

VOLUME 21 • ISSUE 1
Spring 2012

2012 Employee Social Security Rate

Due to another Congressional delay in agreeing on the 2012 payroll tax issue the bill didn't pass both Houses until December 23, 2011. This bill provided for a two-month extension of the 2011 reduced 4.2% employee Social Security contribution rate. President Barack Obama signed it into law the same day.

This is great news for employees but unfortunately this decision was finalized after the initial release of 2012 PenSoft Payroll. Because this law reduces the employee contribution and effectively increases employee net pay, PenSoft scrambled to produce an update and get it to our customers before they processed their first payroll in 2012.

Version 3.12.1.02 with the reduced rate was released for download on the PenSoft website in the early afternoon on December 27, 2011. All PenSoft CD customers were sent the update via UPS, Next Day Air Saver on Wednesday, December 28, 2011.

The social security tax rate for employee contributions was effective January 1, 2012. It was critical to update to version 3.12.1.02 or higher prior to processing the first payroll for 2012 to ensure the employee social security tax contribution was calculated at the 4.2% rate.

Social security tax rate for employee contributions was effective January 1, 2012.

Understanding many customers may have been on holiday and processed the initial 2012 payroll prior to installing the critical update, PenSoft has provided correction instructions on the knowledge database. These instructions will assist customers in the correcting payroll records entered prior to the installation of the update version 3.12.1.02 or higher.

Visit www.pensoft.com/support/support.aspx and enter Document ID number 819 to access the instruction sheets. If you should have questions regarding the update or how to ensure you are in compliance, contact program support at support@pensoft.com or call 757-873-1199.

Internet Usage & Your Employees

Most all businesses today have presence on the internet and use the internet to grow their businesses. In addition to having a webpage businesses are tweeting, on Facebook and have presence on one of the many professional networking sites like LinkedIn. Access to the Internet means virtually anything desired is at your fingertips. Simply put, the internet has changed the way we do business.

The internet affects almost every aspect of our professional and private lives. It could be argued technology has blurred the line between professional and private lives. Today's technology

makes it easy to work from almost anywhere and compels people to do so. At the same time, people also feel compelled to use internet access at work for personal reasons.

Employees spend approximately one-hour or more each day online.

As a payroll software developer, the internet is an invaluable tool for PenSoft to keep up to date on the latest tax changes and compliance issues. There is not a day that goes

by our employees are not doing research on the internet. The internet allows instant access to do payroll research, communicate with tax agencies, talk to our customers and promote our products.

Studies have shown employees are spending approximately one-hour or more each day sending and reading personal e-mails, planning vacations,

INSIDE...

- 2 President's Corner
Busy Season
- 2 What Can PenSoft Do For Your Business?
Optional Services
- 2 Trade Shows
2012 Schedule
- 3 Tips
Employee Self-Service
- 3 Q&A
IRS e-New
- 4 Reconciliation Webinar
Dates Available

In observance of Memorial Day, PenSoft will be closed Monday, May 28th.



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



Leroy Newman
President & CEO

President's Corner

As we enter 2012 we are thankful for your loyalty through the recession and slow business time our country has faced.

We appreciate your business and your feedback as we continue to produce the best value in payroll software.

Busy Season

PenSoft appreciated your patience during our recent busy season. Our number of calls from mid-December through the end of January are exceedingly high as customers require assistance installing the new software and run their end of year reconciliation and reports from the previous year software. These activities are only used once each year so many customers wanted to be sure they did it correctly.

Our Program Support Department, with augmentation from the Information Systems Department and Senior Management, worked very hard to get to every customer and resolve their issues as quickly as they could. In some cases the hold time exceeded our desired maximum time but be assured

we did our best to completely help every customer once connected. Thanks for your patience during this extremely high call volume time.

Challenges

2011 presented many challenges for PenSoft. The inaction/delayed action of our elected officials in Washington caused us to produce many additional updates throughout the year. As we entered the 2012 product year we were again faced with a delayed decision about the reduced employee Social Security withholding rate. As you know it was finally decided to extend the reduced rate for two months, so we immediately produced and distributed an update. Again we are faced with not knowing if we will need to update the software at the end of February. If they decide to extend the reduced rate to the end of 2012 we will not need to update any software until our normal quarterly update in March. Watch for our update notices as we go through the year. It is very important to update your software each time we notify you of an update so you have the latest tax information and calculations.

Employee Self-Service

Doculivery paystub capabilities are active. Here's an opportunity to post your employee paystubs each pay period and make them available to your employees online from any internet connected computer worldwide. You will also be able to post your 2012 W-2s for employee access. If you haven't started using this capability I highly suggest you consider it for an employee convenience, payroll processing efficiency and cost savings versus printing and distributing paystubs.

Trade Shows

We plan to exhibit at a number of trade shows this year. If you attend any of them we encourage you to stop by our booth and say hello. We enjoy meeting our customers when there is an opportunity to do so. Our schedule is later in this newsletter. *Please see 2012 Tradeshow Schedule on page 3.*

What Can PenSoft Do For Your Business?

Are you taking full advantage of the capabilities available in your payroll software? PenSoft offers many additional services created to help you manage your business more efficiently. Sign up for one or multiple services and see how combining our services with PenSoft Payroll can help you manage your payroll and business better.

Employee Self-Service

Offer your employees and subcontractors 24/7 online access to their pay summaries on a secure site. Each processor of multiple companies will get a unique URL to be used for the clients. Employees can also access W-2s and subcontractor 1099s, employee change forms, and company messages.

Visit www.pensoft.com/services/onlinedocuments.aspx

Direct Deposit

Offer direct deposit to your employees and clients! No need to worry about lost paychecks any longer.

Visit www.pensoft.com/services/directdeposit.aspx

E-Filing

Use our web service application in conjunction with the IRS's Electronic Filing System. Electronically file Forms 941, 940, and 944 within PenSoft Payroll. Increase your efficiency and eliminate paper forms.

Visit www.pensoft.com/services/efile_94x.aspx

Remote Client

Are you a payroll processor? Do you have multiple locations or a mobile business? Remote Client is a downloadable application

2012 Trade Show Schedule

Come visit us! We love to meet and talk to our customers. We may be in your neighborhood this coming summer. PenSoft will be exhibiting at the following two tradeshow:

2012 Accounting Technology New York

PenSoft will be at the Penn Plaza Hotel May 2-3 in New York City at booth 504. Visit www.flaggmt.com/ny/exh_ticket.htm for a free show pass. The free show pass will admit attendees to the free show Wednesday, May 2nd or Thursday, May 3rd.

Midwest Accounting & Finance Showcase

PenSoft will be at the Donald E. Stephens Convention Center August 28-29 in Rosemont, IL at booth 1617.

Tips

Employee Self-Service

PenSoft customers can now offer employee/recipient self-service for payroll summaries and forms W-2 and 1099. Doculivity system provides the ability to upload compensation summaries, forms W-2 and 1099-MISC to a secure internet site. Employees and independent contractors would log-in to the secure internet site to view and/or print their summaries and forms. Visit www.pensoft.com/services/onlinedocuments.aspx for more information.

Software Developer Kit

PenSoft offers a software developer kit (SDK) for software developers to create integration between PenSoft and other applications. E-mail support@pensoft.com to request a software developers kit.

Payroll Frequency

PenSoft Payroll users can temporarily change the payroll frequency for an employee while in an individual payroll record. Simply press the unlock button by the payroll frequency field and select the correct frequency. New payroll records will be set to the frequency in the employee's setup.

Q&A

Q. New York employers by law are required to provide written notice of wage rates to all employees by February 1 of each year. Is there a by employee report in PenSoft payroll that will provide this information?

A. The Employee Setup report located under Other Reports would provide the wage rates currently setup in each employee's record. This report is also beneficial in verifying an employee's contact information and notifying the employee of their current exemption election.

Q. I am new to the payroll profession and want to keep up to date on legislative changes important to our company. Do you have a recommendation for a good no-cost resource?

A. The IRS e-News for Payroll Providers is a good resource for federal issues. The e-News notices include recent legislative changes affecting federal payroll reporting, new employment tax procedures and general information specifically affecting federal payroll tax returns. The following link will take you to the sign up page for the e-News newsletter. Go to www.irs.gov/businesses/small/article/0,,id=231230,00.html to sign up for e-News for Payroll Providers.

Q. This year we had an employee who passed away. The income of a deceased employee has special taxation rules. Where can I get directions on how to handle this type of payment?

A. The IRS provides guidance in Publication 15 www.irs.gov/pub/irs-pdf/p15.pdf under the section Special Rules for Various Types of Services and Payments and in the Instructions for Forms W-2s and W-3 on page 4 (www.irs.gov/pub/irs-pdf/iw2w3_11.pdf).

making medical and dental appointments, chasing down their parents and children, making arrangements for childcare and eldercare, and surfing the web while on the clock.

So how do companies balance the need to provide employees access to the internet to perform their job but at the same time ensure their employees are actually working for the time they are being paid?

The initial reaction of many employers was to ban all access to the internet unless it was a necessary tool for the job. Other employers blocked unacceptable websites and personal e-mail. This approach resulted in increased costs to the company and at the same time made it challenging for many employees to perform their job.

Communication with everyone in the company is vital to finding a successful solution. Do not misunderstand the message because there is no perfect solution. The real issue is not whether or not to allow internet access but how to develop a strategy to manage internet use.

A leading authority on employment issues, Robert Half International, recommends employers implement a company internet usage policy to help establish guidelines of what sites are permissible during work hours, what conduct is deemed to be unacceptable, and what employees can and cannot communicate on behalf of their employer.

Results show employers who developed a transparent policy based on the needs, culture, and values of the company ended up with a win-win situation for both employers and employees. This type of approach has resulted in companies with productive and satisfied employees.

Knowing where to start is one of the biggest challenges. Interesting enough the internet is a great place to start your research. Many large organizations have posted their company's internet usage policy on the internet for everyone to see. Consider purchasing one of the numerous publications offering assistance in how to develop computer, e-mail, and internet guidelines. Another option is to hire an outside company to develop your company's internet usage policy.

Regardless of the path you take in developing your company's internet usage policy, understand it is more than an exercise in policy writing. The primary objective should be to protect the company against lawsuits and to protect the company's assets and one of your biggest assets is your employees.

Services, continued from page 2

to remotely submit payroll information and to return reports. Free 30-day trial available by request; e-mail support@pensoft.com for more information. Visit www.pensoft.com/services/remoteclient.aspx

TimeOnline

Are you still dealing with paper timesheets? Enter time from any computer with internet access and reduce time spent correcting human error. Export hours directly into PenSoft Payroll. Sales demo available upon request; e-mail support@pensoft.com for more information. Visit www.pensoft.com/services/timeonline.aspx

Worker's Compensation

Automatically calculate premiums based on actual payroll data and eliminate the initial estimated payment. Pay-as-you-go workers' compensation helps improve your cash flow for your business. Visit www.pensoft.com/services/insurepay.aspx

Upcoming Quarterly Reconciliation Dates

PenSoft's popular quarterly Reconciliation webinar will be offered again starting in March. It will cover the steps to reconcile your tax liability, payroll expense and payroll liability accounts. The 120 minute live webinar is a great opportunity to earn two Continuing Professional Education credits and to ensure company and employee setup are correct. The webinar is \$99 per phone connection. The two hour webinar is at 2:00 pm Eastern time on the following dates:

- March 20
- March 22
- March 27
- March 29
- April 3
- April 5

Call 888-PENSOFT (888-736-7638) to register.

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

Information Systems 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.
©2012 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.