

DIOCESE OF MANCHESTER

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To: Pastors, Parish Administrators, School Principals and Business Managers/Bookkeepers

From: Christine L. Hagen, Director of Human Resources cc: Guy D. Chapdelaine

Patricia M. Goneau, Controller David A. Gabert

Date: December 1, 2014

Re: Paylocity: Checking In – Important Year-End Reminders

We hope you all had a wonderful and uneventful Thanksgiving with your family and friends despite the weather & power outage challenges that affected central and southern New Hampshire.

We are very thankful for you and all your hard work in helping us achieve the goal of getting all Diocese of Manchester locations on a common payroll platform. We realize that the push to transition to a common payroll platform occurred over a very short period and ideally a conversion of this size would typically take much longer. However because the mandatory reporting requirements of the Affordable Care Act (Obamacare) Regulations were only late in their promulgation and fast approaching, it was necessary to complete the conversion at an accelerated pace. We want you to know that your patience and cooperation is very much appreciated. For this, an enormous *THANK YOU to* everyone who interrupted their regular workflow to step up to the task to complete the conversion within the projected timeline. Your feedback on how your conversion went is very valuable so please feel free to give us a call or send us an email.

As we approach the end of the 2014 calendar year, we want to provide you with some important reminders and helpful tips for complete and accurate payroll reporting for the 2014 calendar year.

Did you know you can save processing fees by going paperless when you process payroll?

You can save payroll delivery fees by printing checks and direct deposit advices directly at your location. Paylocity provides blank check stock at a nominal cost. Ask your account manager for details.

Did you know that you will be able to preview your W-2's before they are printed in January?

Paylocity provides advance viewing of Employee W-2 forms beginning in November. This allows ample time to review form information for accuracy before the actual W-2 forms are printed in January. Remember to verify the accuracy of all information contained on W-2 forms before the end of the calendar year as the charges associated with corrections can be costly. To view W-2 forms, log into Paylocity, go to Reports/Analytics/Quarter/Year End.

Did you know that every employee needs to be assigned a Workers Compensation code?

You will recall that every year in the month of January, the Diocese Central Office requests a salary and benefits survey, which is required for Worker's Compensation Insurance renewals. Our plan, in that we are now all on a common payroll program, is to compile the necessary Worker's Compensation reports directly from Paylocity. However, it's important that all individual employees, including former and non-active employees, are coded with the correct WC code. **Please review employee records and add the code to all employees no later than December 19, 2014.** To update employee records, log into Paylocity and bring up an employee record. Select Work Info, then, Dept/Position. Click on Change all, which will allow you to edit the Worker's Compensation field. Enter the appropriate code and save.

Did you know that it's very important to use the correct earnings codes for medical insurance?

The earnings code for medical insurance is known as a memo code. A memo code is set up as an accumulator so that each time you run payroll, a year-to-date accumulation takes place. The medical insurance memo code reflects the amount the EMPLOYER contributes to an employee's medical plan premium on their behalf. The accumulation of this memo code is necessary for reporting employer sponsored medical premiums, which will be a reporting requirement on Form W-2 beginning in calendar year 2015.

In addition, medical insurance earnings codes are "smart coded" so you will be able to tell which health plan an employee has by their code. For example, "ERM2S" in the earnings codes means, employer medical option 2, single. To confirm that employees are coded correctly, log into Paylocity and bring up an employee record. Select Payroll Setup, then Earnings. Click on the current earning code, which will allow you to make changes. You can also add a new earnings code here by clicking on the Add button at the bottom of the page. It is important that the employer share reflects the correct amount. If payroll is run weekly it should reflect a weekly amount, etc... Reporting for the calendar year 2014 is optional and has been deactivated so that the accumulator will not be reported on Form W-2 for 2014 because the amount accumulated to date is only a partial year. However, it is important to make sure it is populated correctly for your first payroll in 2015 so that it will begin accumulating correctly for calendar year 2015.

Did you know that it's very important to use the correct deduction codes for medical insurance?

Deductions codes for medical insurance are also "smart coded" so you will be able to tell which plan an employee has just by their code. For example, "EEM2S" in the deduction code means, employee medical option 2, single. To confirm that employees are coded correctly, log into Paylocity and bring up an employee record. Select Payroll Setup, then Deductions. Click on the current deduction which will allow you to make changes. You can also add a new deduction here by clicking on the Add button at the bottom of the page. Just remember to save after entering data.

Enclosed are materials to assist you with year-end processing. These reports can also be found on the Paylocity website at: http://www.paylocity.com/resources/year-end-information.aspx

In summary, below is a list of action items to be completed before year-end:

- A) **Preview Form W-2**: verify information
- B) **Worker's Compensation Codes**: ensure that all employees, including inactive and former employees that will receive a Form W-2 for 2014 are coded with the proper workers compensation code.
- C) **Medical Earnings & Deduction Codes:** Verify applicable employee records reflect accurate medical insurance earnings and deduction codes.

Please feel free to contact Chris Hagen at 603-663-0161 or Pat Goneau at 603-663-0141 for assistance with these or any other issues you may have with Paylocity.