PenSoft® NEWS

In observance of
Independence Day,
PenSoft will be closed
Thursday, July 4th.

In observance of Labor
Day, PenSoft will
be closed Monday,
September 2nd.

PenSoft®
BUSINESS
SOLUTIONS

Securing Personal Identifiable Information in PenSoft Payroll

No one likes to deliver bad news or admit a careless mistake resulted in causing serious harm to employees within their organization.

Can you imagine having to draft a letter to every person in your organization notifying them you are the victim of a data breach? Even worse, having to admit the cause of the data breach was due to carelessness of an employee within the organization.

Employers have a legal obligation to ensure the confidentiality and security of an employee's Personal Identifiable Information (PII). The security of PII is the responsibility of everyone in the company and is no longer the sole responsibility of the Information Technology (IT) department. Together management and IT should review the organization's security policy to ensure measures are in place to reduce the likelihood of such an event.

*Securing Personal
Identifiable Information*

PenSoft Security Features

PenSoft Payroll has multiple levels of password security built in to protect against unauthorized access to sensitive payroll information. All editions of PenSoft Payroll include a tiered password capability. The system and company password features can be used individually or together to create a multiple perimeter ring of defense against unauthorized access. Additionally, the Platinum and Accounting Editions offer the ability to manage user access individually.

Strong passwords are essential to protecting against unauthorized access. The ideal password is long and has a combination of letters, numbers and symbols. In addition to having a strong password it is recommended passwords are changed on a regular basis.

User Access

• *System Password* A password is required to run PenSoft Payroll.

Intercepting ACH Transfers

The ease and convenience of using direct deposit is undeniable. Gone are the days of keeping check stock, jammed printers, missing mail, and miffed employees. These days it's click, send, verify, and you're done…or are you?

The use of electronic funds transfers hasn't gone unnoticed by the bad guys. Indeed, the uptake in the use of ACH transfers has seen an uptake it the attempts to compromise the ACH system. A recent report by the American Payroll Association (APA) illustrates some of the means hackers are using to subvert the system. The two most common methods amount to the same thing – intercepting your ACH transfer so your credentials can be stolen:

*Hackers Now Starting To
Target ACH Files*

• Capturing ACH data in transit – this is difficult within the banking system itself, but data can be captured after it leaves your computer and before it gets to your bank.

• Infecting a computer with malware – this lets hackers actually capture your keystrokes or intercept data as it's leaving your computer.

One issue that is not discussed is the security of the ACH transmittal files created on the file system prior to the transmittal itself. These files can contain sensitive information hackers would love to get their hands on. To that end, users should be vigilant about where these files are stored and how they are maintained. Indeed, in many cases the files need not be kept

President's Corner

Leroy Newman
President & CEO

Our hearts go out to Boston in its time of tragedy as well as other areas affected by disasters across our Nation.

Sequestration

The budget cuts are creating major economic issues and inconveniences for all of us. This is a real threat to our fragile economic recovery and has the potential to put us back into a recession. We must encourage our elected officials to put politics aside and work together to resolve our budget issues and to keep our economy strong.

President's Budget

As we look ahead to Congressional budget discussions we mindful of the President's proposed budget. Here are some of the proposed elements:

- FUTA base increase from $7,000 to $15,000 with adjusted rates
- Minimum wage increase from $7.25 to $9.00
- Lower e-filing threshold from 250 W-2s to 50
- Mandated IRAs
- Additional worker class audits

Some of these proposals have a direct financial impact on the business community at a time when many businesses are struggling to hold on until the economy improves. PenSoft will continue to monitor the budget discussions and will be prepared to update PenSoft® Payroll when decisions are made affecting payroll.

Sales Tax

The U.S. Senate is considering a bill to tax internet sales. This is a significant tax resource not being realized by sales to customers in states where the selling business doesn't have presence. However, if each state has the authority to tax internet sales it would be a serious burden on internet companies first to calculate and collect the tax and secondly to report it to each state where it has sales. Local taxes in several states further complicate this issue. Although this is not a payroll issue, if passed, it will affect many of our business customers.

Employees

We recently celebrated Melinee' Cody's fifteen years at PenSoft. She joined us as a Program Consultant in the Program Support and Training Department in 1998. In 2001 Melinee' earned the APA Certified Payroll Professional (CPP) designation demonstrating her drive to excel. In 2004 when the Director of Support and Training was promoted to Vice President, Melinee' was the obvious selection to fill the Director position. She continues to grow her payroll knowledge and leadership of her Department and is an invaluable member of our team. Congratulations Melinee'.

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- *Company Password* A password is required to open each individual company. To offer the best level of protection, each company should have a unique password.
- *Individual User Logon* An administrator creates individual user logon credentials, passwords and permissions to open individual companies as well as to perform specific functions within the company. Available in the Platinum and Accounting Editions.

Masking of PII

- *Employee Social Security Numbers* Suppress the employee's social security number completely or opt to print only the last four digits on check stubs and most user defined reports.
- *Employee Checking Account Numbers* Suppress the employee's direct deposit account number(s) completely or opt to print only the last four digits of the account number on plain paper summaries.
- *Recipient Federal Identification Number or Social Security Number* Suppress the recipient's federal identification number completely or opt to print only the last four digits on check stubs and most user defined reports.
- *Recipient Checking Account Numbers* Suppress the recipient's direct deposit account number(s) completely or print only the last four digits of the account number on plain paper summaries.

Direct Deposit and Paycards

Direct deposit and paycards are secure methods of paying employees. Instead of providing paper checks, deposit employee wages into employee bank accounts or on paycards. Eliminate the possibility of pay checks being lost or stolen.

PenSoft Payroll Professional and higher Editions offer the feature to transmit direct deposit files to your financial institution or to our secure partner. Visit **www.pensoft.com/services/directdeposit.aspx** to download the contract.

2014 Renewals

2014 Renewals & Tax Forms

Renew Your PenSoft Payroll for 2014!

Why renew with PenSoft?

- Affordable! Renewal prices aren't increasing for 2014.
- Simple. Don't have to learn a new software.
- Access your payroll. Simply transfer your company from 2013 to 2014 and complete payroll!

Complete the enclosed renewal form and renew **TODAY**! Prepaid 2014 software will ship on December 16 via UPS Next Day Air Saver.

Don't Forget Your 2013 Tax Forms!

A handy order form is included on the back of your renewal notice! If you purchased 2012 tax forms from PenSoft, your reorder is printed for your convenience on your renewal notice. Prepaid tax form orders ship on or before November 15, 2013 via UPS Ground.

Tips

Checking Accounts

The checking account used to pay employees can be changed in the payroll data entry window. Click the Unlock button by the Pay From window. Click the drop down selector to select a different account in the list.

Sorting Employees

PenSoft Payroll offers 10 options for sorting the active employee list. To change the sort option for active employees, click Employees on the toolbar then select one of the options available.

Off-Site Backups

PenSoft recommends sending backups off-site to ensure systems and servers can be reloaded with the latest data in the event of a disaster, data corruption, or system crash. Backup PenSoft Payroll data to an external drive by clicking Backup on the toolbar and browsing for the appropriate media output. Click OK to complete the backup.

Updates

Download and install the latest PenSoft Payroll update to get the benefit of the new feature of locking the date fields when creating export files.

Q&A

Q. When I click Checks on the toolbar, the list displays payroll records and tax deposits. Can I show only the payroll records?

A. Yes. With the Checks window displayed, click Show on the bottom left of the screen and use the drop down selector to choose "Payroll Items Only". The feature can also be locked to maintain the option.

Q. How can I generate a report to list only the checks marked as Void in PenSoft?

A. The default report includes active and voided checks in PenSoft. To isolate only the voided checks, Click Reports on the toolbar and click Report Setup by the Check Register button. Select only the Voided Records you want displayed in the report. The options include voided payroll records, Form 1099 records, tax deposit records and deduction payment records. Click OK. To run the report, click the Check Register button, select your reporting period and click OK.

Q. How can the sound be turned off when using PenSoft Payroll?

A. Click File on the menu and select User Settings. Click the selection box to remove the check from "Use sound effects".

Q. Can PenSoft be installed on a Macintosh computer?

A. Currently PenSoft is only supported on Windows XP, Vista, Windows 7 or Windows 8 operating system.

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Electronic Filing

The Internal Revenue Service (IRS) has several public outreach programs to combat identity theft and protect taxpayers. They continually look for ways to increase data security and prevent refund fraud.

A large number of small employers still file wage and tax statements with the Social Security Administration (SSA) on paper. As the due date approaches, criminals are targeting businesses in an attempt to get their hands on this valuable information. Employers can reduce criminal access to the information by electronically filing employment tax reports. Register with the SSA to use Business Services Online.

PenSoft Payroll Professional and higher Editions provide the ability to create electronic file formats for:

• *Wage and Tax Statements* Forms W-2 Social Security Administration
• *Unemployment Wage Reports*

Employee Self Service - Doculivery

Offering electronic delivery of employee pay summaries and Wage and Tax Statements - Form W-2s increases security of employee sensitive and personal information.

Doculivery® by National Payment Corporation (NatPay) can help by providing employee access to paystub summaries and annual wage statements on a secure internet site. Each employee will be provided with a unique login ID and case sensitive passwords to access pay stubs and W-2 statements.

NatPay incorporates security settings designed to pass a SSAE 16 Type 2 audit. In addition to the standard security settings, NatPay recommends designating individual IP addresses within your network authorized to have access to the internal side of the Doculivery system. By incorporating the recommended security settings you reduce your company's vulnerability to fraud and identity theft.

Conclusion

PenSoft understands protecting your employee personal identifiable information and your organization's reputation is a priority.

While PenSoft Payroll provides features to limit access to records containing personal information it is important to train employees on the necessity of safeguarding employee PII and on how to safeguard such information in accordance with the company's policies and procedures. E-mail Program Support at **support@pensoft.com** or call 757-873-1199 for assistance in setting up any of the features in PenSoft Payroll.

Interested in learning more about additional payroll services visit **www.pensoft.com/services/services.aspx** or call Sales at 757-873-2976.

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at all, and can be deleted immediately. If your organization requires these files be kept, make a point of keeping them in a secure location, in an access-controlled folder that's monitored for abuse. Delete any old ACH files when practicable, and have a process in place to notify your bank and change passwords in the event of a compromise.

Developing and implementing a plan to secure ACH files is an essential part of protecting sensitive company and employee data.