

VOLUME 20 • ISSUE 3  
Fall 2011

## INSIDE...

2 President's Corner  
New Employees

2 Tips  
Auto Format

3 Q&A  
Form 940

3 E-Filing  
Tips

3 2012  
Renew TODAY!

In observance of Labor Day, PenSoft will be closed Monday, September 5th.

In observance of Thanksgiving Day, PenSoft will be closed Thursday & Friday, November 24th & 25th.



PenSoft  
151 Enterprise Drive  
Newport News, Virginia 23603  
P 757.873.2976  
F 757.873.1733  
info@pensoft.com  
support@pensoft.com  
www.pensoft.com

## The Federal and State Unemployment Partnership

According to the Bureau of Labor Statistics report in June 2011, the number of unemployed persons and the unemployment rate were essentially unchanged over the month. Since March, the number of unemployed persons has increased and the unemployment rate has risen. Even though it has been reported that the economy is improving, it remains tenuous.

Due to the heavy demand for unemployment benefits over the past couple of years, many state trust funds are being depleted and the states are borrowing from the federal government. Consequently many states have increased their UI rate and it is anticipated even more states will be increasing their tax rates and/or increasing the wage base in the coming year to offset the shortage.

The Federal and State unemployment programs were created as a social safety net to provide temporary financial assistance to workers who

have lost their jobs through no fault of their own. Each state has its own unemployment compensation program, qualification guidelines and benefit amounts. The state programs operate within the guidelines created by federal law.

These programs are mostly funded by employer taxes on both the federal and state sides. Only three states, Alaska, New Jersey

and Pennsylvania collect taxes from the employees. An employer's cost of unemployment is directly impacted by the company's unemployment experience rate. New employers generally have a fixed rate until they have contributions into the program to calculate an experience rate. Existing employers' unemployment insurance contribution rates are assigned according to a schedule of rates for specified ranges of reserve ratios. A higher reserve ratio generally results in a lower contribution rate. The reserve percentage is applied to the contribution schedule in effect for the

**Unemployment Programs**  
States can request a loan from the Secretary of Labor if they have insufficient funds.

See **Unemployment**, page 4

## Year-End Webinars

This year has been a year of many changes for payroll professionals. The year started with the payroll tax holiday which reduced the employee portion of the Social Security tax withholding rate to 4.2% from 6.2% of paid wages, the expiration of the Advance Earned Income Credit and most recently the FUTA surtax expired. These are just a few of the legislative changes payroll professionals had to implement all the while handling their other responsibilities. With so many changes it is imperative to pay close attention to your year-end reconciliations to ensure you are in compliance.

Do you fully understand the legislative changes that occurred this past year? Are you confident the changes are properly reflected in your payroll reports? This may be the year to attend a refresher course on year-end reconciliation and steps to prepare for 2012.

There's no question - payroll is a complex and dynamic industry. With PenSoft's Year-End webinar, you will enjoy a smoother and less stressful year-end, and be prepared for what lies ahead in the coming year.

**Year-End Webinars**  
Be prepared for year-end AND earn two CPE credits.

See **Webinars**, page 4



Leroy Newman  
President & CEO

## President's Corner

Here's hoping everyone enjoyed the summer but it is over and the Kids are going back to school. Once again our schedules make a major change as we settle into the renewed routine. It is time to begin planning for year-end and next year.

### Webinars

Because payroll year-end is something each company only does once each year PenSoft offers a webinar to help refresh the process. Year-end reconciliation is an important payroll function to ensure the information sent to all tax agencies is consistently reported. Be sure to sign up before all the spaces are taken. Dates and times are on page four of this newsletter.

### Congress and Administration

Indecision and unwillingness to compromise appear to be the mode of operation for our Congressional and Administration leaders as recently demonstrated by the lack of action on the FUTA surtax at the end of June and the inability in July to work toward a debt ceiling compromise potentially shutting down the Federal Government. It appears the players were more interested in politics than they were the health and welfare of our great nation. At the last minute gridlock over the debt

ceiling was broken but due to uncertainty over the future there was already much damage to business and public confidence. As a retired Air Force Officer I find this situation appalling!

Regardless how irresponsible our leaders are PenSoft will continue to do the very best to keep your payroll software up to date and accurate. We don't know what or when the next change will be or whether it will be retroactive (as some have suggested will be the case with the FUTA surtax) but we understand our responsibility to you, take it seriously and will make all last minute tax changes as they are made available to us.

### Employees

Joseph Gough joined our Information Systems Department as the Network Administrator. He comes to PenSoft with extensive networking and computer experience and is a great addition to the Department. Welcome Jay.

Joi Taylor joined our Support and Training Department as a Program Consultant. Joi brings a strong payroll background to the Department and will be able to use this experience to help our customers. Welcome to Support and Training.

## Tips

### Auto Format

PenSoft Payroll contains an auto format feature allowing users to forgo entering brackets for phone and fax numbers, dashes for social security numbers, and capitalization of names and places. This feature can be activated or deactivated by going to File>User Settings.

### Changing Unemployment Tax Rates

Changing the company state unemployment tax rate in mid-quarter does not require the user to delete previously entered payroll records for the quarter. PenSoft Payroll will recalculate the tax due based on the new rate entered.

### Report Layout

The Report Layout option provides the user with the flexibility to modify a report format. This is beneficial when there is more data than space allotted on the page. Click the Report Layout link next to individual reports to modify.

### Pay Frequency

On occasion it is necessary to modify an employee's pay frequency if entering an out of cycle bonus or commission check. Users can change the pay frequency for a particular payroll by unlocking the payroll frequency field on the payroll data screen. This change is not saved and will only apply to this individual payroll.

### Auto Format

When backing up payroll data, it is advisable to create multiple backup files. Using a removable storage device as a compliment to a server backup assures there are multiple data recovery options available.

**Q.** Why does the Form 940 have a “Preliminary” watermark stamped across it and still show a .08% tax rate when the IRS reduced it to .06%?

**A.** PenSoft must program all federal and state forms in our software exactly as they appear or as they are provided to us. The IRS has not yet released an updated Form 940; therefore we must continue to use the official version from the IRS website. The word “Preliminary” is stamped on the form to discourage early filing before PenSoft releases the final Form 940; implemented in the 4th quarter update.

**Q.** The new Health Care-Company deduction in PenSoft allows me to show my company paid portion of health premiums on the W-2 but what about the qualified employee contributions I also need to show?

**A.** Users who have created their own health insurance deductions for qualified employee premiums can simply modify the deduction on the Company level and add the appropriate code in the W2 Code field of the setup. Customers using the Cafeteria Plan or Caf  Alt deductions will need to contact Program Support for further instructions prior to 2012.

**Q.** My executive employees are paid monthly but the remainder of my staff is paid weekly. How can I ensure I am taxing everyone appropriately?

**A.** PenSoft provides users with the ability to select the workers’ pay frequency in the Pay tab of the Employee Setup. Simply choose the appropriate frequency for each person and the system will base the tax calculations accordingly when entering payroll data.

## E-Filing

### Company Name Control

Before transmitting your first 94x EFile return or PIN Registration, check the Company Name Control, a 4-letter abbreviation for your company’s name. To locate the Company Name Control:

- Click Company on the toolbar.
- Highlight the desired company.
- Click Modify.
- Click Settings..
- The Company Name Control is the fourth item down.

The Company Name Control is assigned by the IRS when the FEIN is designated. It will be used by the IRS along with the FEIN, to identify your company.

## 2012 Is Right Around the Corner!

PenSoft is dedicated to helping you prepare for 2012 as easily as possible! We offer quick and easy renewals, guaranteed compatible tax form packages and year-end webinars! See page four for webinar date and times!

### 2012 PenSoft Payroll

Renew your software for 2012 now to ensure you have access to the 2012 software when you need it! Prepaid 2012 orders ship December 19th via UPS Next Day Air Saver. Customers who select \$0 shipping option will be able to download on or before December 19th.

### Reporting Agents

If you are a Reporting Agent (RA), when setting up PenSoft Payroll companies for 94x EFile, enter your RA 5-digit electronic signature PIN on the signature tab of each company. **Do not click PIN Registration.** This is only for individual business taxpayers to request a 10-digit signature PIN.

**Q.** I am a payroll processor, already set up as a Reporting Agent (RA) with the IRS. Should I click the Signatory tab PIN Registration button for each of my companies?

**A.** No. The PIN Registration button is for Individual Business Taxpayers needing to register for a 10-digit signatory PIN in order to EFile federal forms. Reporting Agents use their 5-digit RA PIN as the signature PIN for each company.

### 2011 Tax Forms

2011 tax forms are available for purchase **TODAY!** We offer complete packages guaranteed compatible with PenSoft Payroll! Prepaid tax forms will ship on or before November 14, 2011.

Please check your tax form package as soon as you receive it! Call 888-PENSOFT (888-736-7638) if you have any questions regarding your package.

*Please note there are no returns or exchanges on tax forms.* Please call 888-PENSOFT (888-736-7638) if you have any questions regarding the appropriate forms for your software

## Unemployment, continued from page 1

applicable calendar year to determine the company's rate for the year.

When a state's unemployment fund is insufficient to pay expected benefit claims, the state's Governor can request a loan from the Federal Unemployment Account in the Unemployment Trust Fund from the Secretary of Labor. Any state having an outstanding loan balance on January 1 for two consecutive years is expected to repay the loan in full by November 10th of the second year. If the state is not able to repay the loan, then the employers in that state will pay a higher federal unemployment tax each year the loan remains outstanding.

The federal tax credit for unemployment insurance paid to a state is reduced in successive increments of a minimum 0.3% percent for each year the loan remains outstanding, thus resulting in the employer paying a higher federal tax. In cases where a state has an outstanding loan in the third and fifth years, an additional offset credit reduction may apply.

The expiration of the FUTA surtax will reduce the federal unemployment taxes employer pay but employers can make their voices heard by becoming actively engaged with their local and state governments. The bottom line is the insolvency of the UI trust funds will continue to result in increased UI tax rates for 2012 and the foreseeable future.

## Webinars, continued from page 1

### Year-End Reconciliation Webinars

Time 2:30 – 4:30PM EST

- November 1st
- November 3rd
- November 8th
- November 10th
- November 15th
- November 17th
- November 22nd
- November 29th
- December 1st

### Earn 2 CPE Credits!

PenSoft's Year-End Webinars are the most popular webinar available to our customers. They are very reasonable in price too! For only \$99 per phone connection you will have enough information to prepare a year-end checklist to insure your process is complete and you are in compliance. You will also earn 2 CPE credits!

Sign up for one of the above dates. Call 888-PENSOFT (888-736-7638) to sign up TODAY! Seats are limited for each available webinar date.

***Sorry, no refunds are available for webinars. We require a 72-hour advance notice to reschedule webinar dates for participants.***

### Other Webinars Available:

#### ***PenSoft Payroll Demonstration***

November 1st, 8th, 15th, 22nd & 29th- 11:00 am EST

#### ***PenSoft TimeOnline Sales Demonstration***

November 3rd, 10th, 17th & Dec 1st- 11:00 am EST;

Reserve your seat today to attend a demonstration on PenSoft's family of products.

Leroy Newman  
President & CEO

Stephanie Salavejus, CPP  
Vice President & COO

Melineé Cody, CPP  
Director of Support & Training

Heidi Heretick  
Director of Sales & Marketing

Paul MacDonald, MCSE  
Director of Information Systems

**Contributing Writers**  
Program Support Department  
Sales Department

PenSoft  
151 Enterprise Drive  
Newport News, VA 23603

**Info:** 757-873-2976  
**Support:** 757-873-1199  
**Fax:** 757-873-1733

info@pensoft.com

support@pensoft.com  
www.pensoft.com

Published 4 times a year.

©2010 Peninsula Software of Virginia, Inc.

PenSoft is a registered trademark of Peninsula Software of Virginia, Inc.

All other product names are trademarks of their respective companies.

Articles published in this newsletter are intended as general guidelines. PenSoft shall not be liable to any person or entity with respect to any liability, loss, or damage caused or alleged to be caused directly or indirectly by this publication.