

YEAR-END INSTRUCTIONS AND REPLY FORM

**TO ENSURE THE ACCURACY AND TIMELINESS OF YOUR
W-2'S PLEASE.....**

COMPLETE AND RETURN THE REPLY FORM ASAP!!!

**Please refer to this guide to assist you in completing the attached
YEAR-END REPLY FORM**

Fax or mail completed form to us no later than:

FRIDAY, DECEMBER 18, 2009



Phone: 319-294-9426 / 800-453-5809

Email: info@future-systems.net



Important Items

Future Systems' holiday hours:

11/26/09...Thanksgiving Day.....Closed
11/27/09...Friday after ThanksgivingClosed
12/24/09....Christmas Eve ...Open 8AM - Noon
12/25/09...Christmas Day.....Closed
01/01/10....New Years' Day.....Closed
Please adjust your processing schedule accordingly.

- ❖ **Delivery services cannot guarantee next day ground delivery during the holidays.** You may wish to process one to two days earlier than normal in order to ensure timely delivery of your payroll. Next Day Air is available in some delivery areas for an additional charge.



Paperless payroll delivers payroll reports to your desktop within hours of processing! Call Future Systems to subscribe to this service!

- ❖ Federal and state laws require that you keep copies of all payroll records and returns at your location. We will archive your 2009 records. This allows us to reprint prior year employee check history, payroll tax returns and other summary reports. An Annual Record Retention fee of \$20.00 will appear on your final invoice of 2009.
- ❖ Employers are obligated to remind employees to complete new W-4 withholding certificates if there has been a change in their status.

⇒ **A check stub message would fulfill the notice requirement!**
- ❖ Future Systems can print your 1099's even if they weren't paid through payroll! This data must be submitted by January 15, 2010. Information received after this date will result in an *additional* charge of \$3.00 per form plus an expedite fee of \$50.00.

- ❖ Any employee claiming exempt on a 2009 W-4 must submit a new W-4 by February 15, 2010. If a new W-4 is not submitted please notify us to change their withholding to Single, zero exemptions! W-4 forms are available at: http://www.future-systems.net/forms_links.html.
- ❖ Employers are required to keep copies of W-2s for four years after the filing due date (February 28). It may be necessary, however, for the records to be retained even longer for certain benefit calculations. Be sure to check with your plan administrator for their retention requirements! All checks, vouchers, payroll reports, quarterly reports and W-2s are included on the CDView which is distributed in February.
- ❖ Due to the high volume of *unscheduled payrolls* processed during November, December and January there will be an additional fee of \$35.00 for any payrolls not previously scheduled. **Please** call us today if you need to update your processing calendar!!
- ❖ ***Be on the lookout!*** In the next few weeks you will be receiving a processing schedule for 2010 with your regular payroll packet. Please notify us of any necessary changes. You will also be receiving a W-2/1099 Verification Report - this will help you in verifying employee data for W-2 processing.

Should you have questions about any of these topics, or any other year-end issue(s), please call one of our payroll specialists. It's a team effort to make year-end as simple and problem free as possible. So, please call ...

WE ARE HERE TO HELP YOU !!!

Linda Hass
President

Amanda Palmersheim
Operations Manager

Mary Lee Parks
Customer Service Manager

Douglas Hass
Client Services

Kate Goshon
Client Services

Dan Eby
Tax Specialist

Rachel Ireland
Receptionist

Phone: 319-294-9426 / 800-453-5809

Email: info@future-systems.net

YEAR-END PROCESSING SCHEDULE

Unless you notify us, Future Systems, Inc. will begin *processing* 4th quarter reports and W-2s **on December 31, 2009**. Future Systems strives to provide our clients quick turn around during this busy and deadline driven time of year. In order to ensure correct calculation of returns and to allow for printing time, you will receive your information in approximately two weeks.

If you need to make any additional adjustments/changes to your 2009 payroll records, please let us know **before submitting your last payroll.**

Additional adjustments/changes may include:

- Voided/Manual checks – remember checks issued in 2009 **CANNOT BE VOIDED** in 2010!
- Third party sick payments – call your Third Party provider to request this information. Will they provide the W-2 for the sick benefit or will Future Systems?
- Missing or incorrect social security numbers
- Employee address or name changes
- Group Term Life – Remember, in some cases this amount must be grossed up! If you require assistance in calculating a grossed up transaction Future Systems will be happy to help, however there will be an additional charge.
- Dependent Care – If you do not track Dependent Care separate from your cafeteria plan throughout the year, these amounts will need to be broken out for W-2 reporting.

Note: IF YOU NEED TO MAKE ANY CHANGES AFTER YOUR LAST PAYROLL, PLEASE CALL FUTURE SYSTEMS IMMEDIATELY. Otherwise, we will begin processing your 4th quarter reports on December 31, 2009. Submitting changes or additional information after this period will result in additional charges.

VERIFYING W-2 INFORMATION

To reduce the possibility of printing incorrect W-2's and to avoid penalties for incorrect or missing data, we ask you to verify critical Company and Employee Information.

*Remember: The Social Security Administration may assess penalties on employers who report inaccurate information on W-2's. **The fine is \$50 per W-2 in error and can be doubled if the errors are attributed to "fraud and gross or intentional negligence."***

- A good idea is to include a check stub message reminding your employees to verify their Social Security Number, name and address. The great news - this service is free!

FRINGE BENEFITS

The value of some non-cash fringe benefits must be considered income to employees. These benefits must be reported on the 941 and the employee's W-2. Examples of these benefits are: **Premiums for Group Term Life Insurance over \$50,000, S-Corp insurance premiums, personal use of company automobiles, memberships, discounts, employer provided vacations and some gifts.** Please be sure to check with your accountant on the taxability of these items.

QUALIFIED PENSION PLANS

IRS regulations require that an “X” be displayed in the box on the W-2 marked “Pension Plan” for all employees who participated in a Qualified Pension Plan. This also holds true if the fund was **100% Company funded** (no employee deductions). Please **verify/change** your employees’ Pension Status. This box will automatically display an “X” for any employees who have had deductions for a Deferred Compensation Plan (i.e. 401(k)) that were withheld through payroll.

THIRD PARTY SICK PAY

Federal legislation requires the reporting of both taxable and non-taxable sick pay made to employees from a Third Party, as well as taxes withheld on those payments. These payments must be included on the employees’ W-2 *on a separate form* provided by the Third Party or the Employer.

NOTE: These payments *must be processed with or before your last payroll in 2009* to ensure that your 941 and W-2 reports are correct. CALL your Third Party provider to request this information ASAP. **If your Third Party provider is unable to provide this information before your last payroll, please ask us to delay the processing of your quarterly reports and W-2’s!**

W-2 FORMS

Future Systems, Inc. will file your **Federal W-2’s (Copy A)** with the Social Security Administration. Many states use this same information to update their records and may no longer require that the state copies be filed separately. **You will receive a confirmation notice of W-2 federal wages and taxes (W-3) along with your other paper W-2’s (local, employee, & file copies).**

- Internal Revenue Code 31.3402(I)-1 and –2 does not allow additional withholding in excess of the amount of net pay. Beware of employees who may want to provide you with a personal check in order to increase the withholding at year-end.
- Do **not** provide copies or duplicate W-2’s without a written and signed request from the employee. A sample request form may be found on page 7. (An acceptable copy may be printed by the employee through *Employee Self Serve* or you may print it for them from your CDView.)
- For the employee’s protection, employers should not change an employee name without first obtaining a copy of a new social security card.

RATE & DEPOSIT FREQUENCY CHANGES

- √ If you receive a **notice of change for your DEPOSIT FREQUENCY** from any tax agency, **please fax the notice to us immediately.**
 - √ Rate changes for STATE UNEMPLOYMENT will arrive in your mail. **Please fax/mail your rate change notice to us as soon as you receive it – do not wait until next year.**
 - √ If you are a *Tax Pay & File* client please send all coupon books, tax returns and agency correspondence to us **as soon as you receive them.**
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How to Avoid Penalties for Incorrect W-2's

Every year the Social Security Administration (SSA) is unable to post 3-4 million W-2's due to individual name for Social Security Number (SSN) mismatches. The annual reporting of W-2 data posts to an individual's earnings history and this earnings history is used to determine the individual's Social Security benefits. W-2 errors can have a significant impact on the individual's Social Security benefits. Imagine going to your local SSA office to apply for benefits only to find out the money you were counting on is either not available or substantially less than you anticipated!

The SSA and Internal Revenue Service also may assess penalties on employers who report inaccurate information to the SSA on W-2's. The fine is \$50 per W-2 and can be doubled if the errors are attributable to "fraud and gross or intentional negligence."

What can you do to help your company and your employees??

1. Ask your employees to verify that their name and social security number as printed on their paycheck **matches** their Social Security card *exactly*. DO NOT use shortened forms or nick names (e.g., Betsy for Elizabeth).
 - ⇒ Use our check stub message or insert a memo in each payroll envelope
 - ⇒ Request to see the social security card for any names that appear to be incorrect (see below)
 - ⇒ Ask to see the employee's Social Security card for all new hires
If the card is incorrect for any reason including marriage, legal name change, etc., your employee should contact SSA to have their record updated. The employee can call (800) 772-1213 and request form SS-5. Always use the name on the original card until a new card is shown.
2. Do **not** omit hyphens. Do not join compound surnames into a single word or separate with a space. A compound last name should be Susan B Smith-Johnson or Maria E Rodriguez-de-Perez.
3. Do not separate a prefix from the rest of the name. Use an apostrophe or attach the prefix to the rest of the name. A name with a single letter prefix should look like this: Anthony D'Angelo or Anthony Dangelo. A name with multiple letter prefix should look like this: Leonardo Da Vinci or Leonardo Da-Vinci.
 - ⇒ SSA recognizes the following prefixes and expects to find a name attached to them: Da, De, Di, Do, Du, El, La, Le, Lf, Li, Lo, Mt., Mc, St, Bon, Der, Las, Los, Mac, Mte, San, Sta, Ste, Van, Ver, Von, Dela, Vande, Vonde, Vonder, Vander.
4. Do not show titles or academic degrees at the beginning or end of the employee's name (e.g., Mr., Mrs., Dr., Capt., Rev., MD or PhD).
5. Do not use Jr., Sr., or a numerical suffix (e.g., III, IV) even if such a suffix appears on their social security card.

The SSA offers a free verification service called Enumeration Verification Service (EVS). Employers may call the SSA toll-free phone number (800) 772-1213 to verify up to five names and SSNs. For verification of 6-50 names and numbers, you must contact your local Social Security office. Requests for more than 50 names and numbers may be obtained by contacting the SSA's main computer center at (410) 965-7410.

For W-2 reporting questions, call the employer reporting service center at (800) 772-6270 or check www.ssa.gov. To order the free video "Critical Links: Names and Social Security Numbers," call the SSA at (410) 965-2763.

Duplicate W-2 Request Form

(please type or print)

Please reissue a **Wage and Tax Statement** (Form W-2) for the tax year _____

(Duplicate W-2s are \$10.00 each until April 15th after which the charge is \$25.00 per request.)

Client Code: _____

Company Name: _____

Employee Name: _____ Emp# _____

Social Security Number: _____ - _____ - _____ Dept _____

Current Mailing Address:

Address line 1: _____

Address Line 2: _____

City: _____ State: _____ Zip: _____

Reissued W-2 is requested for the following reason:

- Never Received
- Misplaced or Destroyed
- Social Security Number or Name is Incorrect
- Other (explain) _____

Date Requested

Employee Signature

For Office Use Only:

- Original W-2 Re-mailed
- Duplicate W-2 Reissued
- Corrected W-2 Issued

Date Request Received: _____

Processed by: _____

YEAR END REPLY FORM

COMPLETE ALL Questions. Return to Future Systems no later than **December 18, 2009**.
Fax (319) 294-9471 or mail to: 6045 Rockwell Dr NE, Cedar Rapids, IA 52402

1. Do you have fringe benefits?

- I WILL NOT submit fringe benefits for 2009
 I WILL submit fringe benefits with payroll processed on _____

2. Will you pay a bonus?

- I WILL NOT process a bonus payroll
 I WILL process Bonus Checks (Please check one box below)
 Bonus Checks will be processed as a separate payroll processed on _____
 Bonus Checks will be processed as 2nd checks with my regular payroll dated _____

3. Verify Company Information

- My Company's Legal Name: is correct is incorrect _____
My Company's Legal Address: is correct is incorrect _____
My Federal ID#: is correct is incorrect _____

4. Do you have Manual/Voided Checks?

- I DO NOT have manual or voided checks to report
 I DO need to void checks issued in 2009

5. Third Party Sick Pay?

- I WILL NOT report Third Party Sick Pay for 2009
 I WILL report Third Party Sick Pay for 2009
Date on which 3rd Party Sick amounts will be reported _____

6. Verify Employees' Social Security Numbers, Names, Addresses

- I DO NOT need to update my employee(s)' social security numbers, names and addresses
 I DO need to update employee(s)' social security numbers, names, or addresses

7. Verify Pension Status of Employees

- My employee(s)' pension status is correct
 I need to update/change my employee(s)' pension status

8. Deposit Frequency, Tax ID or Rate Change Notices

- I DO NOT have changes to my organization's deposit frequency, tax ID, or unemployment rate
 I DO have changes, please update my:
 Deposit Frequency
 Tax ID Number
 Unemployment Rate



Sign here if you wish to DELAY year end processing: _____

FINAL CHANGES TO 2009 PAYROLL RECORDS

I understand that if I need to make any changes **AFTER MY LAST PAYROLL**, I must call Future Systems **IMMEDIATELY** to request a delay in the processing of my 4th quarter reports and W-2s. Otherwise, Future Systems will begin processing my 4th quarter reports on December 31, 2009. Submitting changes or additional information *after* this period will result in additional charges.

Company Name: _____ Client # _____

Approved By: _____ Date _____

W-2s processed after January 22, 2010 will incur an additional charge!