

Payroll Services Newsletter November 2011

WSU Closure Week, December 26-30 2011

The Payroll staff will be working the last week of December on the payroll which is running Tuesday, January 3, 2012. Please try to get time and leave reports submitted as early as possible. The Payroll Documents Schedule has been revised to reflect a change made to open the Positive Pay file on Friday, December 23rd, so that department personnel can enter hours or pieces before the end of the week. In order to open the Positive Pay file early, the deadline for input to TEMPs was moved back to December 21, 2011. The Positive Pay file will close no later than 2:00 p.m., Monday, January 3, 2012. The Payroll Documents Schedule is located at this link:

http://www.wsu.edu/payroll/pdf/PayDocSchedule_2011-2012.pdf

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Fellowships

Fellowships are generally amounts paid for the benefit of an individual to aid in the pursuit of study or research. Individuals receiving fellowships are not required to work in order to receive these payments and are not considered employees. Therefore, all fellowship payments are processed through Accounts Payable, not through Payroll Services. Follow the procedures in Business Policies and Procedures 30.30, Non-Service Pay Authorizations, <http://public.wsu.edu/~forms/PDF/BPPM/30-30.pdf>. For recipients of fellowships who are US citizens or resident aliens, taxes are not withheld or reported by WSU. No form W2 or 1099 is issued. For non-resident aliens, however, different tax rules apply. For them, the university is required to report fellowship payments to the IRS on form 1042S and withhold taxes at 14%. (Continued on next page.)



It is crucial that all individuals receiving fellowships understand that, whether or not taxes are withheld or reported by WSU, they may need to report these payments and pay taxes when they file their individual tax returns. Please encourage fellowship recipients to consult with a tax expert. Also, see Section 1 of IRS Publication 970, Tax Benefits for Education, at this link: <http://www.irs.gov/publications/index.html>

Departmental Payroll Training

University departments use online Departmental Payroll Processing Application (DEPTPAY) to perform the following payroll functions:

- Report hours worked or pieces completed for temporary employees.
- Report hours worked for permanent employees of University Dining Services and the WSU Energy Program.
- Review and certify payroll expenses.



Departmental Payroll Processing is a secured application within the DEPPS Administrative Information System. After obtaining access to DEPPS, users must obtain separate approval from Payroll to access DEPTPAY.

Under the University **Business and Procedures Manual**, section 55.22, each department accessing departmental pay records must have one primary and at least one secondary user on every account that has payroll records on it. Payroll Services requires that users take a training class before they are allowed access to these records. Other requirements that are required prior to attending a training class include access to DEPPS, a valid university e-mail address, and a position other than a temporary position. Training classes are held the second Monday afternoon of every month with every other training being a video-conferenced class. You can sign up for the training through the instructor led training classes available through Human Resource Services.

If your department recently has had changes to its administrative staff, now is a good time to review what users you have on your payroll accounts and make any needed adjustments.

If you have any further questions, please contact Shirley Cornelius at (509) 335-5489.



Benefit System Changes We are Working On

New insurance premiums go into effect on the December second half paycycle and will include three new medical plans each having their own Health Savings Account. See the next article for more details on Health Savings Accounts.

Effective January first half paycycle, life insurance changes go into effect. Life part C and D are merged into a new value called Employee Supplemental life insurance. Many of the other “parts” of the life insurance program are also renamed with some of the rates decreasing.

Effective January first half paycycle, the optional LTD premiums will decrease. This is the first change to the rates since the 2009 plan year.

We are implementing a new retirement plan, Teachers 3 (TRS3), a complex new system requirement. This was a surprise July 1 mandate from legislation passed this spring with no lead time, sending the higher ed institutions racing to comply.

We are implementing a new reporting requirement to the Department of Retirement Systems to fund future retiree supplementation payments.

We are implementing a new W2 reporting requirement to report the aggregate cost of medical insurance on the 2012 W2 forms printed in early 2013.

Hold that Punctuation

As the late announcer for the Seattle Mariners Dave Neihaus might say “My O My what a mess.” To alleviate problems with addresses, leave the punctuation like periods, pound signs, semi colons, and all special characters off when keying addresses into zzusis. We have posted the mailing address content as approved by the USPS for Pullman on and off campus addresses at this link:

<http://www.wsu.edu/payroll/pdf/ComposedPullmanAddresses.pdf>



FAQ's on how Health Savings Accounts affect YOUR Paycheck and Your Taxes

What is a Health Savings Account?

A Health Savings Account is a tax-free savings account used in conjunction with your high deductible medical plan (CDHP). You can use your HSA to pay for your insurance deductible and qualified out-of-pocket medical expenses for yourself and any family member who is reported as a dependent on your tax return even if they are not covered by your health plan. Also if your domestic partner qualified as your tax dependent, you can legally use your HSA funds for his/her medical expenses. A complete list of eligible expenses are found in IRS Publication 502 – Medical and Dental expenses.



Who is eligible to have an HSA?

You must be covered under an HSA-qualified health plan on the first day of the new plan year to open up the account. You also can't be enrolled in Medicare or covered as a dependent on someone else's tax return. Additionally you can have no other insurance except what is permitted by the IRS. See IRS Publication 969 – Health Savings Accounts and Other Tax-Favored Health Plans for more detail.

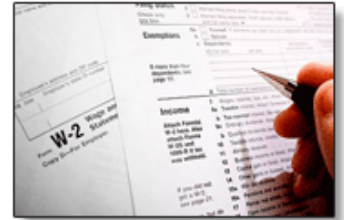
Do I have to open up a Health Savings Account if I have a CDHP health plan and how much can I contribute annually?

Yes, you will have to open up an account if you are enrolled in a CDHP because as part of your enrollment Health Care Authority will contribute \$58.33 a month for total of \$700.00 a plan year to your account. If you have dependents enrolled in your plan, HCA will contribute \$116.67 per month for a total of \$1,400 a plan year. For 2012, you can contribute a combined total from HCA and yourself or other sources of \$3,000 for an individual or \$6,250 for family coverage. If you are over the age of 55, you can contribute an additional \$1,000. Taking into consideration the employer contributions of \$700 and \$1,400, you could personally contribute a total of \$2,400 for individual coverage or \$4,850 for family coverage. (Continued on next page.)



How can I contribute to the plan?

You or anyone else that would like to contribute to the plan can do so through the company that manages the account, Health Equity. There are no enrollment forms. You can set up one time deductions or recurring deductions through the Health Equity website where the funds are taken from your bank account.



Can I get a tax deduction for the amount of money contributed to my plan?

Yes you can but only for the amount of money that you contribute and not the amount that HCA contributes to the plan. If someone other than yourself contributes to the plan and does not claim the deduction on their tax return, you are eligible to claim the deduction as a deduction from your total income. But you will have to file a Form 8889 with your Form 1040 as long as activity has occurred in the account. If you have more than one HSA, you will have to complete multiple Form 8889's for each HSA.

Can I use the money in my HSA account for non-medical expenses?

You can use the funds in the HSA account for non-medical expenses but will be subject to a 20% penalty if you are under the age of 65. Please refer to IRS Publication 969 for additional details.

What if my spouse is on a different plan and has an FSA account and I have an HSA account. Can I claim my medical expenses on his/her FSA account?

No, you can't claim your medical expenses on your spouse's account unless you have met the annual out of pocket deductible for your CDHP.

What happens if I lose my dependents during the year and my family and I are enrolled in an HSA account?

Please contact Human Resource Services at (509) 335-4521 so that your employer contributions can be modified.

Who can I contact if I have additional questions?

Contact Health Equity 24 hours a day at 866-346-5800 or at www.healthequity.com/pebb.



Dependent Verification Documents

For over a year now HCA has been requesting that spouses and dependents be verified prior to adding them into a medical plan. As a reminder, if you have not already done so, we encourage you to modify employment offer letters to include information about this process as a way to notify the new hire they will be required to supply such documents. Additional information can be found on our website at this link:



<http://www.wsu.edu/payroll/deptpay/depverifimp.htm>

Graduate Students on Assistantship Payroll Deduction

Graduate payroll deduction forms for spring will no longer be mailed to students like we have done for many years. We will notify graduate students in November via email when the forms are available for their signature. We will also notify urban campus personnel when the forms are available.

NEW FACES

Rick Grunewald rejoined our staff as our Associate Director on July 1, 2011. Rick worked in Payroll Services as our Benefit Accountant from 1987 through 1994 before working in the department of Veterinary and Comparative Anatomy, Pharmacology and Physiology (VCAPP), and then in the College of Sciences dean's office. Most recently he has been the manager of Position Control in the Budget Office.

We welcome him back after many years away!

Laurie Brown came to Payroll Services in August after being an Office Assistant for the English Department for over a year. Laurie does the forms batching for data entry, binding of payroll reports, and the payroll for her assigned letters. We welcome Laurie to our team.



A Personal Note from the Director

Some of you who have seen me in the last few years know that I am on oxygen. In April 2008, I was diagnosed with a rare incurable lung disease called Pulmonary Arterial Hypertension. PAH symptoms include shortness of breath, fatigue, dizziness and fluid retention. I consider myself one of the lucky ones since by following a strict drug protocol I have been able to continue to work fulltime as Payroll Director.



WSU is committed to paying its employees timely and accurately. Many of the staff in Payroll Services have worked as a team for over 20 years and have developed a vast amount of knowledge about payroll and how it operates at WSU. Despite supporting a legacy payroll system, we continue to preserve the accuracy of the payroll calculation function which enables us to process, remit and report a total gross payroll exceeding \$410 million a year.

Someone once said the only constant in our lives is change. As the University moves toward replacing more administrative systems, the knowledge of our payroll function needs to be shared with more individuals. Many of you know Rick Grunewald from the Budget Office. He joined Payroll Services full time in July as the Associate Director. Providing additional management support is Shirley Cornelius, Assistant Director, and Brenda Bartlett, Payroll Supervisor. Together it is our mission to provide leadership and excellence in paying WSU employees.



This newsletter is provided to the 396 DEPTPAY Users who support the payroll process at Washington State University. Direct questions or comments about this newsletter to Alice Smethurst, Payroll Director, at alice@wsu.edu or 335-1277.