

2016 Year End Update

Version 2017.1 FAQ Highlights

Local and/or School District withholdings have been incorrectly setup (with generic names). What steps are needed to properly setup these withholdings for future wages and accurate reports? What are the implications for past wages posted with the incorrectly setup withholdings?.....1

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LOCAL AND/OR SCHOOL DISTRICT WITHHOLDINGS HAVE BEEN INCORRECTLY SETUP (WITH GENERIC NAMES). WHAT STEPS ARE NEEDED TO PROPERLY SETUP THESE WITHHOLDINGS FOR FUTURE WAGES AND ACCURATE REPORTS? WHAT ARE THE IMPLICATIONS FOR PAST WAGES POSTED WITH THE INCORRECTLY SETUP WITHHOLDINGS?

The following steps have been copied from version 2017.1 UAN Payroll Manual. They can be accessed there using the table of contents under Payroll Maintenance → Withholdings → *Withholdings* Frequently Asked Questions and scroll down to *FAQ #5*.

Note: the answer to *Withholdings FAQ #5* involves the multiple steps that follow, beginning with the Overview below.

FAQ #5A: Overview

Under Payroll → Maintenance → Withholdings, each different local tax associated with employee(s) home address or work location requires a separate withholding on the main Withholdings list. Also, each different school district income tax associated with employees' home addresses requires a separate withholding on the main Withholding list.

UAN Support has found that some UAN clients have generically-named one local tax withholding on the main Withholdings list, added that withholding to employees that live in different tax locations (under Payroll → Maintenance → Employees) in the employee withholding screen and then renamed the generic withholding *as several different localities* (for the purpose of withholding various percentages for particular localities). UAN Support has also found that this same approach has been carried out for School District taxes. This approach is problematic as it prevents you from generating accurate UAN reports by specific local or school tax districts, requires manual calculations to separate local and school taxes for withholding payments and requires manual edits to the W-2 form.

If you currently have some local or school district tax withholdings setup this way, complete the following instructions to deactivate the generically-named withholding and add separate precisely-named local or school district withholdings. Once you have established separate withholdings and edited the employee(s) withholdings UAN can generate accurate reports for *newly posted* wages. **IMPORTANT:** if the generic-named withholdings were already deducted on wages in the current year, the affected employee(s) W-2 form will still require corrections. Carrying out these changes will enable you to manually edit the W-2 form in the UAN software to correct the employee local and school district taxable earnings and withholdings.

FAQ #5B: Review Withholdings In The Main Withholding List

STEPS TO ACCESS: Payroll → Maintenance → **Withholdings**

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- Step 1:** Verify that a separate local tax is set up for each locality where your employees live or work.
- Step 2:** Verify that a separate school district tax is set up for each school district with an income tax where your employees live.
- Step 3:** Follow the steps below if you find any generic local or school tax withholdings (*i.e. any with generic names that are not specific to any particular locality or school district*).

FAQ #5C: Deactivate Generic-Named Local Or School Withholdings

STEPS TO ACCESS: Payroll → Maintenance → **Withholdings**

- Step 1:** Select the generically-named local or school district withholding.
- Step 2:** Click on the Deactivate button to disable the withholding.

FAQ #5D: Add Unique-Named Local Or School Withholdings

STEPS TO ACCESS: Payroll → Maintenance → **Withholdings**

- Step 1:** Click on the Add button.
- Step 2:** Enter a unique Name for the specific withholding. *Note: You must input a different name than the withholding that you deactivated above.*
- Step 3:** Select the correct withholding Process Group (*F00 (Local) or G00 (School)*) by clicking on the down arrow on the right side of the process group field.
- Step 4:** Select a Payee by clicking on the down arrow on the right side of the payee field. *Note: the same Payee may be selected for multiple withholdings, and one payment will be produced when you post the withholdings.*
- Step 5:** If applicable, select a Location by clicking on the down arrow on the right of the location field.
- Step 6:** Verify that the location of the payee is correct by clicking on the Payee tab located below the location field.
- Step 7:** Click on the Details tab.
- Step 8:** If F00 (Local Tax) is the process group, enter the **W-2 Abbreviation** for the local tax withholding that will appear on the W-2 forms.
- Step 9:** If G00 (School Tax) is the process group, follow the sub-steps below:
- Step 9a:** Enter the four digit school **District #**.

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Step 9b: Verify or select the **Tax Base** for the new school withholding.

Note: School district numbers and tax bases are available on the Ohio Department of Taxation website. These must be correct for accurate withholding calculations and W-2 reporting.

Step 10: Verify or select the Employee Share default setting – None, Amount, or Rate. If Amount or Rate is selected, enter the amount or rate to set as the default for when the withholding is added to employees.

Step 11: Click on the Save button to add the new withholding.

Step 12: Click on the Close button to exit the Add Withholding form.

FAQ #5E: Identify Employees With Generic Withholdings

STEPS TO ACCESS: Payroll → Reports & Statements → **Withholding Reports**

Step 1: Select Withholding History from the report drop down box.

Step 2: Select the Generic Withholding Name(s) from the grid (*the one(s) deactivated in the steps above*).

Step 3: Click on the Print button.

FAQ #5F: Correcting Employees Setup With Generic Withholdings

STEPS TO ACCESS: Payroll → Maintenance → **Employees**

Step 1: From the main Employees screen, using the report printed above select an **employee** to edit by clicking on the checkbox beside the employee ID.

Step 2: Click on the Edit button and select the Advanced option.

Step 3: Click on the Withholdings tab.

Step 4: Select any withholdings in the grid that need to be deactivated because they were set up incorrectly. Click on the Deactivate button.

Step 5: Click on the Add button.

Step 6: Select the properly set up withholding from the pick list.

Step 7: Select the Employee Share setting on the detail tab – None, Amount, or Rate. If Amount or Rate is selected, verify the defaulted amount or rate. Modify the number if necessary.

Step 8: Click on the Earnings tab. Select the earnings that the withholding should be applied to.

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- Step 9:** Click on the Save button to add the new withholding.
- Step 10:** Click on the Close button to exit the Add Withholding form.
- Step 11:** Click on the Close button again to exit the Edit Employee screen.
- Step 12:** Repeat steps 1-11 for each employee on the report.

*****END OF WITHHOLDING FAQ #5 MULTI-STEP SOLUTION*****

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WHAT ARE WITHHOLDING PROCESS GROUPS? DO THEY AFFECT TAX CALCULATIONS? HOW CAN I CONFIRM THAT OUR WITHHOLDINGS ARE SETUP WITH THE CORRECT PROCESS GROUP?

The following steps have been copied from version 2017.1 UAN Payroll Manual. They can be accessed there using the table of contents under Payroll Maintenance → Withholdings → *Withholdings* Frequently Asked Questions and scroll down to **FAQ #6**.

Note: the answers to Withholdings FAQ #6 involve the multiple steps that follow, beginning with the Overview below.

FAQ #6A: Overview

A process group is the means by which the UAN software calculates taxes on employee wages and therefore each withholding must be assigned to a process group. The UAN software includes preset and customizable withholdings.

Preset withholdings automatically use the correct process group and do not need to be verified. Preset withholdings include Federal, Ohio, Supplemental (Federal and Ohio), Medicare, Social Security, OPERS and OP&FPF.

Customizable withholdings must be assigned to one of the process groups listed below. It is essential that all custom withholdings are assigned to the appropriate groups since each group affects other taxes in specific ways, as explained below.

Processing Groups

Cafeteria Plans – The IRS defines a cafeteria plan on their web site (*as of November 2016*) listed below:
<https://www.irs.gov/government-entities/federal-state-local-governments/faqs-for-government-entities-regarding-cafeteria-plans>.

Cafeteria plans are subtracted from employee wages before the following taxes are applied: Federal, Ohio, Medicare, Social Security, Locals, and Schools.

Deferred Withholdings – The IRS defines deferred compensation withholdings on their web site (*as of November 2016*) listed below:

<https://www.irs.gov/retirement-plans/irc-457b-deferred-compensation-plans>.

Deferred Compensation is subtracted from employee wages before the following taxes are applied: Federal, Ohio, and Schools.

Local Taxes – All Village and City income taxes should be classified as a Local Tax.

Local taxes are applied to wages after subtracting Cafeteria Plans.

School Taxes – All School District income taxes should be classified as a School Tax.

School taxes are applied to wages after subtracting Cafeteria Plans and Deferred Withholdings.

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School taxes for Ohio Tax Wage Base districts are also reduced by employees' Ohio personal tax exemptions.

Miscellaneous/Union Withholding – All user-created withholdings that do not fit into one of the processing groups listed above should be classified as Miscellaneous/Union Withholding.

FAQ #6B: Review Withholdings In The Withholding List

STEPS TO ACCESS: Payroll → Maintenance → **Withholdings**

Verify that the process group displayed in the second column of the grid is accurate for the withholding name displayed in the first column of the grid.

If you find that all your withholdings have the correct process group, you do not need to make any changes or read any more of this frequently asked question.

If you find that some withholdings do not have the correct process group you must follow the steps below to add a new withholding with the correct process group, deactivate the old withholding, and change the affected employee withholdings.

IMPORTANT: The setup corrections below *will only ensure that moving forward* the wages will be posted with the proper withholdings, **it will not** correct any current year tax reports or the W-2 forms. For example, improper use of Cafeteria Plan and Deferred Withholding process groups in the past would have resulted in incorrect reported taxable earnings and generated incorrect tax withholdings. So in addition to making setup changes for future wages, you must **also** manually correct the tax reports, pay any additional taxes and penalties that may be incurred and manually edit the W-2. Options for posting Wage Adjustments to make the corrections for the entire year may not be possible. **Please contact the UAN Support to discuss the tax implications of your setup errors.** Note that UAN Support staff can clarify how the process group sections affect tax withholdings, but provide tax advice – contact the IRS or a tax advisor.

Complete the steps that follow to correct withholdings that were setup with the wrong process group.

FAQ #6C: Deactivate Withholdings Assigned To The Wrong Process Group

STEPS TO ACCESS: Payroll → Maintenance → **Withholdings**

Step 1: Select a withholding that is set to an incorrect process group.

Step 2: Click on the Deactivate button to disable the withholding.

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FAQ #6D: Add Withholdings Assigned To The Correct Process Group

STEPS TO ACCESS: Payroll → Maintenance → **Withholdings**

- Step 1:** Click on the Add button.
- Step 2:** Verify the Active radio button is selected. (The system automatically defaults the radio button to 'Active').
- Step 3:** Enter a unique Name for the corrected withholding. *Note: You must input a different name than the withholding that you deactivated to replace with this one, even if by simply adding a number or word to the end of the old name.*
- Step 4:** Select the correct withholding Process Group by clicking on the down arrow on the right side of the process group field.
- Step 5:** Select a Payee by clicking on the down arrow on the right side of the payee field.
- Step 6:** If applicable, select a Location by clicking on the down arrow on the right of the location field.
- Step 7:** Verify that the location of the payee is correct by clicking on the Payee tab located below the location field.
- Step 8:** Click on the Details tab.
- Step 9:** If A00 (Cafeteria Plan), B00 (Deferred Withholding), or K00 (Miscellaneous/Union Withholding) is the process group, and a Maximum To Withhold, Per Wage or Per Year needs established, click on the Per Wage and/or Per Year checkbox to place a checkmark in the box and enter the amount to establish as the maximum. *Note: These maximums are strictly upper limits that will be applied to all employees using the withholding – **do not** enter anything in them if the withholding does not have a cap on the amount that can be withheld.*
- Step 10:** If F00 (Local Tax) is the process group, enter the **W-2 Abbreviation** for the local tax withholding that will appear on the W-2 forms.
- Step 11:** If G00 (School Tax) is the process group, follow the sub-steps below:
- Step 11a:** Enter the four-digit school **District #**.
- Step 11b:** Verify or select the **Tax Base** for the new school withholding.

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Note: School district numbers and tax bases are available on the Ohio Department of Taxation website. These must be correct for accurate withholding calculations and W-2 reporting.

- Step 12:** Verify the Overtime checkbox. The option is automatically selected so that the withholding is designated to be applied to overtime wages (if any). If the withholding should not be applied to overtime wages, click on the box to deselect the option (*very uncommon*).
- Step 13:** Verify or select the Employee Share default setting – None, Amount, or Rate. If Amount or Rate is selected, enter the amount or rate to set as the default for when the withholding is added to employees. Select None when a different amount or rate applies to different employees that will have this withholding deducted.
- Step 14:** Click on the Save button to add the new withholding.
- Step 15:** Click on the Close button to exit the Add Withholding form.

FAQ #6E: Identify Employees With Withholdings Assigned To The Wrong Process Group

STEPS TO ACCESS: Payroll → Reports & Statements → **Withholding Reports**

- Step 1:** Select Withholding History from the report drop down box.
- Step 2:** Select the Withholding Name(s) from the grid with the wrong process group (*the one(s) deactivated in the steps above*).
- Step 3:** Click on the Print button.

FAQ #6F: Correcting Employees Setup With Withholdings Assigned To The Wrong Process Group

STEPS TO ACCESS: Payroll → Maintenance → **Employees**

- Step 1:** From the main Employees screen, using the report printed above select an **employee** to edit by clicking on the checkbox beside the employee ID.
- Step 2:** Click on the Edit button and select the Advanced option.
- Step 3:** Click on the Withholdings tab.
- Step 4:** Select any withholdings in the grid that should be deactivated because they were set up incorrectly. Click on the Deactivate button.

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- Step 5:** Click on the Add button.
- Step 6:** Select a properly set up withholding from the pick list.
- Step 7:** Select the Employee Share setting on the detail tab – None, Amount, or Rate (*not available for A00 (Cafeteria Plan)*). If Amount or Rate is selected, enter the amount or rate to set as the default for when the withholding is added to employees.
- Step 8:** Verify the Overtime checkbox on the Details tab. If this option is selected the withholding is designated to be applied to overtime wages (if any). If the withholding should not be applied to overtime wages, click on the box to deselect the option (*very uncommon*).
- Step 9:** Input a Case # or Order # on the Details tab if applicable (*only available for K00 (Miscellaneous/Union Withholding)*) This is used for court ordered child support and garnishment withholdings.
- Step 10:** Click on the Earnings tab. Select the earnings that the withholding should be applied to.
- Step 11:** Click on the Skip Deductions tab (*not available for F00 (Local Tax) and G00 (School Tax)*). Select the ‘Deduct from every pay period’ radio button if the withholding should be deducted from every pay period, or select the ‘Skip the pay periods marked below’ radio button if the withholding should not be deducted from specific pay periods. If the ‘Skip the pay periods marked below’ option is chosen, select a date within each pay period that the withholding should skip (*preferably the pay period end date*). Also, a Frequency should be selected to determine whether the marked skip dates fall within any particular wage’s pay period.
- Step 12:** Click on the Save button to add the corrected withholding. (Selecting Close on this step will prompt the system to display a message ‘Save Changes?’ Selecting Yes will still save the new withholding. Selecting No will exit without saving. Selecting Cancel will return to the Add Withholding form.)
- Step 13:** Click on the Close button to exit the Add Withholding form after the new withholding has been saved. (The system displays a message in the bottom left corner of the Add Withholdings form to confirm the new withholding has been saved.)
- Step 14:** Click on the Close button to exit the Edit Employee screen.
- Step 15:** Repeat steps 1-14 for each employee on the report.

*****END OF WITHHOLDING FAQ #6 MULTI-STEP SOLUTION*****

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WHAT ARE THE STEPS TO PAYOUT AN UNUSED LEAVE BALANCE IN WHICH OPERS (OR OP&FPF) HAS CONFIRMED IS NON-PENSIONABLE?

The following steps have been copied from version 2017.1 UAN Payroll Manual. They can be accessed there using the table of contents under Payroll Maintenance → Earnings and Leave → *Earnings and Leave* Frequently Asked Questions and scroll down to **FAQ #4**.

Note: the answer to Earnings and Leave FAQ #4 involves the multiple steps that follow, beginning with the Overview below.

FAQ #4A: Overview

Payouts of unused leave at retirement, termination of employment, or during the course of the year (*whenever your entity's policies state that leave should be paid out*) may or may not be pensionable.

You must verify the pensionable or non-pensionable status of each leave payout with OPERS and/or OP&FPF prior to payment. If you are informed by OPERS or OP&FPF that the leave payout is non-pensionable, follow the steps below to setup a non-retirement earning for paying the leave – this ensures that no employer or employee retirement withholdings will be generated, nor included on the monthly retirement reports.

FAQ #4B: Set Up A Non-Retirement Earning For Leave Payouts

STEPS TO ACCESS: Payroll → Maintenance → **Earnings and Leave**

- Step 1:** Review the list grid to see if you already have a non-retirement item established for leave payouts. If one already exists, skip to the section titled “Add the non-retirement earning to an employee.” If a non-retirement earning does not already exist, follow the steps below to add one.
- Step 2:** Click on the **Add** button.
- Step 3:** Enter a unique **Name** for the new earning.
- Step 4:** Select Non-Retirement Items as the **Type** by clicking on the down arrow on the right side of the earning type field.
- Step 5:** Leave the OP&FPF Type blank.
- Step 6:** Click on the **Save** button to add the new earning.
- Step 7:** Click on the **Close** button to exit the Add Earning or Leave form after the new earning has been saved.

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FAQ #4C: Add The Non-Retirement Earning To An Employee

STEPS TO ACCESS: Payroll → Maintenance → **Employees**

- Step 1:** From the main Employees screen, select an **employee** to edit by clicking on the checkbox beside the employee ID.
- Step 2:** Click on the Edit button and select the Advanced option.
- Step 3:** Click on the Earnings tab.
- Step 4:** Change the Status filter (located above the earning list) to **All** by clicking on the down arrow on the right side of the field. Review the list grid to see if an earning type that is between 9000-9299 is already set up for leave payouts. If one already exists, make sure the status is active (*if one is inactive, activate it and skip to “Adjust the leave balance to reflect any remaining hours.”*) If one does not exist, follow the steps below to add a non-retirement earning to the employee.
- Step 5:** Click on the Add button.
- Step 6:** Verify the **Active** radio button is selected for the **Earning Status**. (*The system automatically defaults the radio button to ‘Active’*).
- Step 7:** Select the position **Name** by clicking on the down arrow on the right side of the Position field.
- Step 8:** Select the position **Type** by clicking on the down arrow on the right side of the Type field.
- Step 9:** Select the **Department** by clicking on the down arrow on the right side of the Type field.
- Step 10:** Select the position **Classification** – Hired or Appointed. (*If the employee position type is ‘Other’, the classification is automatically set to ‘Hired’ and cannot be modified*)
- Step 11:** Select the Unemployment Eligible checkbox (*it may be automatically selected depending on the position classification*).
- Step 12:** Select the Non-Retirement Earning set up for leave payouts by clicking on the down arrow on the right side of the earning field.
- Step 13:** Verify or modify the earning **Description**.
- Step 14:** Select the pay **Frequency** (*typically this would be annual for a leave payout*) by clicking the down arrow on the right side of the frequency field.

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- Step 15:** Enter the **Pay Rate** for the earning.
- Step 16:** On the Withholdings tab, select the withholdings that should be deducted from the employee earning that is being added by clicking on the checkbox beside the withholding type. For this type of earning you should only include taxes such as Federal, State, Medicare, Local, and Schools. Do NOT include any supplemental taxes or non-tax withholdings such as health insurance or union dues – these should only be withheld from regular earnings.
- Important: If the employee has a garnishment or other court ordered withholding, you will need to review the court order to determine how much, if any, should be withheld from the leave payout.*
- Step 17:** On the Accounts tab, select an **Account Split Method:** No Split, Manual, Percentage, or Hours. Select the Appropriation Account(s) that the employee earning will be paid from by clicking on the down arrow on the right side of the appropriation account field.
- Step 18:** Click the Save button.
- Step 19:** Click on the Close button to exit the Edit Employee Earning screen.
- Step 20:** Click on the Close button again to exit the Edit Employee screen.
- Step 21:** Repeat steps 1 – 20 to add the non-retirement earning for leave payouts to any additional employees as necessary.

FAQ #4D: Adjust The Leave Balance To Reflect Any Remaining Hours

STEPS TO ACCESS: Payroll → Utilities → **Leave Balance Adjustment**

- Step 1:** The system displays the message, ‘Supporting documentation should be retained for all leave balance adjustments.’ Click on the **OK** button to proceed.
- Step 2:** Under the Adjust Leave Balance section, select to filter the employee leave balances **By Employee**.
- Step 3:** Select the applicable employee. Click in the **Adjustment** field for the leave type that is being adjusted and enter the adjustment amount (the hours that the employee will be paid for, *as a negative number*).
- Step 4:** Select or enter the **Date** of the adjustment to be posted. This should be the payout date.
- Step 5:** Type in a descriptive explanation in the **Purpose** field (*this will display on Leave reports*).
- Step 6:** Click on the **Post** button.

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Step 7: Repeat steps 2-6 for each leave or employee that will receive leave payouts.

Step 8: Click on the **Close** button to exit.

FAQ #4E: Pay The Leave Payout

STEPS TO ACCESS: Payroll → Transactions → **Wages**

UAN recommends always posting leave payouts on a separate payment from regular earnings.

Step 1: Click the Add button.

Step 2: Select Warrant/EFT.

Step 3: The system will display the following message: 'Please remember to verify the pay period dates for the wages to be added. These dates are critical for the accuracy of the withholding rates and reports. If desired, this Pay Period Reminder may be disabled at: General > Maintenance > User Preferences (Wages tab)'. Click the **OK** button to continue.

Step 4: Select the Departments from the list by clicking on the checkbox beside the department name.

Step 5: Select the Frequencies (Annual if set up like suggested above) from the list by clicking on the checkbox beside the frequency name.

Step 6: Verify or modify the pay period Start Date and End Date of the frequencies for which wages are being added. If the Start Date and End Date need to be modified, click the Start Date and/or End Date fields and manually enter the dates.

Step 7: Select ONLY the Non-Retirement Leave Payout Earning from the list by clicking on the appropriate checkbox beside the employee ID for each employee as necessary.

Step 8: Click the Save button.

Step 9: Click the Close button.

Step 10: The following system message will be displayed, 'Open the Edit form to edit the new wages?' Select Yes to open the edit form for all newly added wages.

Step 11: Input the hours to pay out to the employee in the non-retirement leave payout earning.

Step 12: Zero out any leave accruals in the Earned/Used/Denied Leaves grid at the bottom of the screen.

Step 13: Click on the Withholdings tab.

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- Step 13a:** No OPERS or OP&FPF should be withheld from this payment. If either of these withholdings are listed in the grid, **STOP** and call UAN Support before proceeding. **Do NOT zero out the withholding and continue to post this wage.**
- Step 13b:** Only taxes should be withheld. Any supplemental or non-tax withholdings like health insurance or union dues should be zeroed out in the Override column.
- Important**The IRS and the Ohio Department of Taxation both **require** withholding special “supplemental rates” from non-wage payments such as leave payouts. The UAN software does not automatically withhold at these rates! You will need to manually calculate the Federal and Ohio tax amounts and enter them into the Employee Withholdings Override column (*Medicare, local, and school taxes do not need to be edited*). **For withholding rate questions, review the IRS Publication 15 (Circular E) and/or consult with the taxing agencies or a tax advisor. UAN cannot determine the tax rates for any type of leave payout.** *Note: Payouts are part of regular wages on the W-2, so a significant portion of these high withholdings may be refunded with your employee’s tax returns.*
- Step 13c:** If the employee has a garnishment or child support withholding, review the court order to determine how much, if any, should be withheld from the payout.
- Step 14:** Review the information in the Wage area at the bottom right of the Edit Wage form to verify the Hours paid, Employer WH, Gross wages, Withholdings, Non-Cash, and Net wages.
- Step 15:** Click the **Save** button.
- Step 16:** If more than one wage was selected to edit, repeat Steps 11-15 to edit each wage and then close the Edit Wage form.
- Step 17:** Review the Batch reports for accuracy.
Payroll → Reports & Statements → Batch Reports – **Wages**
- Step 18:** Post/Print the leave payout wages.

[FAQ #4F: Deactivate The Non-Retirement From The Employee’s Earnings](#)

STEPS TO ACCESS: Payroll → Maintenance → **Employees**

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- Step 1:** From the main Employees screen, select an **employee** to edit by clicking on the checkbox beside the employee ID.
- Step 2:** Click on the Edit button and select the Advanced option.
- Step 3:** Click on the Earnings tab.
- Step 4:** Click on the leave payout non-retirement earning.
- Step 5:** Click on the Deactivate button and close the form.

*****END OF EARNINGS AND LEAVE FAQ #4 MULTI-STEP SOLUTION*****

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WHAT ARE THE STEPS TO PAYOUT A BONUS IN WHICH OPERS (OR OP&FPF) HAS CONFIRMED IS NON-PENSIONABLE?

The following steps have been copied from version 2017.1 UAN Payroll Manual. They can be accessed there using the table of contents under Payroll Maintenance → Earnings and Leave → *Earnings and Leave* Frequently Asked Questions and scroll down to *FAQ #5*.

Note: the answer to Earnings and Leave FAQ #5 involves the multiple steps that follow, beginning with the Overview below.

FAQ #5A: Overview

Bonuses may or may not be pensionable. **You must verify the pensionable or non-pensionable status of each bonus with OPERS and/or OP&FPF prior to payment.** If you are informed by OPERS and/or OP&FPF that the bonus is non-pensionable, follow the steps below to setup a non-retirement earning for paying the bonus – this ensures that no employer or employee retirement withholdings will be generated, nor included on the monthly retirement reports.

FAQ #5B: Set Up A Non-Retirement Earning For Bonuses

STEPS TO ACCESS: Payroll → Maintenance → **Earnings and Leave**

- Step 1:** Review the list grid to see if you already have a non-retirement item established for bonuses. If one already exists, skip to the section titled “Add the non-retirement earning to an employee.” If a non-retirement earning does not already exist, follow the steps below to add one.
- Step 2:** Click on the **Add** button.
- Step 3:** Enter a unique **Name** for the new earning.
- Step 4:** Select Non-Retirement Items as the **Type** by clicking on the down arrow on the right side of the earning type field.
- Step 5:** Leave the OP&FPF Type blank.
- Step 6:** Click on the **Save** button to add the new earning.
- Step 7:** Click on the **Close** button to exit the Add Earning or Leave form after the new earning has been saved.

FAQ #5C: Add The Non-Retirement Earning To An Employee

STEPS TO ACCESS: Payroll → Maintenance → **Employees**

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- Step 1:** From the main Employees screen, select an **employee** to edit by clicking on the checkbox beside the employee ID.
- Step 2:** Click on the Edit button and select the Advanced option.
- Step 3:** Click on the Earnings tab.
- Step 4:** Change the Status filter (located above the earning list) to **All** by clicking on the down arrow on the right side of the field. Review the list grid to see if an earning type that is between 9000-9299 is already set up for bonuses. If one already exists, make sure the status is active (*if one is inactive, activate it and skip to “Pay the Bonus.”*) If one does not exist, follow the steps below to add a non-retirement earning to the employee.
- Step 5:** Click on the Add button.
- Step 6:** Verify the **Active** radio button is selected for the **Earning Status**. (*The system automatically defaults the radio button to ‘Active’.*)
- Step 7:** Select the position **Name** by clicking on the down arrow on the right side of the Position field.
- Step 8:** Select the position **Type** by clicking on the down arrow on the right side of the Type field.
- Step 9:** Select the **Department** by clicking on the down arrow on the right side of the Type field.
- Step 10:** Select the position **Classification** – Hired or Appointed. (*If the employee position type is ‘Other’, the classification is automatically set to ‘Hired’ and cannot be modified*)
- Step 11:** Select the Unemployment Eligible checkbox (*it may be automatically selected depending on the position classification*).
- Step 12:** Select the Non-Retirement Earning set up for bonuses by clicking on the down arrow on the right side of the earning field.
- Step 13:** Verify or modify the earning **Description**.
- Step 14:** Select the pay **Frequency** (*typically this would be annual for a bonus*) by clicking the down arrow on the right side of the frequency field.
- Step 15:** Enter the **Pay Rate** for the earning.
- Step 16:** On the Withholdings tab, select the withholdings that should be deducted from the employee earning that is being added by clicking on the checkbox beside the withholding type. For this type of earning you should only include taxes such as

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Federal, State, Medicare, Local, and Schools. Do NOT include any supplemental taxes or non-tax withholdings such as health insurance or union dues – these should only be withheld from regular earnings.

Important: If the employee has a garnishment or other court ordered withholding, you will need to review the court order to determine how much, if any, should be withheld from the bonus.

- Step 17:** On the Accounts tab, select an **Account Split Method:** No Split, Manual, Percentage, or Hours. Select the Appropriation Account(s) that the employee earning will be paid from by clicking on the down arrow on the right side of the appropriation account field.
- Step 18:** Click the Save button.
- Step 19:** Click on the Close button to exit the Edit Employee Earning screen.
- Step 20:** Click on the Close button again to exit the Edit Employee screen.
- Step 21:** Repeat steps 1 – 20 to add the non-retirement earning for bonuses to any additional employees as necessary.

FAQ #5D: Pay The Bonus

STEPS TO ACCESS: Payroll → Transactions → **Wages**

UAN recommends always posting bonuses on a separate payment from regular earnings.

- Step 1:** Click the Add button.
- Step 2:** Select Warrant/EFT.
- Step 3:** The system will display the following message: ‘Please remember to verify the pay period dates for the wages to be added. These dates are critical for the accuracy of the withholding rates and reports. If desired, this Pay Period Reminder may be disabled at: General > Maintenance > User Preferences (Wages tab)’. Click the **OK** button to continue.
- Step 4:** Select the Departments from the list by clicking on the checkbox beside the department name.
- Step 5:** Select the Frequencies (Annual if set up like suggested above) from the list by clicking on the checkbox beside the frequency name.
- Step 6:** Verify or modify the pay period Start Date and End Date of the frequencies for which wages are being added. If the Start Date and End Date need to be modified, click the Start Date and/or End Date fields and manually enter the dates.

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- Step 7:** Select ONLY the Non-Retirement Bonus Earning from the list by clicking on the appropriate checkbox beside the employee ID for each employee as necessary.
- Step 8:** Click the Save button.
- Step 9:** Click the Close button.
- Step 10:** The following system message will be displayed, ‘Open the Edit form to edit the new wages?’ Select Yes to open the edit form for all newly added wages.
- Step 11:** Input the hours to pay out to the employee in the non-retirement bonus earning.
- Step 12:** Zero out any leave accruals in the Earned/Used/Denied Leaves grid at the bottom of the screen.
- Step 13:** Click on the Withholdings tab.
- Step 13a:** No OPERS or OP&FPF should be withheld from this payment. If either of these withholdings are listed in the grid, **STOP** and call UAN Support before proceeding. **Do NOT zero out the withholding and continue to post this wage.**
- Step 13b:** Only taxes should be withheld. Any supplemental or non-tax withholdings like health insurance or union dues should be zeroed out in the Override column.
- Important**The IRS and the Ohio Department of Taxation both **require** withholding special “supplemental rates” from non-wage payments such as bonuses. The UAN software does not automatically withhold at these rates! You will need to manually calculate the Federal and Ohio tax amounts and enter them into the Employee Withholdings Override column (*Medicare, local, and school taxes do not need to be edited*). **For withholding rate questions, review the IRS Publication 15 (Circular E) and/or consult with the taxing agencies or a tax advisor. UAN cannot determine the tax rates for any type of leave payout. Note: Payouts are part of regular wages on the W-2, so a significant portion of these high withholdings may be refunded with your employee’s tax returns.**
- Step 13c:** If the employee has a garnishment or child support withholding, review the court order to determine how much, if any, should be withheld from the payout.
- Step 14:** Review the information in the Wage area at the bottom right of the Edit Wage form to verify the Hours paid, Employer WH, Gross wages, Withholdings, Non-Cash, and Net wages.

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Step 15: Click the **Save** button.

Step 16: If more than one wage was selected to edit, repeat Steps 11-15 to edit each wage and then close the Edit Wage form.

Step 17: Review the Batch reports for accuracy.
Payroll → Reports & Statements → Batch Reports – **Wages**

Step 18: Post/Print the bonus wages.

FAQ #5E: Deactivate The Non-Retirement From The Employee's Earnings

STEPS TO ACCESS: Payroll → Maintenance → **Employees**

Step 1: From the main Employees screen, select an **employee** to edit by clicking on the checkbox beside the employee ID.

Step 2: Click on the Edit button and select the Advanced option.

Step 3: Click on the Earnings tab.

Step 4: Click on the Bonus non-retirement earning.

Step 5: Click on the Deactivate button and click Close to close the form.

*****END OF EARNINGS AND LEAVE FAQ #5 MULTI-STEP SOLUTION*****