

YEAR-END INSTRUCTIONS AND REPLY FORM

**TO INSURE THE
ACCURACY AND TIMELINESS OF
YOUR W-2'S PLEASE COMPLETE AND
RETURN THE ATTACHED
REPLY FORM *(last page)* ASAP!!!**

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

Fax or email completed form to us no later than:

FRIDAY, DECEMBER 16, 2011

***Baron Payroll would like to thank you for your business
and wish you and your loved ones a Happy and Safe Holiday Season!***



Baron Payroll's Holiday Hours:

11/24/11...Thanksgiving Day.....Closed
11/25/11...Friday after ThanksgivingClosed
12/26/11...Monday after ChristmasClosed
01/02/12... Monday after New Year's Eve.....Closed

Please review and adjust your payroll processing schedule accordingly.

- ❖ **Delivery services cannot guarantee their regular service schedules during the shortened holiday weeks.** You may wish to *process* your payroll one or two days earlier during the shortened weeks in order to ensure timely delivery of your payroll.



Paperless payroll delivers your reports to your desktop within hours of processing! Call us if you are not already receiving this free service.

- ❖ 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 above notice requirement!**

- ❖ 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. All checks, vouchers, payroll reports, quarterly reports and W-2s are conveniently included on one CD which is distributed in early February.
- ❖ **Baron Payroll can print your 1099's even if they weren't paid through payroll! This data must be submitted to us by January 13, 2012. Information received after this date will result in an *additional* charge of \$3.00 per form plus an expedite fee of \$50.00**
- ❖ ***Your payroll processing schedule was emailed.*** Please review the dates for the remainder of 2011 and for all of 2012, if you have not done so already, and notify us immediately of any changes.
- ❖ ***Your W-2/1099 Verification Report was emailed.*** Use this report to verify employee data for W-2 processing. Please notify us of any changes prior to processing your last payroll for 2011. W-2 processing fees for 2011 are \$45 base + \$4.80 per W-2.

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 !!!**

YEAR-END PROCESSING SCHEDULE

Unless you notify us in writing by fax or email, Baron Payroll will begin processing your 2011 4th quarter reports and W-2s **on January 3, 2012**. Baron Payroll prides itself on reviewing your year-end payroll tax returns and W-2's before sending them to our clients. Expect to receive everything from us by mid January 2012. **If you need to make any additional adjustments/changes to your 2011 payroll records, please let us know **before** submitting your last payroll of 2011.**

Additional adjustments/changes may include:

- Void/Manual checks – remember checks issued in 2011 **CANNOT BE VOID** in 2012! If you have void or manual checks to process after you have processed your first payroll of 2012 you will be billed \$250 and Amended Return charges may also apply.
- Third Party Sick Payments – call your Workers Compensation and Disability carriers to request this information. Will they provide the W-2 for the sick benefit or are you required to do so? Usually, you are required to produce a W-2 for this and match the FICA payments.
- Missing or incorrect social security numbers
- Employee address or name changes

Note: IF YOU NEED TO MAKE ANY CHANGES AFTER YOUR LAST PAYROLL of 2011, PLEASE CALL BARON PAYROLL IMMEDIATELY. Otherwise, we will begin processing your 4th quarter reports on January 3, 2012. Submitting changes or additional information after this period will result in additional charges.

BONUS PAYROLLS

If you are planning any Year End bonuses, please let us know at your earliest convenience and schedule **an additional payroll run for the bonus checks**. We will need to know if you want to issue bonus payments by direct deposit or checks, and if there will be any special handling of taxes and deductions.

VERIFYING W-2 INFORMATION

To reduce the possibility of printing incorrect W-2's and to avoid penalties for incorrect or missing data, we request that 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."*

- Ask us to do this for you – this service is FREE! What Baron Payroll will do, upon your request, is have the employee's social security numbers print in full (not masked) on their check or voucher for one payroll run in November or December so the employee can alert you if there is an error. *Also printed on the check stub will be a message reminding the employees to notify you if any corrections are necessary. Please note it is against the law to mail documents with the full social security number printed. Therefore, you must hand these checks out and not send via US Postal Service.*
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FRINGE BENEFITS

The value of some non-cash fringe benefits must be considered as 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, employee 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

What is this?

This is an amount paid to an employee by an insurer or firm similar in the event of an injury or illness resulting in them not being able to work. In other words, payments made by your insurance company to your employees for disability or workers compensation because they were not able to work.

Federal laws require you to report 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 on a separate W-2 form provided by the Employer, or the Insurer.

NOTE: If you had employee's in 2011 who received payments from your Disability or Workers Compensation Carriers, please ask us to delay the processing of your quarterly reports and W-2's until the middle of January! These third-party payments must be included in your 2011 payroll records. By January 13, 2012 you will receive a 2011 year-end benefits statement from your carriers itemizing all third-party payments made to your employees. Please send these year-end statements to Baron Payroll immediately upon receipt so we can close your 2011 year and produce all your W-2's and payroll tax returns for 2011.

W-2 FORMS

Baron Payroll 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).**

- 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 by the end of February. **Please fax/mail your rate change notice to us as soon as you receive it.**

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 as described on page 2
 - ⇒ 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 (no spaces). 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 DaVinci 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.



Do's and Don'ts

DO THIS...

DON'T DO THIS...

	DO THIS...	DON'T DO THIS...
Social Security Numbers	Do review your W-2 Prelist and Employee W-2 Verification Report. Correct missing, invalid or duplicate social security numbers.	Do not wait until after the deadline to incur additional charges to make a correction, check your information now!
Bonus Payroll	If you are planning a year-end Bonus Payroll, let us know at your earliest convenience and schedule the pay date apart from a regular payroll.	
Void Checks	Do void 4th Quarter checks on or before your last payroll process for 2011	Do not void 2011 checks in 2012! Send them to Baron Payroll to be processed.
Address Changes	Do make all address changes on or before your last payroll process for 2011	
Manual Checks	Do enter them on or before your last payroll process for 2011	Do not enter a negative manual check from 2011 in 2012 for any reason. Send them to the Baron Payroll.
Fringe Benefits	Do report any additional fringe items on or before your last payroll process for 2011	Do not enter manual adjustments after the last 2011 payroll process. Send them to Baron Payroll to be processed.
Group Term Life (GTL)	Do enter on or before your last payroll process for 2011	Do not enter GTL on terminated employees or use manual adjustments after the last 2011 payroll. Call Baron Payroll for instructions.
Third Party Sick Pay	If employees received disability payments or workers comp payments for missing work in 2011, tell Baron Payroll not to process your year-end until the middle of January when you receive your year-end statements from your insurance carriers.	Do not forget to send Baron Payroll your year-end Third Party Sick Pay statements.
1099 Information	Submit 1099 earnings to Baron Payroll before you process the last payroll of 2011	Do not wait until after your last payroll of 2011 to advise Baron Payroll.
Accruals	Please confirm with Baron Payroll if any accrual balances should be carried into 2012 or not. Tell Baron Payroll of any adjustments or new load amounts for the start of 2012.	Do not wait until after your last payroll of 2011 to tell us to carry forward or drop accrual balances at year-end.
Payroll Tax Information	Do send all payroll tax documents received from federal, state and/or local tax authorities to Baron Payroll via fax or email.	Do not have payments being submitted late or incorrect rates being paid because you did not send tax notices you received to Baron Payroll.
Payroll Calendar	Do verify your payroll processing schedule/calendar before Thanksgiving.	Do not wait until after a payroll is processed to realize you wanted a different payroll date.



LOWER PRICES. SERIOUS SUPPORT.™

2011 YEAR END REPLY FORM

Please COMPLETE ALL Questions Below and Return to Baron Payroll no later than December 16, 2011.

Fax (631) 925-5600 or scan and email to: support@baronpayroll.com

1. Do you have taxable fringe benefits that need to be included on your W-2's?

- I WILL NOT submit taxable fringe benefits for 2011
 I WILL submit taxable 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. Accruals (PTO, Vacation, Sick Time, Personal Time)

- PTO DROP balances at Year End 2011 CARRY FORWARD balances into 2012
Vacation Time DROP balances at Year End 2011 CARRY FORWARD balances into 2012
Sick Time DROP balances at Year End 2011 CARRY FORWARD balances into 2012
Personal Time DROP balances at Year End 2011 CARRY FORWARD balances into 2012

4. Do you have Manual/Void Checks?

- I DO NOT have manual or void checks to report
 I DO need to void checks issued in 2011

5. Third Party Sick Pay?

- I WILL NOT report Third Party Sick Pay for 2011
 I WILL report Third Party Sick Pay for 2011 by January 12, 2012. Please delay year-end processing until the middle of January 2012.

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

- I have already updated my employee(s)' social security numbers, names and addresses
 Attached are any changes. Please update for us.

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(s)
 Unemployment Rate



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

FINAL CHANGES TO 2011 PAYROLL RECORDS

I understand that if I need to make any changes AFTER MY LAST PAYROLL, I must call Baron Payroll IMMEDIATELY to request a delay in the processing of my 4th quarter reports and W-2s. Otherwise, Baron Payroll will begin processing my 4th quarter reports on January 3, 2012. Submitting changes or additional information after this period will result in additional charges.

Company Name: _____ Client ID # _____

Approved By: _____ Date _____

W-2s processed after January 20, 2012 will incur an additional charge!