

A Successful Year-End Starts **NOW**

BY RAEANN HOFKIN, CPP

Do you have a plan in place for a successful year-end? Sure, 2008 isn't quite over yet, but it's never too early to start your planning for year-end. And once you know where you want to go, it's even easier to plot your course.

First, start by analyzing your results from last year. Define what went wrong and what procedures can be implemented to prevent those problems from happening again.

Target the root causes of your disasters last year. Don't dwell solely on what went wrong, but don't fall into complacency, either. After all, every process and procedure can be streamlined and improved with automation and technology.

Evaluate your team members. Were the right people assigned to the right responsibilities, or do you need to make a change in behavior or company culture? Such changes take time, so start now.

Create a checklist for your team that includes what you need, who is responsible for getting it to you, and the date by which you need it. Then, schedule reminders in your online calendar so deadlines may be enforced. Make sure everyone on the team is aware of everyone else's deadlines, thus ensuring accountability across the board.

Hold short weekly or biweekly update meetings—15 minutes or so—and schedule them early in the morning before everyone gets too busy with other assignments.

Plan to attend an APA year-end class (go to www.americanpayroll.org). If you process your payroll with ADP, you may be fortunate enough to have a combined year-end class with APA and ADP. Attending this type of seminar will remind you of year-end processes that come once a year and alert you of changes coming in the next year. By attending a year-end seminar, you also get to network and exchange ideas with others in your area.

Starting in October, you should review federal holidays to ensure compliance with tax deposit and reporting deadlines, and verify those holidays with your payroll processing company. Staff your payroll department accordingly.

If you file your own tax returns,



verify the requirements for each state in which you file. Create a list containing each state, as well as the forms and formats required to file those returns. Remember, more and more states are going electronic.

If you print your own Forms W-2, verify the record layout specifications. When you order your forms, review stock as soon as it is delivered to ensure there are no issues. Don't forget—you should also include "order Forms W-2" on your year-end checklist.

If you use software to produce your Forms W-2, review carefully—and conduct test runs—to ensure they meet the latest requirements. Double-check your tax tables for any new earnings codes that were added during the year. Be sure that taxable earnings codes are being taxed correctly and mapped correctly to the W-2.

If you are providing Forms W-2 for employees receiving third-party sick pay, contact the carrier and ask to receive the information as soon as possible. This information sometimes arrives after January 15, but if you ask, you may be able to receive it via fax the first week in January. If your third-party sick pay carrier is distributing Forms W-2 to your employees, check with the carrier to ensure they have your employees' correct information.

Don't just review your wage and tax register—reconcile it. Make sure all the numbers balance. Check for special indicators that would suggest a problem, and investigate further if need be. It is a good idea to do so each pay period. You can even create an Excel worksheet showing gross-to-net by pay period and/or quarter, and have each quarter equal the totals of your Forms W-2. This is a good practice to carry out each pay period and reconcile every quarter. Fourth quarter should be reconciled before the final tax payment is due

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to ensure timely corrections.

Review the taxability of fringe benefits like relocation, tuition reimbursement, cell phones, outstanding advances, etc., with the accounts payable department. Payments such as these are sometimes processed via an expense report without realizing they may be taxable and should therefore be processed through the payroll.

Instruct each employee to review their W-4 (usually done by December 1), and ask them to double-check their social security number, name, and address. This notice should be sent around a pay date so that such information is readily available. Remember, if your payroll processing "masks" social security numbers, "un-mask" them so that employees may verify their information.

Develop a plan for those employees who consistently request copies of their W-2, such as creating a form with which they can request copies. Our company only issues copies after February 15 and only on Wednesdays of non-payroll weeks (biweekly). For security reasons, we do not accept requests over the phone, and we must have their signature and a copy of their driver's license to issue a copy to a different address.

Shortly after you process your last payroll of the year and any adjustment payrolls, your first payroll in January needs to be processed. Check with human resources and/or benefits for any new items. Are there any new pre-tax benefits? Do you need any new earnings codes that affect your first payroll? Be sure they are mapped correctly to the W-2, if needed. Change your password with the SSA's Business Services Online for electronic filing on an annual basis. If applicable, update the nonresident alien tax treaty tables for the first pay period in January.

OTHER MISCELLANEOUS ITEMS TO ADD TO YOUR CHECKLIST

- Be sure dependent care flexible spending account (FSA) amounts

display in the correct box on the W-2.

- If you are still processing your group-term life (GTL) manually, have it processed by the last pay period of the year.
- Verify that all stop payments, voids, and manual checks have been processed.
- Review the Retirement Plan checkbox in Box 13 of the W-2.
- Schedule an out-of-sequence payroll for any adjustments in advance.
- Schedule a bonus payroll, if necessary.
- Reconcile 401(k) and the employer match, if any, and perform "true up" (if applicable).
- 1099 processing (if you are responsible for accounts payable).
- Backup your database (in-house systems).

PAYROLL REPORT BALANCING TIPS

Balancing payroll reports can be a rather tedious process, but if you follow some standard tips, the process will flow with relative ease.

For starters, add the wages, withholdings, etc. from the four quarterly 941s filed for the year, and verify that they match the totals on the Forms W-2 and the totals on the Earnings and Deductions report. Then, use the totals from that report to balance the W-2 information for state wages and withholding amounts to the forms that are filed with your state taxing authority.

Print the General Ledger Trial Balance and compare with the Earnings and Deductions report to ensure that the totals balance with the wage accounts, liability accounts, etc. Finally, balance flat tax rates against taxable wages.

YEAR-END IS YEAR-ROUND

Year-end is a never-ending process. What you do all year affects your year-end process. Even if you are careful, circumstances beyond your control can make for an interesting adventure. Remember, it's never too early to start planning for year-end. ■

Don't Go Through Year-End Alone

BY STEVE HODGSON, CPP

December 31 seems so far away, so why stress about year-end now?

Here's why—for payroll professionals, preparing for year-end should be an everyday event. It's not just the last day of the year, but a process that lasts all year long.

Federal, state, and local taxation requirements are only part of the process. If you don't prepare for year-end tasks, some of those tasks might very well fall through the cracks. When that happens, how will you recover?

WE CAN HELP

APA's *Preparing for Year-End and 2009* one-day course can help. This course supports you in overcoming the challenges of year-end processing.

Perhaps the most important part is that you're not alone. Together, APA's year-end instructors have more than 300 years of payroll year-end experience! They will share the tips and tricks that have made their personal payroll year-end experiences successful in order to help you produce similar results.

You will also learn from your peers through networking during the seminar. Learning from others' experience and sharing your own stories is an invaluable feature of the course.

Attendees also get essential reference materials to bring back to the office. The *Preparing for Year-End and 2009* year-end action items checklist is an essential tool for every payroll professional. It's the place to start your year-end preparations, and it will be a critical part of your year-end success. The comprehensive course book alone is worth the price of admission. If you can't attend the course, you can still buy the course book alone, or attend and get the full course book with the new webinar options (see sidebar, "APA Goes Digital for Year-End").



DON'T MISS THESE TOPICS

Attendees will learn about the crucial role that reconciliations play in year-end processing. Of course, the year-end course would not be complete without a review of the most popular fringe benefits, and how their taxation, withholding, and reporting requirements impact your year-end process. During the course, you will see how the most frequently provided fringe benefits are reported on Forms W-2 and 941.

Since reporting is not the only process involved in year-end, your instructor will also cover additional issues that impact your organization's payroll in 2009, including:

- Legislative actions that will impact your processing in 2009
- Regulatory updates and agency guidance from the Internal Revenue Service and the Department of Labor's Wage and Hour Division
- Court decisions that provide guidance on how specific issues should be treated

Here are key year-end compliance issues you can't afford to miss:

- The new Form 941X for 2009 (replacing Form 941c)
- The effect of the minimum wage increase on creditor garnishments
- The expansion of the FMLA to service members' relatives
- Proposed regulations for automatic 401(k) enrollments
- Changes to Form W-2 and instructions

WHICH COURSE IS RIGHT FOR YOU?

To ensure your specific year-end needs are met, APA has four specialized *Preparing for Year-End* courses. Visit www.americanpayroll.org and click on the "Courses and Conferences" tab for more information. The four courses are:

- *Accounts Payable/Disbursements Preparing for Year-End and 2009*, presented at 20 sites across the country beginning October 6
- *Preparing for Year-End and 2009*, presented at 75 sites across the country beginning October 17
- *Government/Public Sector Preparing for Year-End and 2009*, presented at 10 sites across the country beginning October 27
- *Canadian Payrolls Preparing for Year-End and 2009*, presented at five sites across the country beginning November 13

PREPARE TODAY

Don't go through year-end processing alone. Discover why more than 100,000 of your colleagues have trusted APA for their year-end training. Attend *Preparing for Year-End and 2009* to learn from knowledgeable instructors and network with other payroll professionals. If you can't attend the seminar in person, be sure to purchase the course book or the take advantage of the webinar options. Year-end won't be the end of you—if you prepare today! Visit www.americanpayroll.org and click on the "Courses and Conferences" tab for more information. ■

Year-End Webinars Provide 24/7 Access

Need year-end training, but can't get out of the office? Not to worry, APA is bringing training to you! New for 2008, APA is presenting live, web-based, interactive presentations of its most popular seminar, *Preparing for Year-End and 2009*.

Your registration provides you with APA's renowned year-end checklist and course materials for each registered segment. Get your year-end essentials delivered to you, anywhere you have Internet access.

This program is offered in four 90-minute, interactive segments:

- Segment 1: Year-End Preparation—October 29, 2008
- Segment 2: Year-End Reporting and Taxation of Fringe Benefits—October 30, 2008
- Segment 3: State Regulations Impacting Year-End, Annual Changes, and Forms Review and Revisions—November 5, 2008
- Segment 4: Legislative and Regulatory Review—November 6, 2008

Can't make these online dates? Choose APA's On-Demand Webinars—available any time, anywhere you have web access. On-Demand webinars for *Preparing for Year-End and 2009* and *Accounts Payable/ Disbursements Preparing for Year-End and 2009* webinar will be available mid-November. Visit www.americanpayroll.org and

click the "Courses and Conferences" tab for more information.

Earn up to seven CPE credits with *Preparing for Year-End and 2009* webinars! By attending all four live presentations, you will earn 6 RCHs, 0.6 CEUs, or 7 CPE credits (or 1.5 RCHs, 0.15 CEU, or 1 CPE credit per individual segment). Please note that CPE credits will not be granted for the On-Demand Webinars. ■