

Step by  
Step  
Preparation  
for  
Calendar  
Year End &  
W2's

2009

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Planning for  
Year End and  
W2  
Workshop

# Preparing for Year End and W-2's

The purpose of this booklet is to assist you in completing calendar year end housekeeping functions and preparing your file for W-2 processing in January. It's very important to check your payroll file now for any possible discrepancies so they can be addressed before the end of the calendar year.

The end of the year is always a busy time and it's very easy to put things on the back burner to be dealt with later. However we strongly encourage you to make any corrections or adjustments necessary to your payroll file before the end of the calendar year. This not only makes your life in January much easier but it also provides a consistent audit trail of the adjustments in your regular Cyborg production file, should you need to look back on this information at a later date.

If you have any questions regarding the items below or something we haven't covered please feel free to call a CDOT consultant for assistance.

## **#1 2 Column Year-To-Date Balancing for W-2's**

Download the 2 column YTD balancing spreadsheet from the CDOT website to balance your W-2 YTD amounts. This spreadsheet is very similar to the 3 column balancing spreadsheet that you complete each pay but for this one use the amounts from the YTD fields as opposed to the amounts in the current pay fields. Complete this spreadsheet every pay from now until the end of the year.

## **#2 Correct Messages on the 9E9E Report**

These messages show in the PRWARN report every pay. Some of the common messages relate to Canadian addresses, FICA tax over or under withheld for an employee, month, quarter or year to date out of balance for an employee, etc. Call us if you have questions on any of the messages.

## **#3 Employee Wages Should Not Be Paid Through Accounts Payable**

All wages for employees must flow through the Payroll file and be subject to taxes. This includes coaching pay and school board member stipends as well (for IRS regulations specifically relating to coaches and school board members go to [www.IRS.gov](http://www.IRS.gov) and search on 'school board members'). Check with Accounts Payable to find out if any wage compensation has been paid thru their department for 2009. If the answer is yes then you need to contact a CDOT consultant ASAP to assist you in bringing those dollars into your payroll file before the end of the year.

Don't wait until January to make these adjustments!

## **#4 Run FEDGRSDF Report**

This report is in your TSO library to check federal taxable gross by employee. Print and check it. There shouldn't be any employees with differences. If there are employees with differences, track down when the problem occurred and contact a CDOT consultant for assistance in correcting it before the end of the year.

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### #5 **Run FICAGRDF Report**

This report is in your TSO library to check FICA taxable gross by employee. Print and check it. There shouldn't be any employees with differences. If there are employees with differences, track down when the problem occurred and contact a CDOT consultant for assistance in correcting it before the end of the year.

### #6 **Run TSAYTD Report**

This report will assist you in checking for employees who may exceed the maximum TSA deduction amount for the calendar year. Be sure to change the maximum TSA amount in the job to \$16,500 and the remaining number of pays in the calendar year before you run the job.

### #7 **9091 Report Compare Federal Tax Gross / State Tax Gross**

Verify on your 9091 report that your YTD federal taxable gross matches your YTD state taxable gross. If there is a discrepancy look for the employee(s) in error on the **FEDGRSDF** report and contact a consultant for assistance in correcting the error before the end of the year. (If you have employees with Ohio State tax add both MI and OH Taxable Wages to compare to Federal Wages)

### #8 **No Negative YTD Amounts on Pretax Deductions**

W-2's will not print if you have any employees who have a negative YTD balance in a pretax HED. Run the **PR2HTL** and check for negative YTD amounts on pretax deduction HED's (TSA's, TDP's, 457's, Sec 125 Deductions, MIP, etc.) The negative amount in the YTD field usually means that a 2008 deduction was refunded in calendar year 2009. Contact a CDOT consultant as soon as possible if you have this situation and we can assist you in making the adjustment in the payroll file before the end of the year.

### #9 **Group-Term Life Insurance over \$50,000**

The value of employer provided coverage in excess of \$50,000 is fully taxable income. You are required to report the value on the employees W-2 as fully taxable earnings. The employer is not required to withhold federal withholding tax but is required to withhold FICA OASDI and FICA HI on the taxable value for all current employees. This means that you **MUST** bring the taxable value into payroll before the last regular pay in December so the employee has FICA withheld. Reporting FICA withholding as uncollected on the W-2 is **NOT** an option for current employees.

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### #10 3RD PARTY SICK PAY DOCUMENTATION

**ALL 3RD PARTY SICK PAY MUST BE REPORTED ON THE W-2.  
EVEN IF THE PAY IS NOT FEDERAL, STATE OR FICA TAXABLE.**

Non Taxable 3rd Party sick pay must be reported in box 12J of the employees W-2 form. Reporting short and long term disability payments is never fun but we are happy to report that we are all getting much better at it! Last year was almost a walk in the park!

To continue the good work and help avoid 3rd Party Sick Pay problems again this year we are requiring that you bring copies of the documents your district received from the 3rd Party Insurance Company for any sick pay you will be adding to your W2 file.

Even if you are not the department responsible for tracking or reporting the 3rd Party Sick Pay, please bring copies of the documents from the insurance company to the workshop (not just an excel spreadsheet with the amount of sick pay to add).

You may already have these HED's set up on your A8-SCR. If you don't it's not a problem, we will have examples for you to follow when you come in.

Non-Taxable 3rd Party Sick Pay: HED: \_\_\_\_\_

Employee paid Short Term Disability insurance premiums with after tax dollars payroll deducted from their payroll check.

Fully Taxable 3rd Party Sick Pay: HED: \_\_\_\_\_

Employer paid Short Term Disability (the first 6 months).

Fed/State Taxable (No FICA) 3rd Party Sick Pay: HED: \_\_\_\_\_

Employer Paid Long Term Disability (after 6 months). Long Term Disability over 6 months is not FICA taxable but is federal and state taxable.

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## #11 WORKSHEET FOR HED's TO PRINT IN W2 BOXES

**W2 Box 10** Qualified Dependent Care Benefit Deduction:

HED: \_\_\_\_\_

**NOTE: THIS IS SEC125 DEPENDENT CARE ONLY**

DO NOT include SEC125 Health Care Deductions!

**W2 Box 12C** Group Term Life Insurance Over \$50,000

HED: \_\_\_\_\_

**W2 Box 12E** Employee Contributions to Section 403b's:

When entering multiple screens, change the Separator Code for each new screen. You may list up to a maximum of 36 TSA HED's.

HED: \_\_\_\_\_ HED: \_\_\_\_\_ HED: \_\_\_\_\_ HED: \_\_\_\_\_

HED: \_\_\_\_\_ HED: \_\_\_\_\_ HED: \_\_\_\_\_ HED: \_\_\_\_\_

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## #11 WORKSHEET FOR HED's TO PRINT IN W2 BOXES

### W2 Box 12G Employee Contributions to Section 457's:

HED: \_\_\_\_\_ HED: \_\_\_\_\_ HED: \_\_\_\_\_

HED: \_\_\_\_\_ HED: \_\_\_\_\_ HED: \_\_\_\_\_

### W2 Box 12J Non-Taxable 3rd Party Sick Pay:

HED: \_\_\_\_\_

### W2 Box 12M Uncollected FICA OASDI on Group Term Life over \$50,000 for Former Employees:

HED: \_\_\_\_\_

### W2 Box 12N Uncollected FICA HI on Group Term Life over \$50,000 for Former Employees:

HED: \_\_\_\_\_

### W2 Box 14 "Optional":

Note: We recommend listing the following deductions in the optional box  
on the W2: MIP, TDP's, Union Dues, United Fund, etc.

Priority A DESC: \_\_\_\_\_ HED's: \_\_\_\_\_; \_\_\_\_\_: \_\_\_\_\_

Priority B DESC: \_\_\_\_\_ HED's: \_\_\_\_\_; \_\_\_\_\_: \_\_\_\_\_

Priority C DESC: \_\_\_\_\_ HED's: \_\_\_\_\_; \_\_\_\_\_: \_\_\_\_\_

Priority D DESC: \_\_\_\_\_ HED's: \_\_\_\_\_; \_\_\_\_\_: \_\_\_\_\_

Priority E DESC: \_\_\_\_\_ HED's: \_\_\_\_\_; \_\_\_\_\_: \_\_\_\_\_

## Preparing for Year End and W-2's

### #12 WHAT TO BRING TO THE W2 WORKSHOP IN JANUARY:

- **22TL** From your last payroll of 2009
- **9091** From your last payroll of 2009
- **2MTL** From your last payroll of 2009 for 299, 310, 311, 312
- Print report **LSTSTAT2** (from TSO) and bring it with you to assist in reporting employees with no retirement plan coverage Box 13 on W-2 (Students, Retirees & Exempt Employees)
- 3rd Party Sick Pay recipients list with names and ss#'s to assist you in completing Box 13 on W-2 (Checkmark in 3rd Party Sick Box)
- A printed copy of the completed 2 Way Balancing Spreadsheet from the CDOT website
- Documents from 3rd Party Sick Pay Insurance Company for all sick pay to be added to W-2's.
- Completed worksheet of HED's to print in W-2 boxes (Pages 4-5)
- Purchase Order Form for W-2 Forms and Envelopes