PenSoft® NEWS

Quarterly Newsletter for PenSoft® Payroll Solutions

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Fall 2010

INSIDE...

In observance of Labor Day, PenSoft will be closed Monday, September 6th.

In observance of Thanksgiving Day, PenSoft will be closed Thursday & Friday, November 25th & 26th.

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Unemployment Costs for Employers

Unemployment Insurance is a joint federal and state program providing benefits to unemployed workers who lose their jobs through no fault of their own.

During these slow economic times and high unemployment many state trust funds are being depleted and the states are now borrowing from the federal government. Consequently many states have increased their UI rates and many more are expected to increase their rates later this year.

Control Unemployment Costs
Tips on keeping your unemployment costs under control.

Companies who have had to cut costs by reducing their workforce to stay afloat are finding their expenses did not decrease as much as expected due to increased unemployment rates. Employers are now trying to determine how to pay the higher unemployment taxes and wondering if it will become a bottomless pit.

While the nation argues over the best means to repair this "broken" system, employers are left to deal with reality of increased unemployment rates. An employer's ability to maintain employment levels and hire workers depends on whether revenue exceeds costs. Payroll costs, including unemployment insurance, are a significant part of a company's total cost of doing business. So what can employers do to help keep unemployment costs under control?

Controlling Unemployment Costs

Employers can keep their unemployment costs under control by following a few basic principles:

1. Review employment policy manuals annually and provide updated copies to all employees.

See **Unemployment**, *page 2*

See What the Winds of Change Have Blown in for 2010

Many changes in payroll reporting were directed during 2010. While the economy slowly improved unemployment statistics remained unusually high. In an effort to increase employment, the Administration introduced the Hiring Incentives to Restore Employment (HIRE) Act. The HIRE Act authorizes a credit against company paid social security taxes for employers who hire long-term unemployed people. This credit is effective for the 2010 calendar year. Visit **www.irs.gov** for more information and qualification requirements.

PenSoft Implements Changes

Changes to PenSoft Payroll are ongoing to meet directive requirements and to satisfy additional customer requirements. Here are a few of the recent changes:

- New HIRE credit in 2010 PenSoft Payroll. To activate the credit check the "Eligible for new HIRE credit" box on the Employment tab in the Employee Setup
- A new tab in the Company Setup called Options has been created, and the features of the original Settings tab have now been divided between the two tabs.
- Overtime pay rates can now be rounded in the Options tab when the PenSoft defined income type for overtime pay is used.
- Worksheets can now contain both the Pay Date and Pay Period options instead of one or the other.
- When assigning Deduction Payments to a direct deposit file, the individual Standard Entry Class can be selected for greater ease and compatibility with the receiving bank.

Even with all the changes the year 2010 has brought, one thing remains the same. The PenSoft commitment to excellence and the endeavor to bring our customers the best value in payroll software will always stand fast against the blowing winds of change.

Leroy Newman
President & CEO

President's Corner

2010 is more than half over and PenSoft is busy preparing for the December 13, 2010 release of 2011 PenSoft® Payroll and 2011 PenSoft Employee Tracker™.

Windows® 2000

As technology continually advances it affects our products. Microsoft® released its newest generation of development tools earlier this year eliminating support of the Windows® 2000 operating system. Since all PenSoft software is developed using these tools our 2011 products will not support this operating system. If you are still using Windows 2000 you must either upgrade to a newer operating system (Windows XP, Windows Vista or Windows 7) on your computer or install the 2011 PenSoft software on a different computer with a newer operating system. We apologize for any inconvenience but unfortunately this is beyond our control.

2011 PenSoft Payroll Registrations

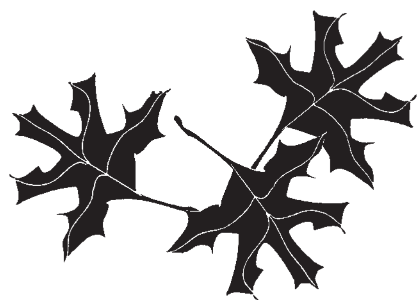
As many of you already know, because of vast PenSoft Payroll license violations, we have had to modify our registration process restricting registrations to a single location in accordance with the long standing license agreement. Multiple computers registered in a single location are acceptable – multiple locations are not. If you have questions about the license agreement you may refer to the license agreement in 2010 PenSoft Payroll. It will not change for 2011.

Congratulations!

Heidi Heretick, our Director of Sales and Marketing, completed 10 years of dedicated service to PenSoft. Responsible for the company product ordering process, production and shipping she directs a staff of three administrative employees. Additionally Heidi is responsible for updates to www.pensoft.com, for creating company collateral materials and for design and layout of this newsletter. She is a shining star in the PenSoft universe. Thanks Heidi and we look forward to many more years of superb service.

Ken Rockett, Programmer, completed 5 years of outstanding service to PenSoft. Ken superbly contributes to the programming team responsible for design and development of both internal and commercial software products. Thanks Ken for your dedicated service and may we enjoy many more years to come.

Sharrell Bowser joined the Support and Training Department as a Program Consultant. She comes to PenSoft with extensive payroll experience and is a welcome addition to the company.



Don't Forget to Turn Your Clocks Back on November 7th!

Unemployment, continued from page 1

2. Train supervisors and management how to properly document and handle employee and workplace issues.
3. Verify the UI rate in your software is correct. Avoid over and under payment issues.
4. Submit payments and employment reports on time.
5. Complete fully any request for separation information from the Employment Commission.
6. Participate in the Employment Commission fact-finding interviews. Failure to participate could result in a decision being issued based only on the information made available by the employee.
7. Review the Benefits Reports for accuracy and challenge questionable charges.

Each unemployment claim filed against an employer affects an employer's financial bottom line, therefore employers need to pay attention to every detail.

By implementing these recommendations employers can potentially save thousands in tax-related costs associated with unemployment.

2010 Year-End Webinar Dates

- November 2nd
- November 4th
- November 9th
- November 11th
- November 16th
- November 18th
- November 23rd
- November 30th
- December 2nd

Hurry! Space is limited and seats fill-up quickly. Call **888-PENSOFT (888-736-7637)** to register. Training is $99 per phone connection.

PenSoft Year-End webinars qualify for continuing professional education with the Department of Treasury-IRS. Earn two credit hours of CPE.

Q&A

Q. I have an eligible employee for the HIRE Credit Act. How do I show this in PenSoft Payroll?

A. When entering the new employee into PenSoft Payroll, check the "Eligible for new HIRE credit" option in the Employment tab of the Employee Setup. Enter the employee hire date and the software will calculate the credit.

Q. Can Form W-2s be reviewed before printing?

A. Yes. Form W-2s can be displayed at any time during the year to review for accuracy. To view the forms:

- Click Reports
- Select Tax Reports
- Select Forms W-2
- Select the desired employee(s) to view
- Click Display

Q. Do the Personnel Groups in Employee Tracker contain similar functionality as the groups on PenSoft Payroll?

A. Yes, the functionality of the groups in Employee Tracker is similar to those in PenSoft Payroll. The groups are not linked, but they can be set by the employer to correspond to the groups in PenSoft Payroll.

Q. Can terminated employees be reinstated in Employee Tracker?

A. Yes, to reinstate a terminated employee:

- Click Terminated on the toolbar.
- Highlight the desired employee.
- Click View/Modify.
- Click Rehire as an Employee.

Year-End Reconciliation

Payroll is an essential part of any business. Accurate payroll records are vital in preparing tax returns and for complying with federal, state and local tax requirements. Checks and balances need to be in place and routinely performed to ensure input and output accuracy and tax compliance.

A solid reconciliation process should include a detailed summary report of all discrepancies identified and the steps used in resolving the errors. It is recommended the report be signed or initialed by the department supervisor or by upper management and kept on file with the year-end reports. Prior to reconciliation or making any adjustments to payroll data perform a complete backup of the company data.

Quarterly reconciliation is beneficial for producing an accurate Employers' Quarterly Federal Tax Return (Form 941) and most state unemployment returns. Close attention should be paid in particular this year to Form 941 and the additional HIRE ACT credit regulations. Employers are required to have the Hiring Incentives to Restore Employment (HIRE) Act Employee Affidavit, Form W-11, on file for qualified employees to receive the credit. When the employee setup is marked for the New Hire credit, employer tax credits will be applied to the Form 941 in the appropriate areas resulting in a company tax deposit reduction. This liability reduction can either be applied to an individual deposit period or collected back as an overpayment.

To help with reconciliation PenSoft Payroll offers a variety of reports ranging from the Auxiliary Subject Wages Summary report to user defined Summary reports. Each report is customizable for the specific needs of the company. Many reports can be exported as a .txt file for use in other reconciliation programs.

No reconciliation is complete without a year-end checklist. Designed to be a template, PenSoft offers a sample checklist for use with year-end processing. This is just an example of the procedures a company may be required to execute during year-end and is not considered a replacement for company procedures or tax advice. Visit **www.pensoft.com/support/kdbshow.aspx?Doc=638** for a copy of PenSoft's checklist.

Year-End Webinars

Interested in a refresher course on year-end processing? PenSoft offers a comprehensive webinar geared toward the basics of year-end processing and reconciliation. Trainers will explain step by step the purpose, value and effectiveness of year end processing and reconciliation. Follow along in PenSoft Payroll as various tax scenarios are explained, examples are provided and demonstrations are executed. The year-end webinars will be held at 2:00 pm Eastern time. See dates available at the top of page three.

2011 Software Renewals & Tax Forms

Don't forget to renew for 2011 to have access to the software as soon as it is available. Prepaid 2011 software orders ship December 13, 2010 via UPS Next Day Air Saver.

Log into the Customer Resource page at **www.pensoft.com/customers/login.aspx** to place your 2011 order with credit card payment.

Have a coupon? Now use it online when placing your order! Click Discounts to the left of "Item Subtotal" in the Shopping Cart to add your coupon code.

Tax Forms

Be ready for year-end by ordering your tax forms, too! PenSoft offers complete tax form packages guaranteed compatible with PenSoft Payroll. All packages include envelopes.

Prepaid 2010 forms ship on or before November 15, 2010 via UPS Ground. Look on the back of your renewal notice for the full offering of tax forms we have available.

Online Check Ordering!

NOW AVAILABLE!

Running low on checks? Place your check order online with credit card payment at your convenience!

- Go to **www.pensoft.com**.
- Select Products and Services on the menu.
- Select Payroll Checks.
- Click Laser Checks, MICR Checks, or Envelopes.
- Complete the required items.
- Click Add to Cart.

DON'T FORGET!! Please fax a copy of a voided check to 757-873-1733 after completing the check order online.

Your checks will ship out of our Newport News, VA facility within ten business days. Need them faster? Add the Rush option and have the first 100 checks shipped out UPS Next Day Air Saver within five business days.

Tips

PenSoft Payroll

HIRE Credit

The "Eligible for new HIRE credit" can be found in the employee's setup under the Employment tab. PenSoft Payroll will automatically apply the credit when the 'Eligible for new HIRE credit' box is checked.

Cloning Payroll

Cloning payroll saves time and money. Employees typically working repetitive hours are candidates for this feature. You can simplify the data entry by using the data from a previous pay date as the pattern (clone) for the current pay date. If minor changes are needed simply modify the resulting payroll records. The 'Clone a Previous Payroll' function is located on the Payroll data entry screen.

PenSoft Employee Tracker

Purge Option

Personnel no longer needed in Employee Tracker can be removed using the Purge Option. This feature can be used to delete Applicants and Terminated employees. Select the desired personnel type and click Purge.

Personnel Groups

Create Personnel Groups in Employee Tracker to easily select Applicants, Employees, or Contractors for inclusion in reports and other functions. Permission to view personnel contained in certain groups can also be restricted as an added security feature.

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