cannot split a gross up between more than one department.
4. You cannot gross up:
 - Third Party Sick Pay
 - A net less than zero
 - A prepaid earning/fringe benefit
5. When Gross Up calculates, it keeps trying until it gets within a 5 cent tolerance of the desired net. At that time it will take that 5 cents or less and apply it according to a hierarchy:
 - Federal
 - State (if it has a tax and there is no rounding)

Paying Employees Pre-Determined Amounts Quick Links

Grossing Up a Bonus Check

Key Points When Grossing Up a Check

HEALTH SAVINGS ACCOUNTS

HSA Frequently Asked Questions

QUESTION #1

Is Paycor able to send Employee HSA funds directly to their HSA account?

Answer:

Yes, Paycor does have the ability to send Employee HSA funds directly to HSA accounts. This can be set up by choosing the appropriate HSA code in the Paycor system. See below for the possible codes to be used for the Employee portion of the HSA funding.

- Please Note – the codes listed below will include an F or SO at the end of them to indicate Family or Single. This is to differentiate whether an employee has an HSA account for their family or just themselves since the contribution limits differ between the two plans. You will need to confirm whether the employee is contributing to a Family or Single account before adding any codes to an employee's profile. You will also need to know if employees are contributing on a pre-tax or after tax basis to select the correct code.

| Deduction Code (add F = Family, SO = Single) | Description | Tax Category | Tax Exceptions Effect on Employee | W-2 Reporting |
|--|---|--------------|--|------------------|
| HSA125 | Health Savings Acct-Pretax | Pre-tax | Non-taxable | Box 12 Code W |
| HSA125DD | Health Sav Acct- Pretax w/ DirDep | Pre-tax | Non-taxable with direct deposit to HSA account | Box 12 Code W |
| HSADed | Health Savings Acct-After tax | After Tax | Non-taxable | Box 12 Code W |
| HSADedDD | Health Sav Acct- After tax w/ DirDep | After Tax | Non-taxable with direct deposit to HSA account | Box 12 Code W |

HSA Quick Links

Sending Employee HSA Funds Directly to Their HSA Account

Setting up the Employee HSA Contribution Amounts in Perform

Sending the Employer Portion of HSA Funding Directly to an Employee's HSA Account

Setting Up an Employer's Contribution for an Employee's HSA

What Code Do I Need to Use to Report an S-Corp Owners HSA Contribution Amounts?

HEALTH SAVINGS ACCOUNTS

QUESTION #2

How do I set up the Employee HSA Contribution amounts in Perform?

Answer:

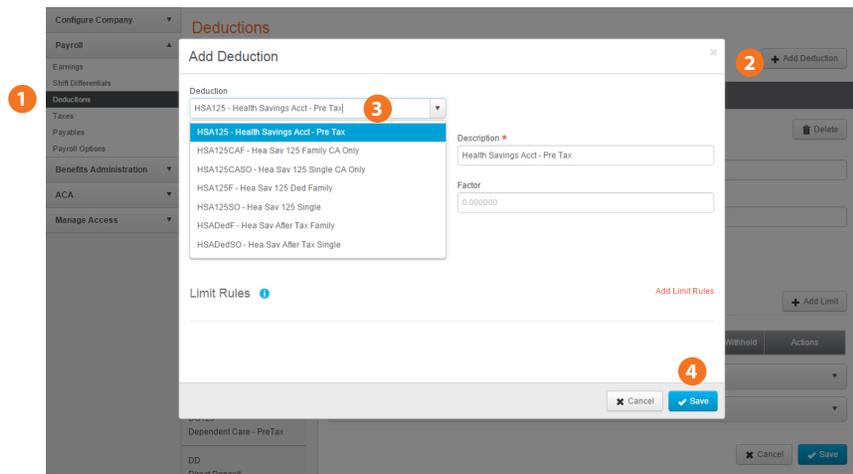
Step 1: Add the HSA Deduction to your Company.

You will need to set up a Deduction on the Client Profile:

- 1 In the Configure Company module, select Deductions under the Payroll menu.
- 2 Click **+ Add Deduction**.
- 3 Locate the correct code from the dropdown. You may type in the field to filter the results.

Note: The user will be able to select a new code name and description for the deduction code in the next steps. However, it is important to select a template with the correct type in order for the deduction to calculate correctly. If unsure which type to choose, contact your Payroll Support Team.

- 4 Once selected, you may view and edit the settings. Click **Save**.



HSA Quick Links

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Setting Up an Employer's Contribution for an Employee's HSA

What Code Do I Need to Use to Report an S-Corp Owners HSA Contribution Amounts?

HEALTH SAVINGS ACCOUNTS

Step 2: Add the HSA Deduction to an Employee's Profile.

Follow these steps to do this task:

- 1 In the **Manage Employees** module, click on an employee's name.
- 2 Using the left navigation menu, open **Compensation**. Then click on **Deductions**. *If the funds are to be deposited via Direct Deposit, click on the Direct Deposit page rather than Deductions. You will be able to enter the HSA amount in the HSA Direct Deposit section on this page.
- 3 Click the  button.
- 4 On the Add Deduction screen, select the necessary **HSA Plan** and click

Note: In order for the system to track annual contribution limits across employee and employer contribution codes they must match. Example:

- Employee Contribution Code: HSA125F
- Employer Contribution Code: HeaSavF

- 5 Enter the **Withholding Amount** the employee is to contribute per pay. Click .

Note: Reporting: HSA125 Plan contributions for both the employer and employee (combined) automatically print in **Box 12 Code W** on the employee's W-2 form.

HSA Quick Links

Sending Employee HSA Funds Directly to Their HSA Account

Setting up the Employee HSA Contribution Amounts in Perform

Sending the Employer Portion of HSA Funding Directly to an Employee's HSA Account

Setting Up an Employer's Contribution for an Employee's HSA

What Code Do I Need to Use to Report an S-Corp Owners HSA Contribution Amounts?

HEALTH SAVINGS ACCOUNTS

The screenshot displays the 'Deductions' management interface. On the left, a navigation menu includes options like Employee, Company, Compensation, Pay Rates, Earnings, Deductions (highlighted), Taxes, Tax Handling, Direct Deposits, Compensation History, and Time & Attendance. The main area shows a table for '401k - 401(k) Deduction' with columns for Effective Date, Amount, Rate, Description, and Actions. A table with one row is visible: Effective Date: 2/9/2014, Rate: 0.0000%, Description: Deduction limits apply - Edit Limits. A 'Calculate' button and a 'Unit' field are also present. A '3' in a red circle is in the top right corner.

An 'Add Deduction' dialog box is open in the foreground. It has a 'Client Deduction' dropdown set to 'HSA' and a 'Selected Deductions' list containing 'HSA125 - Health Savings Acct - Pre Tax'. A '4' in a red circle is in the bottom right corner of this dialog. An orange arrow points from this dialog to another 'Add Deduction' dialog box.

The second 'Add Deduction' dialog box is for 'HSA125 Health Savings Acct - Pre Tax'. It has tabs for 'Details', 'Limits', and 'Global'. The 'Details' tab is active, showing fields for Code (HSA125), Description (Health Savings Acct - Pre Tax), Deduction Effective Date (1/21/2012), and Calculate Unit (Monthly). It also has fields for Withholding Amount (\$0.0000) and Withholding Rate (0.0000%). Under 'Advanced Settings', there are dropdowns for Frequency (Every pay period), Equation (RATE * TOT EARN * AMT), Include in (Regular only), How Assigned (Scheduled), Check Stub (Always print YTD), Sequence Number (1), Shortfall Type (Current), and Shortfall Priority (30). A '5' in a red circle is in the bottom right corner of this dialog.

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HEALTH SAVINGS ACCOUNTS

After-Tax Deductions: If the employee's HSA contribution is an after-tax deduction, follow the steps on the previous page except select the deduction code and then rename the code to represent the name of your plan.

| Deduction Code (add F = Family, SO = Single) | Description | Tax Category | Tax Exceptions Effect on Employee | W-2 Reporting |
|--|--------------------------------|--------------|--|--|
| HSADed | Health Savings After Tax | After Tax | Taxable | Does not appear on W-2 Box 12, will Appear in Box 14 if "Appear on W-2 Box 14 field is Yes" |
| HSADedDD | Health Savings Acct- DirDep | After Tax | Taxable with direct deposit to HSA account | Does not appear on W-2 Box 12, will Appear in Box 14 if "Appear on W-2 Box 14 field is Yes" |

The screenshot shows a software interface for configuring deductions. On the left, there is a sidebar with a list of deduction codes including H125Ded, H125DD, H125DDER4, H125F, H125FER2, and H125HDed. The main area is titled 'Deductions' and shows a configuration form for 'DedHealth- Deduction- Health'. The form includes fields for Code*, Description*, Amount, Factor, Frequency, Limits, and Advanced Settings. The 'Appear on W2 Box 14' field is highlighted with an orange box and set to 'Yes'.

Note: Reporting: If you want your after-tax Health Plan contributions to print on the employee's W-2 form, click **Yes** in the **Appear on W-2 Box 14** field.

HSA Quick Links

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What Code Do I Need to Use to Report an S-Corp Owners HSA Contribution Amounts?

HEALTH SAVINGS ACCOUNTS

QUESTION #3

Is Paycor able to send the Employer portion of HSA funding directly to an employee's HSA account?

Answer:

Yes, Paycor does have the ability to send Employer HSA funds directly to HSA accounts. Just as with the Employee portion, this can be set up by choosing the appropriate HSA code in the Paycor system. See below for the possible codes to be used for the Employer portion of the HSA funding.

If you would like the Employer portion of the HSA contribution to be direct deposited, you will need to select the correct HSA code in the table below as well as **set up the Direct Deposit code**. Both the HSA Earning code and the Direct Deposit code must be set up for this to work correctly.

See codes on next page.

[HSA Quick Links](#)

[Sending Employee HSA Funds Directly to Their HSA Account](#)

[Setting up the Employee HSA Contribution Amounts in Perform](#)

[Sending the Employer Portion of HSA Funding Directly to an Employee's HSA Account](#)

[Setting Up an Employer's Contribution for an Employee's HSA](#)

[What Code Do I Need to Use to Report an S-Corp Owners HSA Contribution Amounts?](#)

HEALTH SAVINGS ACCOUNTS

Note: The codes listed below will include an F or SO at the end of them to indicate Family or Single. This is to differentiate whether an employee has an HSA account for their family or just themselves since the contribution limits differ between the two plans. You will need to confirm whether the employee is contributing to a Family or Single account before adding any codes to an employee's profile.

| Earning Code (add F = Family, SO = Single) | Description | Use When... |
|--|--|---|
| HeaSav | Health Sav Acct ER Prov-Notppd | The contribution amount is not prepaid and will be added to the employee's net pay. The employee is responsible for depositing into their HSA. |
| HeaSvPpd | Health Sav Acct ER Prov-Ppd | The contribution amount is prepaid. The employer is responsible for depositing into the employee's HSA. |
| HeSvNoKN | Hea Sav Acct Er Prov Nok-Nppd | The 401k calculated on total gross minus HSA amount. The contribution amount is not prepaid and will be added to the employees' net pay. The employee is responsible for depositing into their HSA. |
| HeaSvNoK | Hea Sav Acct Er Prov Nok-Pp | The 401k is calculated on total gross minus HSA amount. The employee is responsible for depositing into their HSA. |
| DD- Direct Deposit | Direct Deposit (Recommended to update the code to HSA ER to distin- guish between the different accounts) | Use in addition to HSA Earnings Code if you want to make a direct deposit from your payroll to the Employee's HSA. Set up DD Code on the Client Level. |

HSA Quick Links

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What Code Do I Need to Use to Report an S-Corp Owners HSA Contribution Amounts?

HEALTH SAVINGS ACCOUNTS

QUESTION #4

How do I set up the Employer HSA Contribution amounts in Perform?

Answer:

Step 1: Set Up an Employer's Contribution for an Employee's HSA.

You will need to set up a Earning on the Client Profile:

1 In the Configure Company module, select **Earnings** under the Payroll menu.

2 Click  .

Note: In order for the system to track annual contribution limits across employee and employer contribution codes they must match. Example:

- Employee Contribution Code: HSA125F
- Employer Contribution Code: HeaSavF

3 Locate the correct code from the dropdown. You may type in the field to filter the results.

Note: The user will be able to select a new code name and description for the deduction code in the next steps. However, it is important to select a template with the correct type in order for the deduction to calculate correctly. If unsure which type to choose, contact your representative.

4 Once selected, you may view and edit the settings. Click  .

HSA Quick Links

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Setting Up an Employer's Contribution for an Employee's HSA

What Code Do I Need to Use to Report an S-Corp Owners HSA Contribution Amounts?

HEALTH SAVINGS ACCOUNTS

1

2

3

4

Note: **Reporting:** HSA125 Plan contributions for both the employer and employee (combined) automatically print in **Box 12 Code W** on the employee's W-2 form.

HSA Quick Links

Sending Employee HSA Funds Directly to Their HSA Account

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HEALTH SAVINGS ACCOUNTS

Step 2: Add the Employer's Contribution to an Employee's Profile.

Follow these steps to do this task:

- 1 In the **Manage Employees** module of Paycor Perform, click on the employee's name.
- 2 Using the left navigation menu, click **Compensation**, then **Additional Earnings**. Any current earning codes will display.
- 3 Click **+ Add Earning**.
- 4 On the Add Earning screen, select the necessary **HSA Plan** and click **Next**.

Note: In order for the system to track annual contribution limits across employee and employer contribution codes they must match. Example:

- Employee Contribution Code: HSA125F
- Employer Contribution Code: HeaSavF

- 5 Enter the **Amount** the employer is contributing per pay. Click **Complete**.

The screenshot shows the Paycor Perform interface. On the left, a navigation menu is visible with 'Compensation' and 'Additional Earnings' highlighted. The main content area shows the 'Add Earning' dialog. The 'Selected Earnings' section lists 'HeaSav - Health Sav Act ER Prov-notppd'. The 'Add Earning' form has fields for 'Hours' (0.0000) and 'Amount' (00.0000), with an orange arrow pointing to the 'Amount' field. The 'Next' button is highlighted with a blue circle and the number 4. The 'Complete' button is highlighted with a blue circle and the number 5.

HSA Quick Links

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Setting Up an Employer's Contribution for an Employee's HSA

What Code Do I Need to Use to Report an S-Corp Owners HSA Contribution Amounts?

HEALTH SAVINGS ACCOUNTS

Health Savings Account Exceptions

S-Corps - Owners are not eligible for pre-tax HSA contributions. If an owner contributes to an HSA, use the S-Corp Earnings code and rename as SCorp HSA. Select "Appear on W-2" if you wish the contribution to print on the W-2 in Box 14 (since it is an after-tax contribution.)

Owners and family members of a partnership are not able to contribute to a pre-tax HSA.

Some state unemployment and local withholding taxes do not exempt the contributions.

Employer contributions to an HSA are not exempt from the state of Maine income tax withholding.

Employer and employee contributions under a 125 cafeteria plan are not exempt from California income tax withholding.

[HSA Quick Links](#)

[Sending Employee HSA Funds Directly to Their HSA Account](#)

[Setting up the Employee HSA Contribution Amounts in Perform](#)

[Sending the Employer Portion of HSA Funding Directly to an Employee's HSA Account](#)

[Setting Up an Employer's Contribution for an Employee's HSA](#)

[What Code Do I Need to Use to Report an S-Corp Owners HSA Contribution Amounts?](#)

HEALTH SAVINGS ACCOUNTS

S-Corps Frequently Asked Questions

QUESTION #1

Our business is an S-Corp. Our owner is unable to contribute pre-tax deductions to a health savings account like the rest of the employees do – what code do I need to use to report her HSA contribution amounts?

Answer:

There is a separate code that must be set up on the payroll so the amounts are recorded appropriately for the owner.

Note: The HSA amount for the owner of an S-Corp will not be reflected in Box 12 of the W-2. This amount will appear in Box 14 of the W-2 if selected. See Step 5 below to ensure the amount is set up to appear in Box 14 of the W-2.

HSA Quick Links

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What Code Do I Need to Use to Report an S-Corp Owners HSA Contribution Amounts?

HEALTH SAVINGS ACCOUNTS

Setting Up an S-Corps HSA Earning Code

Since owners are not allowed to contribute to pre-tax health savings accounts, a special S-Corp HSA earning code must be set up.

Follow these steps to do this task:

- 1 Go to the **Configure Company** module of Paycor Perform. Using the left navigation menu, click **Payroll**, then **Earnings**. Any current earning codes will display.
- 2 Add a new code, click  .
- 3 Search for 'SCorp' and select the necessary code.
 - SCorpT – Taxable
 - SCorpX – Non-taxable
 - SCoTNKNp – Taxable and no 401k calculations
 - SCoXNKNp – Non-taxable and no 401k calculations

Note: If a companies' health insurance plan discriminates in favor of the owners then a taxable earning code must be selected.

Click  .

- 4 To better differentiate between the various earning codes, we recommend you customize the earning code (example: "S-CorpT HSA" or "S-CorpX HSA").

With these codes, no amount will appear in Box 12 of the W-2. To have the information appear in Box 14, select "Yes" from the **Appear on W-2 Box 14** dropdown.

- 5 Verify your selections, and click  .
- 6 After adding on the company level, you may then add to individual employees.

HSA Quick Links

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Setting Up an Employer's Contribution for an Employee's HSA

What Code Do I Need to Use to Report an S-Corp Owners HSA Contribution Amounts?

HEALTH SAVINGS ACCOUNTS

The screenshot shows the 'Add Earning' dialog box in the Paycor system. The dialog is titled 'Add Earning' and contains the following fields and options:

- Earning:** A dropdown menu with the following options: HeaSav - Health Sav Acct ER Prov-notppd (selected), HeaSavF - Hea Sav Family NPpd, HeaSavSO - HeaSav Single NPpd, HeaSvNoK - Hea Sav Acct Er Prov Nok-Fp, HeaSvNoKF - HeaSvNoKFam NPpd, HeaSvNoKNF - HeaSvNoK Family Ppd, and HeaSvNoKSO - HeaSv NoKSingle Ppd.
- Description:** A text field containing 'Health Sav Acct ER Prov-notppd'.
- Amount:** A text field containing '\$0.0000'.
- Frequency:** A dropdown menu with 'Every pay period' selected.
- Limit Rules:** A section with an 'Add Limit Rules' link.
- Buttons:** 'Cancel' and 'Save' buttons at the bottom right.

HSA Quick Links

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What Code Do I Need to Use to Report an S-Corp Owners HSA Contribution Amounts?

Health Savings Account Exceptions

S-Corps - Owners are not eligible for pre-tax HSA contributions. If an owner contributes to an HSA, use the S-Corp Earnings code and rename as SCorp HSA. The amount will appear on the W-2 in Box 14 (since it is an after-tax contribution.)

Owners and family members of a partnership are not able to contribute to a pre-tax HSA.

Some state unemployment and local withholding taxes do not exempt the contributions.

Employer contributions to an HSA are not exempt from the state of Maine income tax withholding.

Employer and employee contributions under a 125 cafeteria plan are not exempt from California income tax withholding.

THIRD PARTY SICK PAY (3PS)

Third Party Sick Payment Frequently Asked Questions

QUESTION #1

I have an employee who received disability payments from a third party this year. What kinds of tax considerations are there in regards to the amount paid to him via this insurance company?

Answer:

Tax Considerations for Third-Party Sick Pay

Third-party sick pay can be non-taxable, fully taxable or partially taxable. The taxability of the payments is determined by how the contributions to the plan are made. Any taxable portion of third-party sick pay is subject to federal, state, Social Security, Medicare, FUTA, SUI, and local taxes.

- Benefits (payments) received from a plan funded by employer contributions are considered taxable income.
- Pre-tax employee contributions (section 125 cafeteria plans) are treated as if they were employer contributions; the benefits received are fully taxable.
- Benefits received from a plan funded by **after-tax** employee contributions are not taxable income.
- It is possible that only a portion of the benefit received is taxable if both the employer and employee contribute to the plan.

Third Party Sick Pay (3PS) Quick Links

Tax Considerations for 3PS

3PS Payments Made After Six Months

Responsibilities of the 3PS Administrator

Your 3PS Responsibilities as the Employer

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What is the Correct Tax Code for My Company's 3PS?

Entering 3PS

Taxable 3PS (3PS-TPS)

3PS After 6 Months

3PS Funded By the Employee

Where to Find Information on Form W-2

Key Reminders Regarding Third Party Sick Pay

THIRD PARTY SICK PAY (3PS)

Determining Taxable Portion of Third Party Sick Pay

| Portion of Premium Paid by Employer | Portion of Premium Paid by Employee | | Taxability of Payments |
|-------------------------------------|-------------------------------------|---------|--------------------------|
| | After tax | Pre-tax | |
| 100% | | | 100% taxable to employee |
| 70% | 30% | | 70% taxable to employee |
| 70% | | 30% | 100% taxable to employee |
| 30% | 70% | | 30% taxable to employee |
| 30% | | 70% | 100% taxable to employee |
| 0% | 100% | | Non-taxable to employee |
| 0% | | 100% | 100% taxable to employee |

Note: The percentages (70% and 30%) used in the above table are example only. They may be replaced by whatever percentages are used by a particular employer.

For example:

- If the employer pays the entire premium for a sick pay policy, all of the sick pay benefits paid to the employee are completely taxable.
- If an employer pays 70% of the sick pay premium and the employee pays 30% of the sick pay premium with after-tax deductions, only 70% of the sick pay benefits are taxable.
- If an employer pays 70% of the sick pay premium and the employee pays 30% of the sick pay premium with pre-tax deductions, 100% of the sick pay benefits are taxable.
- If the employee pays the entire premium for a sick pay policy with after-tax deductions, the benefits are totally exempt from taxes.
- If the employee pays the entire premium for a sick pay policy with pre-tax deductions, the benefits are fully taxable.

[Third Party Sick Pay \(3PS\) Quick Links](#)

Tax Considerations for 3PS

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Key Reminders Regarding Third Party Sick Pay

THIRD PARTY SICK PAY (3PS)

Payments Made After Six Months

The tax treatment detailed previously applies to all Third-party sick payments made to employees during the first six-month period. The six-month period begins with the first full month following the last month that the employee worked. Benefits paid after these time frames are no longer taxable for Social Security, Medicare, or FUTA. The benefits remain taxable income for federal, state and local withholding.

Example: Sharon is injured on February 3, 2020 and does not return to work until December 8, 2020. She does not contribute to her company's disability plan. Third party payments she receives through August 31, 2020 are fully taxable. Payments received from September 1, 2020 through December 8, 2020 are only taxable for federal, state and local taxes.

Responsibilities of the Third-Party Sick Pay Administrator:

- They must withhold and deposit the employee's portion of Social Security, Medicare, federal and state income taxes (If the employee files a W-4S for federal).
- They must notify the employer of the payments on which Social Security and Medicare taxes were withheld and deposited, within the time permitted for the third party to make the deposit.
- They must provide a statement to the employer by January 15 following the year during which payments were made. The statement must show the employee's name, Social Security number, the amount of sick pay the employee received, and the amount of federal, Social Security, and Medicare taxes withheld from the sick pay.

Third Party Sick Pay (3PS) Quick Links

Tax Considerations for 3PS

3PS Payments Made After Six Months

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3PS Funded By the Employee

Where to Find Information on Form W-2

Key Reminders Regarding Third Party Sick Pay

THIRD PARTY SICK PAY (3PS)

Your Responsibilities as the Employer:

- The employer must deposit and report their share of Social Security and Medicare, FUTA, SUI, and any applicable local taxes to the proper agencies. Paycor's systems help you accomplish this by:
 - Allows you to enter third-party sick payments on the system.
 - If you use Paycor for tax-filing, the appropriate taxes will be impounded and paid. Basic Paycor clients will have the additional tax liability included on their next Taxes Due Report.
- In some rare cases, depending on how the plan is written, an employer may not be liable for matching FICA, SUI or FUTA on third-party sick payments. If this is the case, it will be stated on the employee statement provided by the administrator.

[Third Party Sick Pay \(3PS\) Quick Links](#)

Tax Considerations for 3PS

3PS Payments Made After Six Months

Responsibilities of the 3PS Administrator

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3PS After 6 Months

3PS Funded By the Employee

Where to Find Information on Form W-2

Key Reminders Regarding Third Party Sick Pay

THIRD PARTY SICK PAY (3PS)

Example of a Third Party Sick Pay Statement

UNUM AMERICA

**REPORT OF SICK PAY AND WITHHOLDING AMOUNTS
FOR THE FIRST QUARTER OF 2007
FOR POLICY 2515252 DIVISION 001**

Book Store
Grace O'Donnell
644 LINN STREET
CINCINNATI, OH 45203

| Social Security Number | Employee Name | Gross Sick Pay | Sick Pay Subject To FICA/FUTA/SUTA | Fed. Tax Withheld | FICA Withheld | State Tax Code and State Tax Withheld |
|------------------------|-----------------|----------------|------------------------------------|-------------------|-----------------------|---------------------------------------|
| 555-22-1111 | Lori Dunham | 1,234.28 | OA 1,234.28 HI 1,234.28 | 137.14 | OA 76.52 HI 17.90 | OH .00 |
| 656-77-8989 | Liam O'Brien | 1,153.57 | OA 1,153.57 HI 1,153.57 | 000.00 | OA 71.53 HI 16.72 | OH .00 |
| | Division Totals | 2,387.85 | OA 2,387.85 HI 2,387.85 | 137.14 | OA 145.05 HI 34.62 | .00 |

YOU MAY BE REQUIRED TO PROVIDE THE GOVERNMENT WITH THE EMPLOYERS QUARTERLY FEDERAL TAX RETURN FORM 941. IF SO, THE ABOVE INFORMATION FROM THIS REPORT SHOULD BE INCLUDED. LINE NUMBER 2 ON FORM 941 (WAGES, TIPS AND OTHER COMPENSATION), SHOULD INCLUDE, TO THE EXTENT SICK PAY IS TAXABLE, THE AMOUNT FROM THE COLUMN TITLED 'GROSS AMOUNT OF SICK PAY'. YOU ARE RESPONSIBLE FOR DETERMINING THE TAXABLE PORTION OF SICK PAY. LINE NUMBER 6A (TAXABLE SOCIAL SECURITY WAGES), SHOULD INCLUDE THE AMOUNT FROM OUR REPORT THAT IS INDICATED IN THE 'SICK PAY SUBJECT TO FICA/FUTA/SUTA' COLUMN AS THE TOTAL FOR 'OA' LINE NUMBER 7 (TAXABLE MEDICARE WAGES), SHOULD INCLUDE THE AMOUNT FROM OUR REPORT THAT IS INDICATED IN THE 'SICK PAY SUBJECT TO FICA/FUTA/SUTA' COLUMN AS THE TOTAL FOR 'HI'. TO COMPLETE NUMBER 9 ON FORM 941 (ADJUSTMENT OF TAX), DEDUCT THE TOTAL AMOUNTS LISTED IN THE 'AMOUNT OF FICA WITHHELD' COLUMN ON OUR REPORT. YOU WILL NEED TO ADD THE TOTALS FOR 'OA' AND 'HI' TOGETHER FOR LINE 9. IF YOU ARE UNCLEAR ABOUT OTHER AREAS OF THE 941, WE SUGGEST YOU CONSULT YOUR CPA OR TAX SPECIALIST.

OA- OLD AGE SURVIVORS AND DISABILITY INSURANCE – TAXABLE SOCIAL SECURITY WAGES
HI- HOSPITAL INSURANCE – TAXABLE MEDICARE WAGES

IF THE EMPLOYEE HAS NOT EARNED THE MAXIMUM SALARY SUBJECT TO FUTA, YOU MAY HAVE TO PAY FUTA/SUTA TAX ON THIS THIRD PARTY SICK PAY.

AMOUNTS ON THIS REPORT MAY BE SLIGHTLY DIFFERENT FROM AMOUNTS REFLECTED ON THE CHECK DISBURSED DUE TO ROUNDING.

IF YOU HAVE ANY QUESTIONS REGARDING THIS REPORT, PLEASE CALL 1-800-845-2290
*****OUR RECORDS INDICATE THAT UNUM WILL NOT PREPARE YOUR 2007 W-2 FORMS TO REPORT SHORT TERM DISABILITY PAYOUTS MADE TO YOUR EMPLOYEES LISTED ABOVE.*****

Third Party Sick Pay (3PS) Quick Links

Tax Considerations for 3PS

3PS Payments Made After Six Months

Responsibilities of the 3PS Administrator

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What is the Deadline for Entering 3PS Information?

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Entering 3PS

Taxable 3PS (3PS-TPS)

3PS After 6 Months

3PS Funded By the Employee

Where to Find Information on Form W-2

Key Reminders Regarding Third Party Sick Pay

In this example, this statement indicates the insurance company will not be preparing the W-2s, which means the Third-party sick pay must be entered within the Paycor system.

THIRD PARTY SICK PAY (3PS)

QUESTION #2

I need to enter my Third Party sick pay information but I have not yet received the information from our insurance company yet. What is the deadline for entering this information?

Answer:

The electronic filing deadline for W-2 details to the IRS has been accelerated to 1/31/21. Previously, this deadline was in March. Because of this accelerated timeline, we are asking that any Third Party sick pay information be entered into payroll by 12/30/2020. Since the IRS has not changed the deadline for the administrators of Third Party sick pay from 1/15/21, the final reconciliation date for Third Party Sick pay will remain 1/15/21.

QUESTION #3

I am trying to enter our Third Party Sick Payment information in Perform, but there are several codes to choose from. How do I know which one is the correct code for my company's situation and how do I then set this up on my payroll?

Answer:

Because Third-party sick pay can be non-taxable, fully taxable, or partially taxable, dependent upon how contributions are made to the plan, we offer three different 3PS codes to choose from. See below for an explanation of each code's taxability.

- **3PS- TPS** Third Party Sick Pay fully taxable (taxable for all employee and employer taxes)
- **3PS6m** – TPS Third Party Sick Pay after 6 months (taxable for federal & state but do not withhold, & Local)
- **3PSx- TPSx** Third Party Sick Pay employee funded. The portion funded by the employee is exempt from all taxes.

For further information regarding Third-party sick payment taxation, see Question #1 above.

[Third Party Sick Pay \(3PS\) Quick Links](#)

Tax Considerations for 3PS

3PS Payments Made After Six Months

Responsibilities of the 3PS Administrator

Your 3PS Responsibilities as the Employer

What is the Deadline for Entering 3PS Information?

What is the Correct Tax Code for My Company's 3PS?

Entering 3PS

Taxable 3PS (3PS-TPS)

3PS After 6 Months

3PS Funded By the Employee

Where to Find Information on Form W-2

Key Reminders Regarding Third Party Sick Pay

THIRD PARTY SICK PAY (3PS)

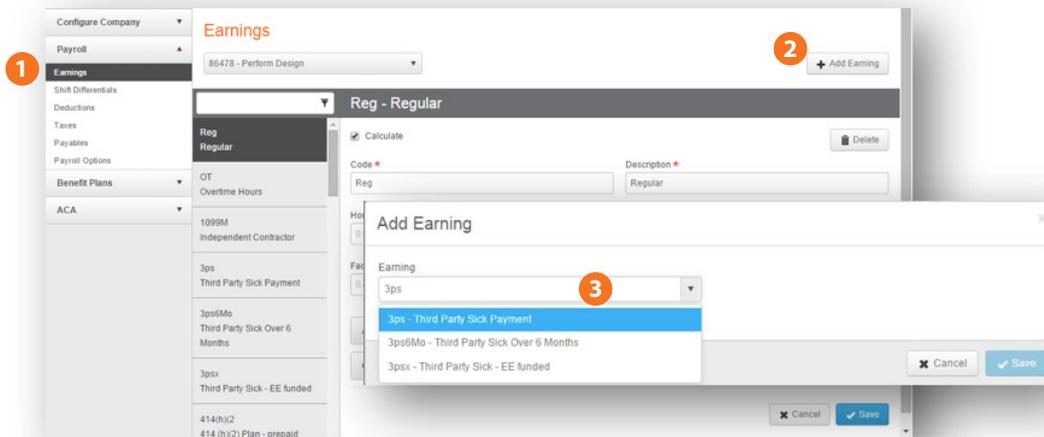
Entering Third-Party Sick Pay

Step 1: Select the Correct Earnings Codes (Client Profile)

Follow the steps below to select an earning code:

- 1 Go to the **Configure Company** module select **Earnings** under the Payroll menu.
- 2 Click **+ Add Earning**.
- 3 The global list of earning codes will display. This will allow the user to select a template for creating the earning code. Search for "3PS".

Note: The taxation requirements for third party sick payments vary, based on how long the employee has been receiving pay and whether or not the plan is employee or employer funded.



Note: Please note that if you choose to add one third party sick pay earning code, all related earning codes and offset deduction codes will be created on the company level as well. This saves you time, and ensures that all of the required codes are set up.

Third Party Sick Pay (3PS) Quick Links

Tax Considerations for 3PS

3PS Payments Made After Six Months

Responsibilities of the 3PS Administrator

Your 3PS Responsibilities as the Employer

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What is the Correct Tax Code for My Company's 3PS?

Entering 3PS

Taxable 3PS (3PS-TPS)

3PS After 6 Months

3PS Funded By the Employee

Where to Find Information on Form W-2

Key Reminders Regarding Third Party Sick Pay

THIRD PARTY SICK PAY (3PS)

- 4 Once users have added the Earning Code, users will be prompted to configure Settings.

Change the Code and Description to help you better identify this earning on a paystub or report.

| Field | Options |
|-------------|--|
| Code | Users may re-name the earning code by typing directly into this field. This is a 10-character field, and will appear directly on the employee's paystub. |
| Description | Users may re-name the description by typing directly into this field. This is a 30-character field, and will be used for internal (company) purposes only. |

- 5 Click **Add Administrator** button.

[Third Party Sick Pay \(3PS\) Quick Links](#)

Tax Considerations for 3PS

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THIRD PARTY SICK PAY (3PS)

- 6 The 'Add Administrator' pop-up window will appear. Enter the Administrator's name, FEIN and address.

The W-2 Option dropdown selection will determine if these earnings should show on an employee's W-2.

Depending on your plan's details, you can populate additional settings, such as Client Tax Responsibility. This allows you to indicate if you are liable for employer taxes only, all taxes, or only unemployment taxes. This information can be found on the statement from your third party administrator.

Note: Administrator information is required in order to generate the IRS Form 8922. Once the administrator is set up on the company level, you will be able to select the administrator within the payroll for an employee.

- 7 Verify that all of your selections are accurate. Click  .

[Third Party Sick Pay \(3PS\) Quick Links](#)

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THIRD PARTY SICK PAY (3PS)

Earnings

86478 - Perform Design

3ps - Third Party Sick Payment

Calculate

Code * 3ps Description * Third Party Sick Payment

Hours 0.0000 Amount \$0.0000

Factor 0.000000 Frequency Every pay period

4 + Add Administrator

5 + Add Administrator

6 Administrator *

W2 Option * Yes

FEIN * Client Tax Responsibility * All Employer Ta...

Address Line 1 *

Address Line 2

Zip *

City * State * Select One

7 Save

[Third Party Sick Pay \(3PS\) Quick Links](#)

Tax Considerations for 3PS

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THIRD PARTY SICK PAY (3PS)

If the employer is not liable for matching FICA, SUI or FUI on the 3PS entry, you must read the actual statement from the Third Party Administrator to determine the employer's responsibility. If the employer is not liable for any employer taxes, select the correct option for taxing in the **Client Tax Responsibility** dropdown box at the bottom of the Earnings screen.

| Dropdown | Indicates |
|-----------|---|
| All Taxes | All tax liabilities for the employer will be calculated as required. Note: It is rare that an employer would not be liable for all taxes. |
| ER Taxes | Only liabilities for the employer will be calculated. |
| UI Only | Only FUI & SUI liabilities will be calculated for the employer. |

Step 2: Verify the Correct Deductions Code.

The set up on the deduction tab is an offset to the local taxes required to be withheld from the 3PS. Since most Third Party Administrators do not withhold local taxes, it becomes the responsibility of the employer to reclaim the money from the employees. The 3psDed code from Paycor's global deduction list allows the amount to be offset when calculating local taxes. This code is added automatically and must be setup even if no local taxes are required.

Figure: 3PS Offset deduction code that is added by the system after adding the 3PS earning code. The 3PS Offset deduction code is used to offset the amount of local taxes that will calculate on the 3PS earnings.

Third Party Sick Pay (3PS) Quick Links

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Key Reminders Regarding Third Party Sick Pay

THIRD PARTY SICK PAY (3PS)

Step 3: Enter the 3PS Payment on the Paygrid.

Follow these steps to add a 3PS payment to an employee:

- 1 From within an open payrun, highlight the row of the necessary **employee**.
- 2 Click the + button next to **Check**, and select "3rd Party Pay"

Note: The + 3rd Party Sick Pay option will not appear unless an administrator has first been added on the company level.

- 3 Next you must verify or select the **Administrator** that should be associated with the 3PS payment.

Note: Leave the box checked to **Calculate Local Taxes**. This will allow the amount to be added to the offset deduction.

- 4 This will open a window, where you can enter amounts for the 3PS payments made before 6 months and after.

You can also enter what percentages of these payments were funded by the employer and employee.

- 5 To view the calculations, click on **Gross To Net**. This tab will show you how the third party sick pay earnings and deductions have been calculated.

This information will be transmitted to Paycor as soon as you submit the payrun.

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Key Reminders Regarding Third Party Sick Pay

THIRD PARTY SICK PAY (3PS)

Check Date: 10/12/12
Payroll 3 - Regular
88478 - Perform Design

Back to Payruns | Review Payrun

| No Pay | Find Employees | Regular Check | Message | Gross Up | Payrun Tasks | Add to Payrun | Format Grid | Payrun Settings | Pay Related Changes | Rate | Reg (\$) | Reg (hrs) | OT (hrs) | Special (\$) |
|-------------------------------------|-------------------|---------------|---------|-------------------------------------|--------------|---------------|-------------|-----------------|---------------------|-----------|-----------------|-----------|----------|---------------|
| <input type="checkbox"/> | Aaron, Doug | 3rd Party Pay | | | | | | | | 0.000000 | | | | \$ 1,000.0000 |
| <input type="checkbox"/> | Allen, Craig | 8825 | 1 | <input checked="" type="checkbox"/> | | | | | | 0.000000 | \$ 4,200.0000 | | | |
| <input type="checkbox"/> | Allen, Laura | 889 | M1 | | | | | | | 0.000000 | \$ 275.0000 | | | |
| <input type="checkbox"/> | Allen, Laura | 889 | 2 | | | | | | | 0.000000 | \$ 1,569.3200 | | | |
| <input checked="" type="checkbox"/> | Baker, Doug | 8863 | 1 | | | | | | | 0.000000 | \$ 3,100.0000 | | | |
| <input type="checkbox"/> | Bates, Keith | 8817 | 1 | | | | | | | 0.000000 | \$ 2,489.6900 | | | |
| <input type="checkbox"/> | Baum, Jamie | 885 | 1 | <input checked="" type="checkbox"/> | | | | | | 0.000000 | \$ 4,800.0000 | | | |
| <input type="checkbox"/> | Blake, Carter | 8815 | 1 | <input checked="" type="checkbox"/> | | | | | | 0.000000 | \$ 1,695.5700 | | | |
| <input type="checkbox"/> | Bockhorst, Bree | 8831 | 1 | <input checked="" type="checkbox"/> | | | | | | 0.000000 | \$ 3,456.6500 | | | |
| <input type="checkbox"/> | Bolich, Susan | 884 | 1 | <input checked="" type="checkbox"/> | | | | | | 0.000000 | \$ 4,295.6500 | | | |
| <input type="checkbox"/> | Boswell, Adam | 8862 | 1 | <input checked="" type="checkbox"/> | | | | | | 0.000000 | \$ 2,600.0000 | | | |
| <input type="checkbox"/> | Boynton, Daniel | 880001 | 1 | | | | | | | 0.000000 | \$ 5,000.0000 | | | |
| <input type="checkbox"/> | Bradford, Jeffrey | 8866 | 1 | | | | | | | 0.000000 | \$ 4,100.0000 | | | |
| <input type="checkbox"/> | Bradford, Krisin | 8833 | 1 | | | | | | | 0.000000 | \$ 2,698.0000 | | | |
| <input type="checkbox"/> | Brauer, James | 8845 | 1 | | | | | | | 0.000000 | \$ 3,600.0000 | | | |
| <input type="checkbox"/> | Bronson, Owen | 8864 | 1 | <input checked="" type="checkbox"/> | | | | | | 0.000000 | \$ 2,600.0000 | | | |
| <input type="checkbox"/> | Bruce, Rebecca | 888990 | 1 | <input checked="" type="checkbox"/> | | | | | | 11.330000 | | | | |
| <input type="checkbox"/> | Bush, Heather | 8827 | 1 | <input checked="" type="checkbox"/> | | | | | | 0.000000 | \$ 3,000.0000 | | | |
| Totals | | | | | | | | | | | \$ 222,190.6500 | 310.0000 | 0.0000 | \$ 1,500.0000 |

Third Party Sick Pay (3PS) Quick Links

Tax Considerations for 3PS

3PS Payments Made After Six Months

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Key Reminders Regarding Third Party Sick Pay

THIRD PARTY SICK PAY (3PS)

Third Party Pay Configuration

Administrator: Anthem

Calculate Local Taxes

W2 Option: Yes

Employee Profile: Doug Baker (Employee # 8853)

| Code | Description | Department | Amount | ER Paid % | EE Paid % |
|--------|--------------------------------|------------|-------------|-----------|-----------|
| 3ps | Third Party Sick Payment | 1006 | \$ 500.0000 | 100.00 % | 0.00 % |
| 3ps | Third Party Sick Payment | 1005 | | 100.00 % | 0.00 % |
| 3ps6Mo | Third Party Sick Over 6 Months | 1005 | | 100.00 % | 0.00 % |

Gross To Net Summary for Doug Baker

Net Total: \$ 391.85

| Earnings | Rate | Hours | Amount | Deductions | Amount | Taxes | Amount | Accruals | Hours |
|----------|----------|--------|-----------|------------|--------|-------|----------|----------|-------|
| 3ps | 0.000000 | 0.0000 | \$ 500.00 | | | SOC | \$ 21.00 | | |
| | | | | | | MED | \$ 7.25 | | |
| | | | | | | FITWH | \$ 73.27 | | |
| | | | | | | OH | \$ 6.63 | | |

Third Party Sick Pay (3PS) Quick Links

Tax Considerations for 3PS

3PS Payments Made After Six Months

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3PS Funded By the Employee

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Key Reminders Regarding Third Party Sick Pay

THIRD PARTY SICK PAY (3PS)

Taxable Third Party Sick Pay (3PS-TPS)

This is the most common type of 3PS. When reviewing the statement, verify that all wages were totally taxed for Social Security and Medicare. Enter the information as follows:

- 1 Key in the gross amount on the 3PS line in the **Third-party pay** screen.
- 2 Enter the federal and state amount withheld (if applicable) on the **Taxes** tab.
- 3 If the employer does not want this entry to be taxable for locals, allocate the employee to a department with no local taxes.

Note: This step does not relieve the taxation of the 3PS for local taxes.

- 4 Go to the **Gross to Net** tab to calculate the amount.
- 5 When the system displays the message "Some or all of the local taxes have not been withheld. Do you wish to calculate them?" Answer **Yes**. (The system will calculate any locals due and offset with the 3PSDed code.)
- 6 Verify that the net is equal to the net on the 3PS statement.

Third Party Sick Pay (3PS) Quick Links

Tax Considerations for 3PS

3PS Payments Made After Six Months

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3PS After 6 Months

3PS Funded By the Employee

Where to Find Information on Form W-2

Key Reminders Regarding Third Party Sick Pay

THIRD PARTY SICK PAY (3PS)

Third Party Sick Payments After 6 Months

IRS regulations state that only the first 6 months of sick pay are taxable for Social Security and Medicare. When reviewing the statement verify if Social Security and Medicare were withheld from the employee. Enter the information as follows:

- 1 Key in the gross amount on the **3PS6mo** line in the **Third-party pay** screen and a check number to relate to the entry.
- 2 Enter the FITWH and state amount withheld (if applicable) on the **Taxes** tab.
- 3 If the employer does not want this entry to be taxable for locals, allocate the employee to a department with no local taxes.

Note: This step does not relieve the taxation of the 3PS earnings for local taxes.

- 4 Go to the **Gross to Net** tab to calculate the amount
- 5 When the system displays message 'Some or all of the local taxes have not been withheld. Do you wish to calculate them?' Answer **Yes**. (The system will calculate any locals due and offset with the 3PS Ded code.)
- 6 Verify that the net is equal to the net on the 3PS statement.

Third Party Sick Pay (3PS) Quick Links

Tax Considerations for 3PS

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3PS After 6 Months

3PS Funded By the Employee

Where to Find Information on Form W-2

Key Reminders Regarding Third Party Sick Pay

THIRD PARTY SICK PAY (3PS)

Third Party Sick Payments Funded By the Employee

If an employee contributes toward Third Party Sick Pay through a post-tax deduction, the payout is all tax exempt for both employee and employer. The statement will reflect “employer contribution amount” or “employee contribution amount” for determining how to the information. Enter the information as follows:

- 1 Key in the gross amount on either line for 3PS or 3PS6mo line in the **Third-party pay** screen depending on whether or not the payment has met the 6-month threshold and enter a check number related to the entry.
- 2 Enter the percentage amount that the employer is funding in the Prem% field. The Default is 100% employer funded. When you tab out of the field, the system will automatically allocate the Employee portion to the 3PSx line where it will be exempt from all tax calculations.
- 3 Enter the FITWH and state amount withheld (if applicable) on the **Taxes** tab.
- 4 If the employer does not want this entry to be taxable for locals, allocate the employee to a non-taxable department.
- 5 Go to the **Gross to Net** tab to calculate the amount
- 6 When the system displays the message ‘Some or all of the local taxes have not been withheld. Do you wish to calculate them?’ Answer **Yes**. (The system will calculate any locals due and offset with the 3PSDed code.)
- 7 Verify that the net is equal to the net on the 3PS statement.

Third Party Sick Pay (3PS) Quick Links

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3PS Funded By the Employee

Where to Find Information on Form W-2

Key Reminders Regarding Third Party Sick Pay

THIRD PARTY SICK PAY (3PS)

Where to Find Information on Form W-2

Taxable third-party sick pay is considered income to the employee and must be included in Boxes 1, 3, 5, 16, and 18. The taxes withheld must appear in Boxes 2, 4, 6, 17, and 19.

- Taxable sick pay paid after 6 months will only appear in Boxes 1, 16, and 18.
- Non-taxable sick pay (as a result of employee contributions to the plan) must be included in **Box 12**, preceded by Code "J".
- The employer and the third party payer have the option of selecting which party will be responsible for producing the annual W-2 statements as they pertain to third-party sick pay.

Key Reminders Regarding Third Party Sick Pay

- Paycor Support is available to help ensure proper setup.
- Double-check what portion of the third party sick pay is taxable. This will help determine the correct code to select and the amount to enter in PayData.
- Double-check if the third-party sick pay is taxable for locals and how you would like to recover the taxes. (Offset deduction and deduction next pay)
- Verify that you will need Paycor to produce the W-2s reflecting the third party sick payment versus the administrator.
- To void a 3PS check, Employee- Compensation History and click 'Void'.

Third Party Sick Pay (3PS) Quick Links

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Key Reminders Regarding Third Party Sick Pay

PERSONAL USE OF AUTO (PAUTO)

Personal Use of a Company Vehicle Frequently Asked Questions

QUESTION #1

I am trying to record the Auto Information for our sales representatives and when I search for an Auto Earning Code to do so, I see several options. How do I know which one to use?

Answer:

There are several pieces to consider when determining the appropriate Auto Earning Code to use for your company's payroll. Please see the questions below – the answers will lead you to the correct earning code.

1. Is the employee using their personal vehicle or the company's vehicle?
2. If the employee is using their personal vehicle, is the employee required to keep any records of business use or expenses incurred?
3. If the employee is using their personal vehicle, is the amount taxable?

Once you know the answers to these questions, utilize the chart below to allow you to choose the correct code for your business.

[Personal Use of Auto Quick Links](#)

Auto Earning Codes

Key Points Regarding Payroll Auto Information

Personal Use of a Company Vehicle (PUCV)

Processing Personal Use of Company Vehicle (PUCV) in Perform

PERSONAL USE OF AUTO (PAUTO)

| PAuto Questions to Ask | | | |
|--|---|--|------------------------------|
| | Is the employee using their personal vehicle or the company's vehicle? | | |
| | IF: Company Vehicle | IF: Personal Vehicle | |
| | | Are they turning in receipts or recording miles? | |
| | | Yes | No |
| What code do I use? | PAuto – Personal Use of Company Auto PAutoNoK (not included in 401k) | AutoNTx – Auto Reimbursement | Auto – Auto Allowance |
| Is it taxable? | This is fully taxable | This is a non-taxable earning | This is fully taxable |
| Where will these earnings show up on the grid? | Boxes, 1,3,5,16, and 18 | Not on the W-2 | Boxes 1,3,5,16, and 18 |

Personal Use of Auto Quick Links

Auto Earning Codes

Key Points Regarding Payroll Auto Information

Personal Use of a Company Vehicle (PUCV)

Processing Personal Use of Company Vehicle (PUCV) in Perform

PERSONAL USE OF AUTO (PAUTO)

Key Points Regarding Payroll Auto Information

- Personal Use of a Company Vehicle (PUCV) is a non-cash fringe benefit, and its value must be determined at least once a year. Guidelines for determining the value of a company-owned vehicle are provided in *IRS Publication 15-B, Employers Guide to Fringe Benefits*.
- Auto Allowances (AUTONTx and Auto Earning Codes) relate to **business** use of a **personal** vehicle while Personal Use of a Company Auto relates to personal use of a **company** vehicle.
- An **auto allowance** is an amount paid to an employee, usually at a regular frequency, to cover expenses related to the use of the employee's personal vehicle for business. The employee is not required to keep any records of actual business use or expenses incurred. Auto allowances are fully taxable. *(Use global earning code Auto – Auto Allowance)*
- **Auto expense reimbursement** for business use of personal vehicle requires a written record of all business use of the vehicle and expenses incurred. The amount of reimbursement can be a direct reimbursement of specific expenses or a cents per mile rate (.57 for 2020) applied to reported business mileage. *(Use global earning code AutoNTx – Auto Reimbursement)*

Personal Use of Auto Quick Links

Auto Earning Codes

Key Points Regarding Payroll Auto Information

Personal Use of a Company Vehicle (PUCV)

Processing Personal Use of Company Vehicle (PUCV) in Perform

PERSONAL USE OF AUTO (PAUTO)

Personal Use of a Company Vehicle (PUCV)

When it is determined that the appropriate Earning Code is the P-Auto code, there are a few rules and considerations to keep in mind:

Working condition fringe

Business use of a company vehicle is not taxable to the employee. Business use must be substantiated with written records.

Employee records include:

- Business mile driven
- Date of trip
- Purpose of trip
- Expenses

De minimis benefit

Personal use is so insignificant that accounting for it would be unreasonable, (for example an employee stopping for lunch on the way back from a business call.)

Qualified non-personal use vehicle

Some vehicles (ambulances, hearses, police cars, school buses, etc.) are unlikely to be used for personal reasons because of their special design.

Special rules for auto dealerships

Full-time salespersons' personal use of demo vehicles may be excluded from taxable income provided it is substantially restricted.

Validation of Employee Personal Use

An employer must determine the value of the benefit an employee receives from using a company car for personal use. There are a number of valuation methods accepted by the IRS. (i.e., General Valuation, Annual Lease Valuation, Cents-Per-Mile Valuation, Commuting Valuation methods)

Personal Use of Auto Quick Links

Auto Earning Codes

Key Points Regarding Payroll Auto Information

Personal Use of a Company Vehicle (PUCV)

Processing Personal Use of Company Vehicle (PUCV) in Perform

PERSONAL USE OF AUTO (PAUTO)

Taxation and Reporting

The value of all personal use of a company vehicle is generally considered taxable income for federal, state, FICA and local withholdings. It is mandatory that an employer withhold Social Security and Medicare taxes. It is not mandatory that an employer withhold federal and state taxes, as long as the employer informs the employee of this decision.

- The PUCV value must be reported at least once a year. Monthly or quarterly reporting is recommended.
- For W-2 reporting, the amount appears in boxes **1, 3, 5, 16** and **18**.

Processing Personal Use of Company Vehicle (PUCV) in Perform

PUCV is imputed income with no net due to the employee. It is easiest to include the imputed income on an employee's regular check so the additional taxes due can be withheld from the employee's earnings. If the imputed income is entered after the last payroll of the year when the employee has no earnings to withhold, the process becomes more complicated.

Processing PUCV with Regular Payroll

Once you have set up your PAuto or PAutoNok earning, you can process the earning with your regular payroll.

Enter the employee's hours as usual. Then enter the PUCV value in the **Earnings** column and select the earnings code **PAuto** or **PAutoNok** in the **Code** field. The amount will be included in the taxable wages for all taxes (as selected when you set up the earning code).

Processing PUCV when Employee has No Other Earnings (including Terminated Employees)

If you must process PUCV and the employee has no more earnings for the year, you will need to offset the tax amount with a nontaxable earnings code or gross up the PUCV amount in order to avoid a negative net check.

Personal Use of Auto Quick Links

Auto Earning Codes

Key Points Regarding Payroll Auto Information

Personal Use of a Company Vehicle (PUCV)

Processing Personal Use of Company Vehicle (PUCV) in Perform

PERSONAL USE OF AUTO (PAUTO)

QUESTION #2

I have determined that the appropriate Earning Code to use in our situation is Personal Use of a Company Vehicle (PUCV). How do I set this up in Perform?

Answer:

Follow these steps in order process PUCV in Perform:

Step 1: Add a PUCV Earning Code to Your Company.

To enter PUCV for an employee, you will first need to have a PAuto earning code set up on the Client Profile. The PAuto code will add the earnings to the employee's year to date taxable wages, will tax the earnings, but will not include them in the employee's net pay.

- 1 In the Configure Company module, select **Earnings** under the Payroll menu.
- 2 If PAuto or PAutoNoK are not listed, Click .
- 3 Enter "PAuto" in the **Search** field of the Selection box. There are two PAuto global earning codes from which to choose. Choose the one that applies to your 401k Plan:*
 - **PAuto** – Personal Use of Company Auto
 - **PAutoNoK** – PAuto not included in 401k
- 4 Rename the **Code** and **Description** if you want to customize what appears on the employee's check stub and your reports..
- 5 Customize the remaining defaults as needed for your earning. Click  .

Note: Whether or not PUCV is included in your 401k Plan depends on your plan. If you are not sure if your plan includes PUCV, check with your plan administrator.

Personal Use of Auto Quick Links

Auto Earning Codes

Key Points Regarding Payroll Auto Information

Personal Use of a Company Vehicle (PUCV)

Processing Personal Use of Company Vehicle (PUCV) in Perform

PERSONAL USE OF AUTO (PAUTO)

The screenshot displays the 'Earnings' configuration page in the Paycor system. A sidebar on the left contains navigation options like 'Payroll', 'Earnings', 'Shift Differentials', 'Deductions', 'Taxes', 'Payables', 'Payroll Options', 'Benefits Administration', 'ACA', and 'Manage Access'. The main area shows the 'Earnings' list with a 'Reg - Regular' entry selected. A '2' callout points to the '+ Add Earning' button. An 'Add Earning' dialog box is open, with a '3' callout pointing to the 'Earning' dropdown menu. A second, larger 'Add Earning' dialog box is overlaid on top, with a '4' callout pointing to the 'Code' field and a '5' callout pointing to the 'Limit Rules' section. The 'Code' field contains 'PAutoNoK' and the 'Description' field contains 'PU Auto Not in 401K and others'. The 'Hours' field is '0.0000', 'Amount' is '\$0.0000', 'Factor' is '0.000000', and 'Frequency' is 'Every pay period'. The 'Limit Rules' section has an information icon and a '5' callout. 'Cancel' and 'Save' buttons are at the bottom of the dialog.

Personal Use of Auto Quick Links

Auto Earning Codes

Key Points Regarding Payroll Auto Information

Personal Use of a Company Vehicle (PUCV)

Processing Personal Use of Company Vehicle (PUCV) in Perform

PERSONAL USE OF AUTO (PAUTO)

Step 2: Add the PUCV Code to an Employee.

Once the PUCV code has been added to the company, the next step will be to add the code to the employee, if needed. Only Earnings that are scheduled to be paid at a regular or repeated frequency should be set up on an Employee's Earnings page. If this code is not needed then proceed to Step 3 to indicate the code on the paygrid for one-time use.

Follow these steps to set up on the employee's profile a PUCV code for regular or repeated use:

- 1 In the Manage Employees module, locate the employee to receive the code and click on their name.
- 2 From the Compensation menu, choose Additional Earnings.
- 3 Click on  .
- 4 Select the proper PAuto / PAutoNoK earning code. Then click  .

Personal Use of Auto Quick Links

Auto Earning Codes

Key Points Regarding Payroll Auto Information

Personal Use of a Company Vehicle (PUCV)

Processing Personal Use of Company Vehicle (PUCV) in Perform

PERSONAL USE OF AUTO (PAUTO)

1

| Employee Name | Employee Number | Social Security Number |
|------------------|-----------------|------------------------|
| Aaron, Doug | 888995 | ***-**-1234 |
| Abrell, Kim F. | 74 | ***-**-4567 |
| Albert, Steve M. | 97 | ***-**-1234 |
| Allen, Craig | 8825 | ***-**-5740 |
| Allen, Laura | 889 | ***-**-9876 |
| Allen, Robert M. | 3 | ***-**-2233 |
| Atkins, Natalie | 44 | ***-**-8913 |

2

3

4

Personal Use of Auto Quick Links

Auto Earning Codes

Key Points Regarding Payroll Auto Information

Personal Use of a Company Vehicle (PUCV)

Processing Personal Use of Company Vehicle (PUCV) in Perform

PERSONAL USE OF AUTO (PAUTO)

Step 3: "Gross Up" the PUCV.

Most commonly you would gross up a PUCV amount if an employee has no other earnings (this includes the situation of having a terminated employee).

Follow these steps to gross up a PUCV amount for an employee:

- 1 In the paygrid, locate the appropriate employee and click on their name to open their employee pay details window.
- 2 Additional details for the earnings, deductions, taxes, etc., will be displayed for this particular paycheck. Reference the Earnings section. If the PUCV code has already been assigned to the employee, then skip to step 5.
- 3 If the PUCV has not yet been assigned to the employee, then click on  .
- 4 Select either the **PAuto** or **PAutoNok** code, whichever is needed, and click  .
- 5 On the Earnings section, enter the applicable PUCV value in the **PAuto/PAutoNok** earnings amount column.

Click the **X** in the top right corner to close the pay details window.
- 6 Reference the **Deductions** section and make sure deductions are on hold or zeroed out prior to grossing up.
- 7 Make sure the same employee's line is still selected, and click the **Gross Up** arrow button.
- 8 Enter a "0" in the **Desired Net Amount** field, and select "Reg-Regular" as the type of **Earning**.
- 9 Click the  button.
- 10 Review the **Gross to Net** to make sure deductions are zeroed out and taxes were calculated.

Personal Use of Auto Quick Links

Auto Earning Codes

Key Points Regarding Payroll Auto Information

Personal Use of a Company Vehicle (PUCV)

Processing Personal Use of Company Vehicle (PUCV) in Perform

PERSONAL USE OF AUTO (PAUTO)

The screenshot shows the Paycor payroll interface. At the top, it displays 'Check Date: 10/15/20', 'Payroll 3 - Regular', and '08473 - Perform Design'. The main area shows 'Doug Aaron' (Employee # 582995) with tabs for Earnings, Deductions, Taxes, Accruals, and Gross To Net. An 'Add Earnings' dialog box is open, listing various earning codes. The 'PAutoNoK' code is selected, which corresponds to 'PU Auto Not in 401K and others'. The dialog has 'Cancel' and 'Add Selected' buttons.

| Code | Description |
|--|--------------------------------|
| <input type="checkbox"/> HeaSav | Health Sav Acct ER Prov-notppd |
| <input type="checkbox"/> Hol | Holiday |
| <input type="checkbox"/> MemEarn | Memo Earning - Client Defined |
| <input type="checkbox"/> MvExNoK | Moving Fica Ex No K - prepd |
| <input type="checkbox"/> MvExNoK | Moving Fica Ex No K - prepd |
| <input type="checkbox"/> Park | Parking Reimb. Non-Taxable |
| <input type="checkbox"/> PAuto | Personal Use of Company Auto |
| <input checked="" type="checkbox"/> PAutoNoK | PU Auto Not in 401K and others |
| <input type="checkbox"/> Prepaid | PrepEarn-Client Def - rt x hr |
| <input type="checkbox"/> SalesBonus | Commission |

Personal Use of Auto Quick Links

Auto Earning Codes

Key Points Regarding Payroll Auto Information

Personal Use of a Company Vehicle (PUCV)

Processing Personal Use of Company Vehicle (PUCV) in Perform

PERSONAL USE OF AUTO (PAUTO)

Check Date - 10/12/12
Payroll 3 - Regular
86478 - Perform Design

Back to Payruns

Line: Check, Pay Stub Message, Gross Up, Payrun Tasks, Add to Payrun, Format Grid, Payrun Settings, Pay Related Changes

Find Employees: Aaron, Doug; Allen, Craig; Allen, Laura; Allen, Laura; Baker, Doug; Bates, Keith; Baum, Jamie; Blake, Carter; Bookhorst, Bree; Bolich, Susan; Boswell, Adam; Boynton, Daniel; Bradford, Jeffrey; Bradford, Kristin; Brauer, James; Brinson, Owen

Check 1 of 1: Doug Aaron, Employee # 888095

Employee Profile: Add Earnings

| Code | Description | Department | Shift | Rate | Hours | Amount |
|------------|--------------------------------|------------|-------|----------|-------|-------------|
| Reg | Regular | 100101 | | 0.000000 | | |
| OT | Overtime Hours @ 1.5 | 100101 | | 0.000000 | | |
| Comm | Commission | 100101 | | 0.000000 | | |
| Comm | Commission | 100101 | | 0.000000 | | |
| Park | Parking Reimb. Non-Taxable | 100101 | | 0.000000 | | |
| PUAutoNotK | PU Auto Not in 401K and others | 100101 | | 0.000000 | | \$ 500.0000 |
| Special | Bonus | 100101 | | 0.000000 | | |

Check Date - 10/12/12
Payroll 3 - Regular
86478 - Perform Design

Back to Payruns

Line: Check, Pay Stub Message, Gross Up, Payrun Tasks, Add to Payrun, Format Grid

Find Employees: Aaron, Doug; Allen, Craig; Allen, Laura; Allen, Laura; Baker, Doug; Bates, Keith; Baum, Jamie; Blake, Carter; Bookhorst, Bree; Bolich, Susan

Check 1 of 1: Doug Aaron, Employee # 888095

Employee Profile

| Effective Date | PDD | Code | Description | Amount | Rate |
|----------------|-----|------|------------------|--------|----------|
| 02/09/2014 | | 401k | 401(k) Deduction | | 0.0000 % |

Personal Use of Auto Quick Links

Auto Earning Codes

Key Points Regarding Payroll Auto Information

Personal Use of a Company Vehicle (PUCV)

Processing Personal Use of Company Vehicle (PUCV) in Perform

PERSONAL USE OF AUTO (PAUTO)

Check Date - 10/12/12
Payroll 3 - Regular
88478 - Perform Design

| No Pay | Find Employees | # | Check | Net DD | Department | Shift | Rate | Reg (\$) | Reg (hrs) |
|--------------------------|----------------|--------|-------|-------------------------------------|------------|-------|----------|---------------|-----------|
| <input type="checkbox"/> | Aaron, Doug | 888995 | 1 | <input checked="" type="checkbox"/> | 100101 | | 0.000000 | | |
| <input type="checkbox"/> | Allen, Craig | 8825 | 1 | <input checked="" type="checkbox"/> | 1001 | | 0.000000 | \$ 4,200.0000 | |
| | Allen, Laura | 889 | M1 | | 1001 | | 0.000000 | \$ 275.0000 | |
| <input type="checkbox"/> | Allen, Laura | 889 | 2 | | 1001 | | 0.000000 | \$ 1,560.3200 | |
| <input type="checkbox"/> | Baker, Doug | 8883 | 1 | | 1006 | | 0.000000 | \$ 3,100.0000 | |
| <input type="checkbox"/> | Bates, Keith | 8817 | 1 | | 1001 | | | | |
| <input type="checkbox"/> | Baum, Jamie | 885 | 1 | <input checked="" type="checkbox"/> | 1001 | | | | |

Gross Up

Desired net amount:
\$ 0.00

Apply gross amount to
Earning:
Reg - Regular

Department:
100101

Cancel Calculate Gross Up

Check Date - 10/12/12
Payroll 3 - Regular
88478 - Perform Design

Doug Aaron
Employee # 888995

Net Direct Deposit

| Earnings | Rate | Hours | Amount | Deductions | Amount | Taxes | Amount |
|---------------|----------|--------|-----------|------------|---------|-------|-----------|
| Reg | 0.000000 | 0.0000 | \$ 127.03 | | | SOC | \$ 28.34 |
| Pauto | 0.000000 | 0.0000 | \$ 500.00 | | | MED | \$ 9.09 |
| | | | | | | FITWH | \$ 0.45 |
| | | | | | | MI | \$ 25.85 |
| Totals | | 0.0000 | \$ 627.03 | | \$ 0.00 | | \$ 127.03 |

Net Total: \$ 0.00

Personal Use of Auto Quick Links

Auto Earning Codes

Key Points Regarding Payroll Auto Information

Personal Use of a Company Vehicle (PUCV)

Processing Personal Use of Company Vehicle (PUCV) in Perform

Note: As you can see in the screenshots above, the total tax amount due on the value of the PUCV is reflected in the employee's Reg-Regular earnings code and the net check is correct at \$0. Handling the PUCV situation by way of the gross up function is necessary if the employee is terminated and/or not going to be receiving any further pay, as it provides a way to record the PUCV and collect the taxes due. In effect, you are covering the employee's taxes. If the employee is not terminated and/or is actually going to receive another check in this calendar year, then you can recover the tax funds from the employees regular pay. Either way, the system will calculate the necessary employer taxes of FUI, SUI, and FICA.

Managing Time Off Frequently Asked Questions

QUESTION #1

Why are Time Off balances for employees not accruing correctly for the first payroll of the new year?

Answer:

There are a few possible reasons why the Time Off balances for employees may be incorrect.

1. An employee's available balance of PTO at the start of any new year will be determined by the benefit setup and selection for the Year End Process. There are two options to handle the Year End process – either zero out or rollover any balances from the previous year. Your Paycor support team can confirm how the benefit balances are set up for your payroll.
2. If the client is using Paycor Main Accruals...
 - If the client is using the new Perform Accruals if there is a problem it will be because of the configuration of the Time Off Plan. If Time Off Balances are incorrect after the rollover, then the client would want to check the configuration of the Time Off Plan by going to Company -> Configure Company -> Accruals -> Time Off Plans and open the plan in question and review the Rollover and amounts that are allowed to be rolled over.

Once you know the answers to these questions, utilize the chart below to allow you to choose the correct code for your business.

[Managing Time Off Quick Links](#)

Why are Time Off Balances for Employees Not Accruing?

Correcting Employees' Time Off Balances

QUESTION #2

What can I do to correct the employees' Time Off balances?

Answer:

There are several options to fix any incorrect Time Off balances for employees.

1. Create a new earning code
 - By setting up a new earning code that is not tied to the vacation accrual for the current year, anyone who took vacation during the final pay period in December which crossed over into new year would have their hours assigned to the earning code. This would restore the new year's balance to what it should be and prevent any manual adjustments from being necessary.
2. Manually adjust the balance
 - You may enter the employees' profiles in Perform and input the remaining hours using the "Start Balance" button so the employee's PTO balance would return to the correct amount.
3. If necessary, your Client Support Specialist may be able to complete an adjustment to correct the hours taken in both the previous and current years.

Once you know the answers to these questions, utilize the chart below to allow you to choose the correct code for your business.

[Managing Time Off Quick Links](#)

Why are Time Off Balances for Employees Not Accruing?

Correcting Employees' Time Off Balances

MANAGING TIME OFF

See below for the steps to manually adjust the balance for employees via Perform:

1. Select the desired employee
2. From the **Time & Attendance** list, choose **Accrual Activity**
3. From the drop-down list, choose the desired benefit plan
4. The Adjust button under either the Starting Balance or Accrued Hours sections can be selected. A positive or negative number can be used to either add or take away from the current balance shown here.

Accrual Activity

Accrual Code

AccSick - AccumBenefit - Sick

| | | | |
|---------------------------------------|---------------------------------------|-------------|-------------------|
| 0 | 40 | 0 | 40 |
| Starting Balance | Accrued Hours | Taken Hours | Available Balance |
| <input type="button" value="Adjust"/> | <input type="button" value="Adjust"/> | | |

Accrual History

Next Year **Current Year** Last Year

| Date | Starting Balance | Accrued Hours | Taken |
|----------|------------------|---------------|--------|
| 1/1/2015 | 0 | 40.0000 | 0.0000 |

[Managing Time Off Quick Links](#)

Why are Time Off Balances for Employees Not Accruing?

Correcting Employees' Time Off Balances

DEDUCTION CAPS

Deduction Caps Frequently Asked Questions

QUESTION #1

How can I set up a deduction so that a specific amount comes out of each paycheck only up to a specific amount? For example, I have an employee who would like to contribute \$10 per paycheck to United Way, but only up to \$200 for the year.

Answer:

Step 1: If the Deduction Code that you need is not currently setup, you will need to add this to your Company first.

Follow the steps below to select a deduction code:

- 1 In the Configure Company module, select Deductions under the Payroll menu.
- 2 Click  .
- 3 Locate the correct code from the dropdown. You may type in the field to filter the results.

Note: The user will be able to select a new code name and description for the deduction code in the next steps. However, it is important to select a template with the correct type in order for the deduction to calculate correctly. If unsure which type to choose, contact Paycor support.

- 4 Once selected, you may view and edit the settings.

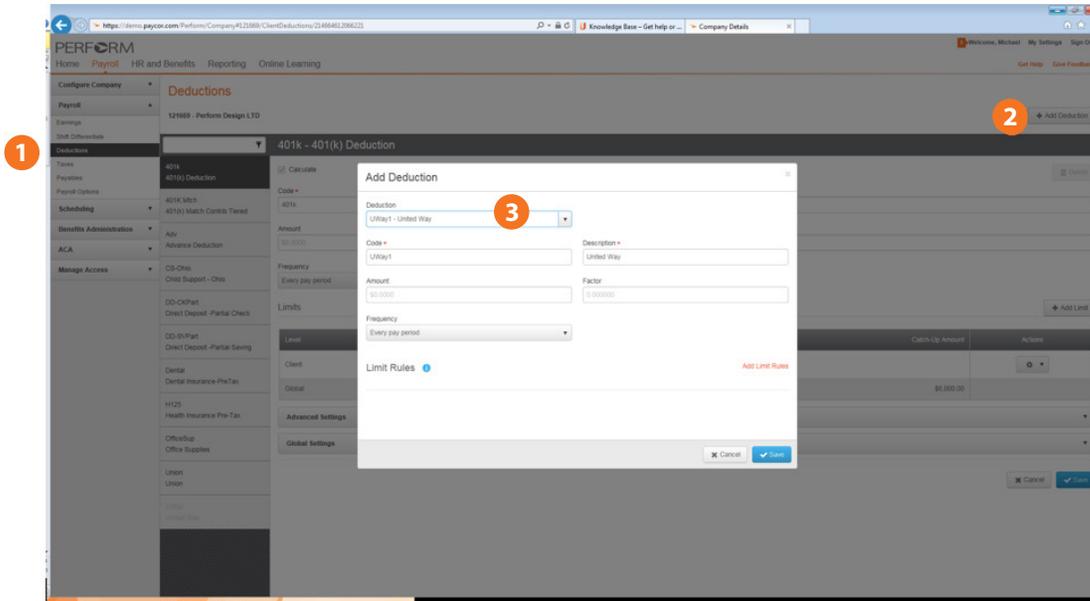
[Deduction Caps Quick Links](#)

Add a Deduction Code

Editing Deductions

Adding or Editing Deduction Limits

DEDUCTION CAPS



[Deduction Caps Quick Links](#)

Add a Deduction Code

Editing Deductions

Adding or Editing Deduction Limits

DEDUCTION CAPS

Step 2: Viewing and Editing Deductions.

Note: When editing an existing deduction code, keep in mind that this change will also affect any employee who already has this deduction attached to their record. If users do not wish for this change to affect those employees, they may choose to add a new deduction code instead. If unsure, contact Paycor support.

Follow these steps to configure settings for the Deduction Code:

- 1 Once a deduction has been added, you will be prompted to configure **Settings:**

| Field | Options |
|--------------------|--|
| Code | Users may re-name the deduction code by typing directly into this field. This is a 10-character field, and will appear on the employee's paystub. |
| Description | Users may re-name the description by typing directly into this field. This is a 30-character field, and will be used for internal (company) purposes only. |
| Amount | While users may decide to enter a specific dollar amount for a deduction code at the company level, it is not required. Most users will leave this field blank if the deduction amount varies, as they can add details later when attaching the code to an employee. However, if the deduction is standard for all, users may wish to enter the amount at the company level. |
| Factor | While users may decide to enter a specific factor for this deduction code at the company level, it is not typical. Most users will leave this field blank, as they can add details later if needed when attaching the code to an employee. |
| Frequency | Select the frequency that this item should be deducted from the employee's pay. |

[Deduction Caps Quick Links](#)

Add a Deduction Code

Editing Deductions

Adding or Editing Deduction Limits

DEDUCTION CAPS

- 2 On this same screen, click the triangle to expand the **Advanced Settings** window. Configure these settings as appropriate:

| Field | Options |
|-----------------------------|---|
| Rate | If users wish to deduct a percentage rate (as opposed to a dollar amount as referenced above) that rate may be entered here. However, it is not required. Most users will leave this field blank if the deduction amount varies, as they can add details later when attaching the code to a specific employee. However, if the percentage is standard for all, users may wish to enter the amount at the company level. |
| Check Stub | This dropdown allows users to select whether deductions under this code should be printed on the employee's check stub. |
| Sequence | The sequence priority will be assigned by default, and refers to the sequence order in which a deduction should be calculated. This is normally important only when a custom equation has been built which depends on another deduction being calculated first. If in doubt, contact your representative. |
| Appear on W-2 Box 14 | Select whether the amount deducted under this code should be displayed in Box 14 on the employee's W-2. |
| Short Fall Priority | This item indicates what priority this deduction should have should the employee's earnings not be enough to cover all of their scheduled deductions during any given pay period. The system follows a pre-determined priority order; however, users may change this if needed. If unsure about which priority order to assign to a deduction, contact your representative. |

[Deduction Caps Quick Links](#)

Add a Deduction Code

Editing Deductions

Adding or Editing Deduction Limits

DEDUCTION CAPS

- 3 On the same page, click the triangle to expand the Global Settings window. Review the original deduction code template settings (pay close attention to the Tax Category and confirm that it is correct).
- 4 Verify whether this deduction is set to Calculate. If this is an active deduction code, click the checkbox. If the deduction code should no longer be used, make sure the checkbox is unchecked.
- 5 Click  .

The screenshot displays the configuration interface for a deduction code. The left sidebar shows a navigation menu with categories like Taxes, Payables, Onboarding, and ACA. The main area is titled 'Deductions' and shows the configuration for 'H125 - Health Insurance - PreTax'. The 'Calculate' checkbox is checked. The 'Code' field is 'H125' and the 'Description' is 'Health Insurance - PreTax'. The 'Amount' is '\$0.0000' and the 'Factor' is '0.000000'. The 'Frequency' is 'Every pay period'. The 'Advanced Settings' section includes fields for 'Equation' (RATE * TOT EARN) + AMT, 'Rate' (0.0000%), 'Include In' (Regular only), 'Check Stub' (Always print YTD), 'Short Fall Type' (Current), 'Short Fall Priority' (1), 'Sequence' (1), 'Appear on W2 Box 14' (No), 'Effective Date' (06/18/2014), 'Employer Premium' (Yes), and 'Appear on W2 Box 12DD' (No). The 'Global Settings' section shows 'Global Code' (H125), 'Global Description' (Health Insurance - PreTax), 'Effect on Client' (Increase), 'Effect on Employee' (Increase), and 'Tax Category' (Section 125 Benefit Plan). A 'Save' button is highlighted in blue at the bottom right.

Deduction Caps Quick Links

Add a Deduction Code

Editing Deductions

Adding or Editing Deduction Limits

DEDUCTION CAPS

Step 3: Adding or Editing Deduction Limits.

- 1 Limit Rules may be set up when adding an deduction by clicking on "Add Limit Rules".

Or when editing a deduction by clicking the "Add Limit Rules" button.

- 2 An "Add Limit" pop-up box will appear.

Select the Frequency that the limit should follow, and the Maximum Amount to Withhold during that time frame.

- 3 Click  .

- 4 This newly added Limit will impact all employees to which this deduction code is added.

Note: Adding a Limit on the Company level will apply that limit all employees set up with this deduction. To override a client level deduction limit, you may add a new limit for the same frequency directly on an employee's profile. If you would like to set up different limits for each individual employee, you may want to avoid setting up a Limit on the Company level and only do so at the employee level for each individual.

[Deduction Caps Quick Links](#)

[Add a Deduction Code](#)

[Editing Deductions](#)

[Adding or Editing Deduction Limits](#)

DEDUCTION CAPS

The screenshot displays the 'Deductions' configuration page for a company. The main area shows a deduction named 'Uniform - Uniform' with a code of 'Uniform' and a description of 'Uniform'. The amount is set to '\$0.0000' and the factor is '0.000000'. The frequency is 'Every pay period'. A table for 'Limits' is visible, with a '+ Add Limit' button. An orange arrow labeled '1' points to this button. An 'Add Limit' dialog box is open in the foreground, showing a 'Frequency' dropdown set to 'YTD Limit' (labeled '2') and a 'Maximum Amount to Withhold' field set to '\$50.00' (labeled '3'). The dialog has 'Cancel' and 'Save' buttons.

Deduction Caps Quick Links

Add a Deduction Code

Editing Deductions

Adding or Editing Deduction Limits

DEDUCTION CAPS

Follow the steps below to work with a deduction's limit rules for an Employee:

- 1 Limit Rules may be set up when adding or editing a deduction by clicking **ADD LIMIT RULES**.
- 2 If the deduction has a maximum amount that should be withheld over the life of the deduction, enter that amount in the **Total to Withhold** field (at which point the **Frequency** field will set to **YTD Limit** and the corresponding **Maximum Amount to Withhold** field will reflect the same amount); OR

Note: Once a calendar year changes, the Maximum amount to Withhold will be reduced by the amount deducted in the prior year.

- 3 If there is a maximum amount that should be deducted over a specified period of time, then choose the appropriate Frequency and enter the applicable amount in the Maximum Amount to Withhold field.

Frequency options include:

- Per Pay Period
- MTD Limit = Month to date
- QTD Limit = Quarter to date
- YTD Limit = Year to date

Note: You may set a limit based on either Total to Withhold for the life of the deduction or Maximum Amount to Withhold within a different frequency, but not both. If you enter an amount in Total to Withhold the Frequency field will automatically set to YTD Limit and will be display only.

- 4 Click  .
- 5 Click  .
- 6 If a deduction uses Limit Rules, and has a Total to Withhold amount, a progress bar will be available to help track an employee's progress.

[Deduction Caps Quick Links](#)

Add a Deduction Code

Editing Deductions

Adding or Editing Deduction Limits

DEDUCTION CAPS

Deductions

Unfrm - Uniform

401k
401(k) Deduction

403B
403(b) Plan Deductions

401k
401(k) Deduction

| Effective Date | Amount | Rate | Description | Actions |
|----------------|--------|------|----------------------------------|---------|
| 10/7/2012 | | | No deduction limits - Add Limits | |

Calculate Delete

Show History

Edit Deduction

Advanced Settings

Global Settings

Code: Unfrm Description: Uniform

Deduction Effective Date: 10/07/2012

Amount: \$5.0000 Rate: 0.0000%

Deduction Caps Quick Links

Add a Deduction Code

Editing Deductions

Adding or Editing Deduction Limits

Add Limit Rule

Total to Withhold ¹ ²

Frequency *

Maximum Amount to Withhold

Cancel + Add

Use either **TOTAL TO WITHHOLD** OR **MAXIMUM AMOUNT TO WITHHOLD**

Add Limit Rule

Total to Withhold ¹

Frequency * ³

Maximum Amount to Withhold ⁴

Cancel + Add

Unfrm - Uniform

Calculate Delete

| | | | |
|-----------------|---------------|------------------|-----------------|
| \$150.00 | \$0.00 | \$0.00 | \$150.00 |
| Total to Payoff | YTD Withheld | Withheld to Date | Current Balance |

⁶

DEDUCTION CAPS

Follow the steps below to **edit an existing deduction's limit rules** for an **employee**:

- 1 Select the deduction that you would like to edit.
- 2 Click the  action button. Then make any necessary edits
- 3 If you need to change a limit that is based on the life of the deduction, then be sure to adjust both the Total to Withhold and Maximum Amount to Withhold fields accordingly. If you are changing the limit to no longer be based on the life of the deduction but want it to instead be based on a different frequency, then zero out the Total to Withhold field and then set the Frequency and Maximum Amount to Withhold fields accordingly.

Note: For a limit that is based on the life of the deduction, once a calendar year changes, the Maximum amount to Withhold will be reduced by the amount deducted in the prior year.

- 4 To remove the limit setup, click **CLEAR LIMIT RULES**.
- 5 Click  .

[Deduction Caps Quick Links](#)

Add a Deduction Code

Editing Deductions

Adding or Editing Deduction Limits

DEDUCTION CAPS

Deductions

Unfrm - Uniform

401k
401(k) Deduction

403B
403(b) Plan Deductions

Dent125
Dental Insurance-PreTax

Loan
Loan

Unfrm
Uniform

Calculate

Delete

\$150.00 Total to Payoff

\$0.00 YTD Withheld

\$0.00 Withheld to Date

\$150.00 Current Balance

| Effective Date | Amount | Rate | Description | Actions |
|----------------|--------|------|--------------------------------------|---------|
| 10/7/2012 | | | Deduction limits apply - Edit Limits | |

Show History

Advanced Settings

Edit Deduction

Code: Unfrm Description: Uniform

Deduction Effective Date: 10/07/2012

Amount: \$0.0000 Rate: 0.0000%

Limit Rules 1 Add limit rules

Total to Withhold 2 \$125.00

Frequency: YTD Limit Maximum Amount to Withhold: \$125.00

Clear limit rules 4 5

Deduction Caps Quick Links

Add a Deduction Code

Editing Deductions

Adding or Editing Deduction Limits

DEDUCTION CAPS

QUESTION #2

My employee has a deduction set up that has a Maximum amount set up to be paid of \$200. Only \$100 has been deducted from his check so far, but the deduction did not come out of the first paycheck of the new year. Why did it stop?

Answer:

The deduction may not have been calculated on the first check of the new year due to initial setup of the deduction code. Please contact Paycor support who can confirm how the Year End Process was set up for the deduction.

[Deduction Caps Quick Links](#)

Add a Deduction Code

Editing Deductions

Adding or Editing Deduction Limits

GROUP TERM LIFE (GTL)

Group Term Life Frequently Asked Questions

QUESTION #1

Our company offers a Group Term Life insurance policy. How is the taxation of this amount handled?

Answer:

Payroll issues with group term life policies can arise when an employer provides coverage to an employee in excess of the \$50,000 non-taxable limit. Any premiums paid on coverage in excess of \$50,000 are considered taxable income, less any employee after-tax payroll deductions for Federal, State (except Pennsylvania), FICA and local withholding. GTL income is not subject to FUTA or SUI tax (with some exceptions).

It is not mandatory to withhold Federal or State taxes from premiums paid on GTL in excess of \$50,000. However, the employee may have to pay taxes when filing their personal return. The income must be included as taxable income on the employee's W-2. Retired employees are not subject to Social Security and Medicare taxes at the time it is entered into payroll. The employee will be responsible for payment with personal taxes.

QUESTION #2

What is my responsibility as the employer in regards to Group Term Life?

Answer:

Employers are responsible for determining the value of the insurance benefit that must be included in the employee's taxable income. An employer has until the last pay period of the year to include excess premiums paid in an employee's income but it may be included throughout the year as well.

Group Term Life Quick Links

Group Term Life Taxation

Employer Responsibility

Insurance Benefit Included in Employee's Taxable Income

Calculating the Correct Amount for Each Employee

How do I enter the Group Term Life amount in Perform?

Setting Up the GTL Earning Code

Adding a GTL Policy to an Employee

Adding a GTL Annual Premium to an Employee Within the Paygrid

GROUP TERM LIFE (GTL)

QUESTION #3

How do I determine the value of the insurance benefit that must be included in the employee's taxable income?

Answer:

If you provide an employee with group-term life insurance coverage *over \$50,000*, the cost of employer-paid coverage that's in excess of \$50,000 is subject to FICA (Social Security and Medicare) tax.

Determining the cost: The cost subject to FICA tax isn't the actual cost charged by the insurance company; you must calculate the cost of the excess coverage using the Uniform Premium Table. The taxable value of \$1,000 worth of coverage for one month, based on the employee's age as of Dec. 31 of the year the coverage is provided, is as follows:

- Younger than 25—\$0.05
- 25 to 29—0.06
- 30 to 34—0.08
- 35 to 39—0.09
- 40 to 44—0.10
- 45 to 49—0.15
- 50 to 54—0.23
- 55 to 59—0.43
- 60 to 64—0.66
- 65 to 69—1.27
- 70 and older—2.06

***Most states follow these federal rules for taxing group-term coverage; review your state's laws for more information.

A Basic Calculation Example is provided below:

- An employee has a policy amount of \$60,000. The employee's date of birth is 2/10/1974.
- $60,000 - 50,000$ (non-taxable) = $10,000/1000$. = \$10 (per month)
- Age 46 = \$.15 (see chart in BNA Guide)
- $$.15 \times \$10 = \$1.50$
- $\$1.50 * 12$ (12 months in a year) = \$18

[Group Term Life Quick Links](#)

Group Term Life Taxation

Employer Responsibility

Insurance Benefit Included in Employee's Taxable Income

Calculating the Correct Amount for Each Employee

How do I enter the Group Term Life amount in Perform?

Setting Up the GTL Earning Code

Adding a GTL Policy to an Employee

Adding a GTL Annual Premium to an Employee Within the Paygrid

GROUP TERM LIFE (GTL)

QUESTION #4

I am not comfortable calculating the amounts to be entered for Group Term Life. Can Paycor help me do this?

Answer:

Yes! Our system will calculate the correct amounts for each employee based on the information you enter into the GTL codes in Perform so that you do not have to do the manual calculation yourself. If you have already calculated the amounts, the GTL codes will let you enter a fixed amount as well.

QUESTION #5

How do I enter the Group Term Life amount in Perform?

Answer:

Before beginning the setup for GTL in Perform, we recommend considering the following questions. This will ensure you are setting up the information accurately.

1. Do you want these amounts to be processed with the next payrun?
If the last payrun of the year has already been processed, you'll need to do an additional run. There are tax considerations for additional runs.
2. Would you like to add these amounts to the employees' regular checks or do you want them separate?
A separate entry allows the client to track the GTL amount from regular pay.
3. Have you calculated the amounts or will this be based on factor of salary?
This will help you determine the calculation type in Perform.
4. Should 401k be calculated?
This will help you determine whether or not to use the code that includes 401K in the calculation.

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5. How do you want these taxed?

These amounts are fully taxable and not exempt from anything. However, you do not have to withhold for Federal and State.

6. Are any employees for whom you are entering GTL amounts terminated?

If the employee is terminated, you'll need to determine how you will be covering the taxes – through a gross up or tax offset deduction code. If you're using the tax offset, you can collect the taxes with the employee's next paycheck. Contact your Client Support Specialist with any questions about this process.

Step 1: Set Up the GTL Earning Code.

Follow the steps below to select an earning code:

- 1 Go to the Configure Company module, select Earnings under the Payroll menu.
- 2 Click  .
- 3 The global list of earning codes will display. This will allow the user to select a template for creating the earning code. Search for "GTL". Locate the correct code, and click the  button next to that GTL code.

Note: The user will be able to select a new name and description for the earning code in the next steps. However, it is important to select the GTL code with the correct Group Term Life category (determine whether your GTL policies include retirement deductions when calculating).

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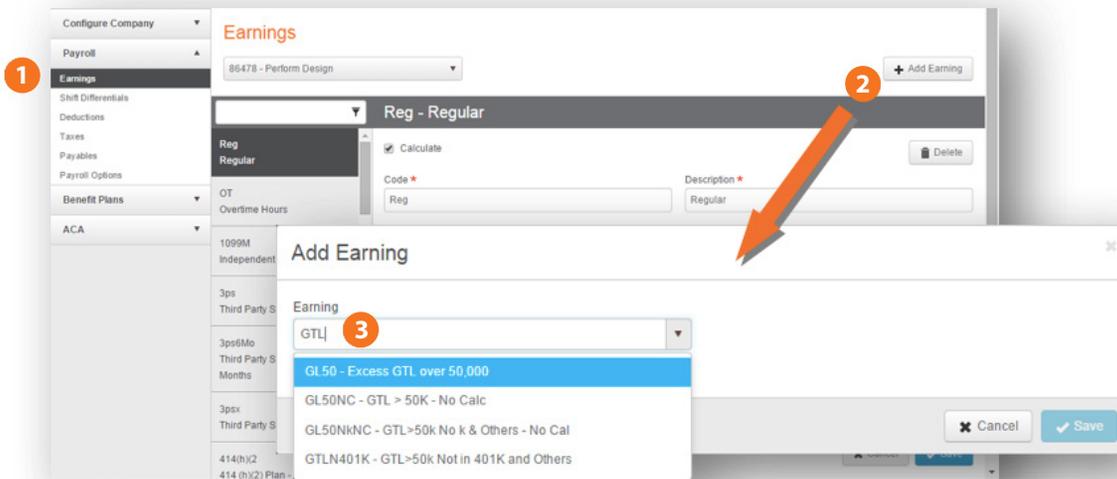
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| GTL Code | Indicates: |
|---|---|
| GL50 (401k calculates on this earning code) | Enter a policy amount, and then the system calculates a premium. <ul style="list-style-type: none"> • Policy amount can be entered at the Employee and Client level • Can be calculated based on a factor of salary • Allows a flat premium amount to be entered (based on code setting) • System can recalculate policy amount based on client level settings (i.e., rate changes or rates at a client defined date) • System also can recalculate premiums during the Year End process |
| GTLN401K (401k does not calculate on this earning code) | Same as above. (except no 401k calculates) |

Note: The codes **GL50NC** and **GL50NkNC** do not need to be used. The codes were used prior to Perform when calculating on a flat premium amount.

GROUP TERM LIFE (GTL)

Step 1: Configure Settings and Save.

Follow these steps to configure settings for the Earning Code:

- 1 Once users have selected the Earning Code, users will be prompted to configure Settings. Change the Code and Description to help you better identify this earning on a paystub or report.

| Field | Options |
|-------------|--|
| Code | Users may re-name the earning code by typing directly into this field. This is a 10-character field, and will appear directly on the employee's paystub. |
| Description | Users may re-name the description by typing directly into this field. This is a 30-character field used for internal (company) purposes only. |

- 2 Depending on your plan's details, you can set up the GTL code based on a "Fixed Amount" or a "Factor of Salary". This selection will drive how Perform calculates the GTL premiums for each employee.

Note: To aid you in the setup of your policy, Paycor does provide information icons  throughout the application. You may hover over any icon for additional information.

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Fixed Amount

| Field | Options |
|--------|--|
| Type | <ul style="list-style-type: none">• Policy: list the specific policy amount the employee is eligible to receive. (i.e., \$75,000 of coverage)• Premium: list the specific premium amount that should be taken out of an employee's pay stub. (i.e., \$5 per pay period) |
| Amount | Users may enter the specific policy or premium amount for the entire organization for this GTL code at the company level. If it varies by employee, we recommend setting this up on each employee's profile. |

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The screenshot shows the 'Add Earning' dialog box with the following fields and values:

- Earning: GL50 - Excess GTL over 50,000
- Code *: GL50
- Description *: Excess GTL over 50,000
- Frequency: Every pay period
- Calculation Type *: Fixed Amount
- Type 1: Premium
- Premium Amount: \$0.0000

At the bottom right, there are 'Cancel' and 'Save' buttons. A red circle with the number 3 is positioned above the 'Save' button.

3 Verify that all of your selections are accurate. Click  .

GROUP TERM LIFE (GTL)

Step 3: Adding a GTL Policy to an Employee.

Follow the steps below to open the employee and navigate to add an additional earning:

- 1 Go to the Manage Employees module, and locate the necessary employee.
- 2 Using the left navigation menu, click Compensation, then Additional Earnings. The employee's current earning codes will display.
- 3 Click  .
- 4 Select the necessary GTL earning code. Click  .
- 5 If necessary, check the box next to Employee Override. This will allow you to enter or update the Policy Amount or Premium Amount.

Note: Factor of Salary: By checking this box, the Policy Amount will no longer recalculate when changes are made to the Employee's Rate of Pay and setting on the Client Earning.

Fixed Amount - Policy: By checking this box, the Policy Amount entered will override the Policy Amount set on the Client Earning.

Fixed Amount - Premium: By checking this box, the Premium Amount entered will override the Premium Amount set on the Client Earning.

- 6 Verify that all of your selections are accurate. Click  .

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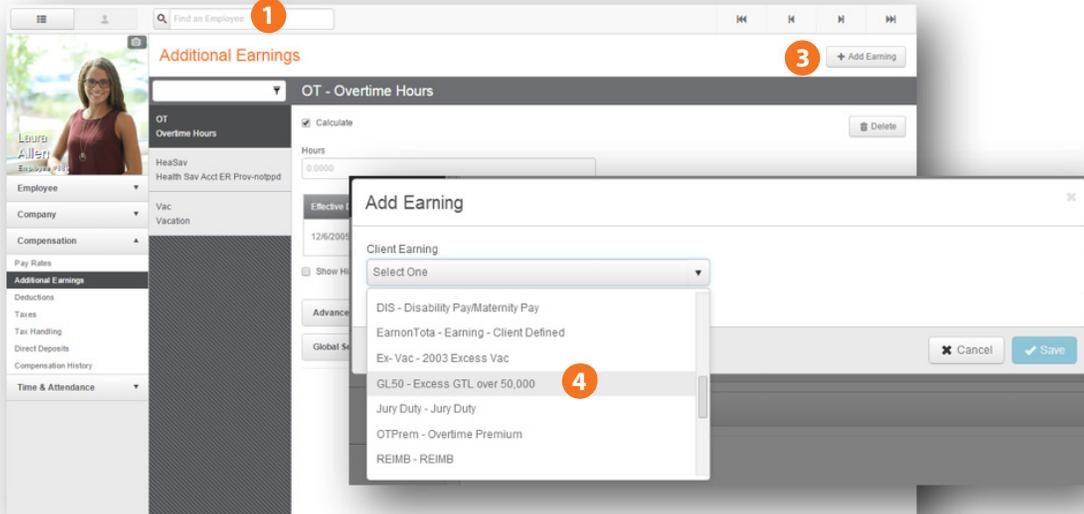
How do I enter the Group Term Life amount in Perform?

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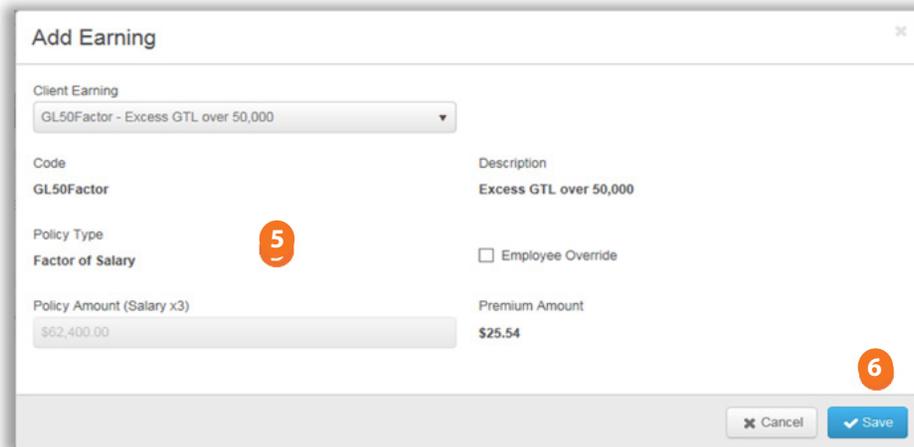
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Policy Type: Factor of Salary



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Policy Type: Fixed Amount - Policy

The screenshot shows the 'Add Earning' form with the following fields and values:

- Client Earning: GL50 - Excess GTL over 50,000
- Code: GL50
- Description: Excess GTL over 50,000
- Policy Type: Fixed Amount - Policy (marked with a red circle 5)
- Employee Override:
- Policy Amount: \$0.00
- Premium Amount: \$0.00
- Buttons: Cancel, Save (marked with a red circle 6)

Policy Type: Fixed Amount - Premium

The screenshot shows the 'Add Earning' form with the following fields and values:

- Client Earning: GL50FxPrem - GTL over 50,000-Fixed Premium
- Code: GL50FxPrem
- Description: GTL over 50,000-Fixed Premium
- Policy Type: Fixed Amount - Premium (marked with a red circle 5)
- Employee Override:
- Premium Amount: \$13.88
- Buttons: Cancel, Save (marked with a red circle 6)

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Adding a GTL Annual Premium to an Employee Within the Paygrid.

While processing a payroll, users may find it necessary to make changes to an employee.

These **one-time changes** can be made while working in the paygrid (**Enter Paydata** screen).

Note: Any changes made while in the paygrid will be **one-time changes**. These changes will only take place on this particular payrun (for example, users may wish to remove a deduction only for the current pay period). Permanent employee changes, that will be effective for all paychecks going forward, must be made in the **Manage Employees** module.

Once the appropriate payrun has been selected, users will be working in the **Enter Paydata** screen.

Follow these steps in order to enter a GTL Annual Premium amount:

- 1 Locate the appropriate employee and click on their name to open their employee details window.
- 2 Additional details for the earnings, deductions, and taxes will be displayed for this particular paycheck. Reference the **Earnings** section.
- 3 Click on **+ Add Earnings** .
- 4 Select either the "GL50" or "GTLN401K" earning code. Click **Add Selected** . System will prompt you "Do you want to calculate on an annual frequency?".
- 5 Click **Yes** .

Note: If you click **No**, a row will be added where you can add a regular one-time amount.

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6 The **Group Term Life Premium** pop-up box will appear where you must enter the Premium information.

- Policy Amount: Enter the policy amount.
- Paid Deduction: Enter any amount that has been paid out already.
- Calculated Premium: This is determined by the system and based on the employee's age, policy amount, and the IRS table.

Click **OK**.

7 The Annual Premium will be added as the Earning amount in the drawer. Click on **Gross To Net** area to see the updated amount that will now be taxed upon.

The screenshot displays the Payroll System interface for Jamie Baum (Employee # 885). The interface includes a list of employees on the left, a main employee profile area, and a table of earnings. The 'Add Earnings' dialog box is open, showing a list of earnings codes with 'GL50' selected. Red circles 1 through 4 highlight key elements: 1. Employee list, 2. Earnings tab, 3. Add Earnings dialog, 4. Selected GL50 code.

| Code | Description | Department | Shift | Rate | Hours | Amount |
|------|--------------------------------|------------|-------|----------|-------|--------|
| Reg | Regular | 1001 | | 0.000000 | | |
| OT | Overtime Hours @ 1.5 | 1001 | | 0.000000 | | |
| EIOC | Employer Prov Dep Care - Prepd | 1001 | | 0.000000 | | |

| Code | Description |
|------------|----------------------------------|
| EarnonTota | Earning based on Total Earn |
| EIOC | Employer Prov Dep Care - Prepd |
| GL50 | Excess GTL over 50,000 |
| GL50 | GTL over 50,000 |
| GL50NC | GTL > 50K - No Calc |
| GL50K | Excess GTL over 50K |
| GrossUp | GrossUpEarning1 |
| GTLN401K | Excess GTL 401K |
| GTLN401K | GTL > 50k Not in 401K and Others |
| GU2 | GrossUp2 |
| GUSpec | Gross up with Cost Eq |
| Health | Health Sav Act ER Provision |
| Hol | Holiday |
| MemoEam | Memo Earning - Client Defined |
| MHealth | Medical Fica Ex No K - prepd |
| Park | Parking Reimb. Non-Taxable |

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Calculate Group Term Life Premium - GL50

Policy Amount
\$ 100,000.0000

Paid Deduction
\$ 24.0000

Calculated Premium
\$ 36.0000

6

Cancel OK

Calculate Group Term Life Premium - GL50

? Do you want to calculate on an annual frequency? 5

No Yes

Check Date - 10/12/12
Payroll 3 - Regular
86478 - Perform Design

Back to Payruns | Review Payrun

Line | Check | Pay Stub Message | Gross Up | Payrun Tasks | Add to Payrun | Format Grid | Payrun Settings | Pay Related Changes

Find Employees | Check 1 of 1 | Jamie Baum (Employee # 885) | 7

Earnings | Deductions | Taxes | Accruals | Gross To Net

Net Direct Deposit | Net Total: \$ 1,203.17

| Earnings | Rate | Hours | Amount | Deductions | Amount | Taxes | Amount | Accruals | Hours |
|---------------|----------|--------|-------------|------------|-----------|-------|-----------|----------|-------|
| Reg | 0.000000 | 0.0000 | \$ 1,650.00 | 403B | \$ 101.16 | MED | \$ 24.08 | | |
| GL50 | 0.000000 | 0.0000 | \$ 36.00 | Dent125 | \$ 25.00 | FITWH | \$ 216.59 | | |
| | | | | | | OH | \$ 45.12 | | |
| | | | | | | OHCIN | \$ 34.88 | | |
| Totals | 0.0000 | | \$ 1,686.00 | | \$ 126.16 | | \$ 320.67 | | |

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Have Questions About Year End?

Contact us at:
support@Paycor.com
or call 855-0565-3285



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