

# @ your Service

From Interlogic Outsourcing, Inc.

A timely digest of information relevant to executives and consultants involved in financial operations and human resources.

Vol. 5, No. 2 — 2007

## Year-end is fast approaching...

### *what should your business be planning for?*

It may seem hard to believe, but the end of the year is almost here. It is, of course, that wonderful time when most of the world is in holiday mode — shopping, vacationing, getting together with friends and family or just taking it easy. However, this down-time does not apply to everyone. The end of the year is typically the busiest time for HR and payroll professionals. Most work over-time getting year-end forms and reports ready, updating wage bases, inputting new health and pension benefits, pre-tax payroll deductions, changing per diem allowances and more.

As you know, employers are required to provide their employees with a W-2 form. It is the employer's responsibility to ensure the form is given to their employees by January 31, 2008. The same is true for a 1099 form. 1099 forms are used for a number of reasons; typically, they are given to independent contractors — also known as "freelancers" — as a record of the income they received from a particular business. 1099s have the same timeline as W-2 forms.

At year-end, it is especially important to check with employees to have them provide any changes in address or validate the accuracy of their social security number. This helps eliminate the need to re-issue a W-2 or W-2C. Remember, you can put out a Global Message on the employee's check stub to help identify any discrepancies. The SSA Verification Service is also available. Go to [www.socialsecurity.gov/bso/bsowelcome.htm](http://www.socialsecurity.gov/bso/bsowelcome.htm) for more details on this service. Social Security Number Verification System (SSNVS) is another free service. Information and instructions for verifying SSN's and other frequently asked questions can be found at <http://www.ssa.gov/employer/ssnv.htm> or [www.socialsecurity.gov](http://www.socialsecurity.gov).

If you have significant changes to wages or to health insurance deductions, there is no need to wait until year-end when so many other responsibilities will be competing for your attention. These changes can be applied within the *IOIPay* system at any time. Future effective dates allow you to set the new rate in advance.

Follow this handy checklist of recommended year-end activities:

- Verify employee addresses
- Verify the exemption report for following items:
  - ✓ Missing social security numbers
  - ✓ Employees set to be FICA/MHI exempt
  - ✓ 1099 employees
  - ✓ Employees who are set up to be exempt from federal withholding
- IRS requires employers to remind employees, by December 1st, to file a new W-4 if personal circumstances warrant. The new form must be completed by February 15, 2008.
- Notify employees receiving Advance Earned Income Credit (EIC) that their Form W-5 presently on file expires each year on December 31st. A new Form W-5 must be filed if they want to continue to receive the advance portion of this credit.
- Review other programs, employer services such as COBRA, 401K and time and attendance.
- Review your Employee YTD Report for any employees who may be listed in duplicate.
- Make sure any Health Savings Accounts (HSA) company match contributions have been reported to *IOI*, to ensure they are included on the employee's W-2.
- Obtain information from your Accounts Payable Department for any other taxable and nontaxable payments made to employees that will require reporting on W-2.
- Notify employees of the 2008 social security wage base and any tax changes which may impact them (updates available in late October or early November).
- Confirm voided checks have been backed out of an employee's YTD. If you need assistance with this in *IOIPay*, please call our customer service team.



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## A Time for Planning

Notes from the President

Dear Client:

As has been well documented in this issue of @ your Service, there is much to be done between now and the first of the year, so I will be brief. Most importantly, I would like to thank all of you for your incredible kindness and support in 2007. If you are relatively new to the IOI family, we welcome you and truly appreciate your confidence in our organization.

If you are one of the many clients who have been with us for a number of years, please know how much we value your loyalty.

Regardless of the length of your involvement with IOI, please know that we are here to serve you in any way we possibly can. It is no coincidence that the title of this newsletter is @ your Service. That is our role and we encourage you to call on us whenever you have questions or specific needs relative to your HR and payroll administration. Serving you is also why this issue of our newsletter is particularly important. Our staff has taken a great deal of time to prepare as much information for you as possible as you do your year-end wrap-up and planning. Each and every one of us is also available to answer any questions you may have at this important time of year.

I truly hope you will be in a position to spend time with your family and friends during the holiday season. Please know that all of us at IOI are thankful for all you do for us.

Sincerely,  
Najeeb A. Khan  
President

## IOI out and about!

Elkhart Chamber Expo  
November 1st • Elkhart, IN



APA 26th Annual Congress  
May 13-17 • Austin, TX



### Recent Events

Indiana Chamber Annual HR Conference  
October 18th • Indianapolis, IN



Michiana SHRM  
October 16th • South Bend, IN



Diocesan Fiscal Management Conference  
September 16-19 • Philadelphia, PA



St Joseph County Chamber Business Expo  
September 19 • South Bend, IN



HRTech Expo  
October 10-12th • Chicago, IL



IOI was also pleased to have been the presenting Sponsor at the St. Joseph County Chamber of Commerce Business Expo in September.

## IOI CFO/Treasurer Retiring

You can call it the end of an era. After twenty years of service, Interlogic Outsourcing Inc.'s CFO/Treasurer, Bob O'Brien, is retiring. He will be succeeded by Mike Miller, CPA.

"Bob has been a great asset to IOI and will be greatly missed. He is leaving behind an outstanding record as a leader, a finance executive, and a mentor to countless people with whom he has worked during his twenty years at IOI," stated Najeeb A. Khan, President of IOI. "He has contributed greatly to IOI's success."

"Serving as CFO for IOI has been an honor, and my decision to retire has not



Bob O'Brien

been an easy one. Working with Najeeb and the entire IOI family has been a great pleasure," stated O'Brien. Looking back at his time at IOI, O'Brien says it has been a pleasure contributing to the growth and success of IOI over the years.

O'Brien first started working with Khan back in 1987 when IOI was just getting started. O'Brien was working for Valley Financial Services and Khan was working for St. Joseph Valley. The rest is history.

Originally from Rochester, New York, O'Brien says he is glad life's journeys brought him to Indiana. However, on his first trip to South Bend to see a Notre Dame football game he never thought he would stay, but that all changed when he

met B.J., the love of his life. O'Brien and his wife have been married for forty seven wonderful years and have five children and seven grandchildren.

O'Brien plans to spend his free time reading, working on projects around the house and running after his very active grandchildren.

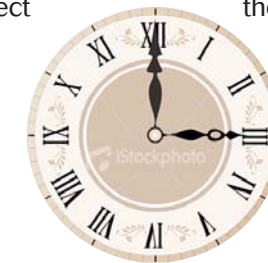
O'Brien and Miller have worked diligently to ensure a smooth transition of duties. Miller says he is, "proud to take the reigns from such a true professional." @



Mike Miller

## One more timely reminder

To ensure payroll is processed in a timely manner, and direct deposits are sent ACH within financial origination deadlines, payrolls should be submitted and closed by



3:00 p.m. EST. Our goal is to provide the best possible service. And we know the most important aspect is to ensure your employees are paid accurately and on time!

## IOI Pay® Tips

1. Check your preferences to improve ease of input. Under Global Utilities you can adjust the sort order of the employees on the Hours and Dollars and the Employee Maintenance screen. In addition, you can set which columns you want to have for entry on the Browse Transactions screen.
2. Labor Distribution Enhancement: IOIPay now allows for up to fifty default labor distribution splits per employee! This is in addition to the per line labor entry files in Hours and Dollars entry.
3. IOIPay offers the ability to have unique descriptions entered on your employees check stub for regular hours without affecting any of your reports!
4. Have multiple divisions? Need to access quickly? The IOIPay select company screen now allows you to key the division code directly on the screen instead of moving through your list of divisions.
5. Your Payroll Preview can have as few as two reports or more if needed! If you need a special report to be included with the payroll preview please contact the IOIPay customer service team.
6. Reminder: PREVIEWS can be run as the full payroll or can be run against a single employee!
7. Did you know... Employee deductions can be automatically added to all new hires? @



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## Year-end is fast approaching... what should your business be planning for?

- ☐ Monitor employees reaching the FICA maximum to determine if you will be calculating taxes for manual or special checks.
- ☐ Identify and plan your first payroll processing date for 2008.
- ☐ Schedule and request any special year-end reports.
- ☐ Make sure to send the authorization to print W-2 forms that will be included in your year-end packet, which you will start receiving in November.
- ☐ Make a note to request your year-end CD.
- ☐ If you are planning to distribute employee bonuses before year-end, be sure to notify IOI and deposit funds at least two banking days in advance. (See Year-End Approaches under Tax Tips on page 4 for more specific information.) @



Reach360 can give you relief from the burden of day-to-day business administration through a complete circle of services including: Human Resources Management, Accounting and Financial Services and IT Support.

To learn more about Reach 360's consulting and business process services, please contact our employer services team at 888-697-0021. @

# TAX TIPS



## Minimum wage change and employers tip credit

Effective July 24, 2007, the Federal minimum wage increased from \$5.15 to \$5.85 per hour for employers covered by the Federal Fair Labor Standards Act (FLSA). This increase affected several states as well. If you have questions about specific states, please call Customer Service.

For those businesses engaged in the food and beverage industry that employ workers who receive tips from customers for providing, delivering or serving food or beverages for consumption, there is a change in the calculation for the tip credit allowed for employer-matching FICA tax paid on tipped wages. In calculating your tip credit, you can include tips in excess of the old minimum wage of \$5.15 per hour, not the new minimum wage of \$5.85 per hour.

*IOI* can prepare the Tip Credit Report for you. If you are interested, talk to your Customer Service Representative or call us at 888-697-0021 or 574-262-2800 and ask for Customer Service.

## Year-end approaches

With the holidays right around the corner, the specter of another year-end looms. This is often the time of large bonus distributions. Federal tax liabilities that exceed \$100,000 require payment to the Federal government the day after check date. Our policy is to debit your account one day prior to check date for tax liabilities. We need two banking days between process date and payroll check date for funds to reach our account the day before check date. This is necessary in order for us to be able to make your tax payments on time. Otherwise, we will require a wire of funds to our account. Also, many employers have year-end adjustments that won't be known until after the tax liability due date. You may want to make an estimated tax

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payment in order to avoid the assessment of penalty and interest for late payment of taxes. If you have any questions, please contact Barb Bergen or Carol Sanders in the Tax Department at 800-697-0021 or 574-262-2800.

## Advanced Earned Income Credit (EIC)

Every employee who is eligible for the Federal EIC and has a qualifying child is entitled to receive an advance on their EIC payments with his or her pay during the year. As an employer, you have a responsibility to advise employees of this option. For clients' employees who received a W-2 for the prior year, *IOI* included the notification on their W-2. It is the employer's responsibility to make all new employees aware that they have the right to request this advance if they are eligible. Every employee must fill out a new W-5 before the first pay of the new year. The employee cannot receive an advance without it.

## Indiana Advanced Earned Income Credit

Every Indiana employee who qualifies for and receives an advance on their Federal Earned Income Credit is also eligible to receive an advance on their state income tax earned income credit equal to 6% of their Federal advance. Every employee must also fill out a new WH-5 before the first pay of the new year, because, as pertains to the Federal Advance, employees cannot receive a state advance without a new form.

## Tax filing clients

Hopefully you noticed a new report included with your quarterly packet for the quarter ended June 30, 2007. *IOI* now provides clients with a list of all payments and confirmation of every payment made on your behalf. If you have any questions about this new report, please contact Barb Bergen or Carol Sanders at 888-697-0021 or 574-262-2800. @

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