



Preparing for Year-End and 2011

Please complete the reply form and fax to 319-294-9471 by December 15, 2010

As 2010 comes to a close, I want to thank you for choosing Future Systems, Inc. as your payroll processor. This guide has important information for planning the close of 2010 and the beginning of 2011. Advance planning ensures an excellent finish and a successful beginning! *Linda K. Hass, President*

Preparing for Holiday Closures

Thanksgiving – Thursday, November 25, 2010 and Friday, November 26, 2010
Christmas – Friday, December 24, 2010
New Year’s – Friday, December 31, 2010

The Federal Reserve is closed only on Thanksgiving Day. While our office will be closed for payroll processing on the dates noted above, your direct deposit files will continue to process on a timely basis. Contact us immediately for any scheduling changes at 319-294-9426.

2010 Year End Adjustments

Take into consideration:

- | | |
|---------------------------------|---|
| Fringe benefits | Group Term Life |
| 3 rd Party Sick Pay | Dependent Care |
| Manual or Voided Checks | S-Corp – Company paid Owners Health Insurance |
| Personal Use of Company Vehicle | Qualified Pension Plan |

Be sure that each employee has enough earnings to cover the taxes due. Should you need assistance, please call your Client Service Representative.

Year-End Bonus Payroll

Here are some things to keep in mind:

- Will this be a separate run?
- Will this be a separate check?
- What is the check date?
- Will the bonuses be direct deposit or checks?
- Are the bonus amounts gross or net?
- Will 401(k), 403(b), etc. be deducted?
- Besides pension, are there any other deductions that should be withheld?
- How should the bonus be taxed?
- When would you like the checks delivered/picked up?
- Other special handling?



Plan Ahead!

Delivery services cannot guarantee next day ground delivery during the holidays.

You may wish to process one to two days earlier than normal to ensure timely delivery of your payroll. Next Day Air is available in some delivery areas for an additional charge.

The UPS 2010 Holiday Schedule may be found at:
<http://compass.ups.com>

W-2 Information

Please review your copy of the W-2 SSN/1099 Verification Report provided with the last scheduled payroll of November. It includes names, Social Security Numbers and mailing addresses of your employees. **Provide any changes to your Client Services Representative as soon as possible!**

All W-2 forms will be sent to you by January 25, 2011 unless you have notified us of pending changes. With respect to privacy, you will receive your employee W-2's as a tamper proof, pressure sealed, secured document. Future Systems will report to the Social Security Administration on your behalf. Please have your employees verify their name, address and SSN. For your records, you will receive printed copies of your employees' W-2s.

1099's

Future Systems is happy to produce your 1099's even if they were not paid through payroll!

Data must be submitted prior to January 15, 2011. Call Amanda with questions or for an Excel template to record the information.

Record Retention

Federal and state laws require that employers keep copies of all payroll records and returns. We will archive your 2010 records; an Annual Record Retention fee of \$20.00 will appear on your final invoice of 2010.

W-2's must be kept a minimum of four years after the filing due date (February 28). It may be necessary for these records to be retained even longer for certain benefit calculations. Check with your plan administrator for their specific retention requirements. All checks, vouchers, payroll reports, quarterly reports and W-2s are included on the CDView - distributed in late February.

Earned Income Credit

EIC expires on January 1, 2011. Affected employees should complete a new W-4 as soon as possible.

Tax Authority Notifications

Preparing for 2011 – between now and the end of January, Federal, State and Local agencies will send change notices for the following:

- State Notice of Employers Unemployment Tax Rate Change
- IRS 2011 Federal Tax Deposit Requirements
- State Notice of withholding deposit frequency change

Notify us if you have ceased business in any State or Locality so we may finalize reporting and cease billing for the additional tax authority. **Please submit any notice to Future Systems as soon as you receive them.**

Social Security Number Verification



Verification is required for government contractors as well as all employers in TN and AZ. Keep in mind the SSA penalty is \$50 per W-2 form if the SSN and the Name do not match. E-Verify prevents penalties for incorrect W-2s. Find more information at www.uscis.gov.

LAST MINUTE CHANGES CAN OCCUR. PLEASE LET US KNOW OF ANY CHANGES AS SOON AS POSSIBLE. CALL FUTURE SYSTEMS IMMEDIATELY SO WE MAY PUT THE PROCESSING OF YOUR 4TH QUARTER REPORTS AND W-2'S ON HOLD.