



IN THE BUSINESS OF YOUR SUCCESSSM

2011 Year-End Client Guide

For clients using RUN Powered by ADP[®]

This guide contains information and critical dates that will help ease your year-end tax filing.

HR. Payroll. Benefits.

Welcome to the 2011 Year-End Client Guide

Welcome to 2011 Year End. This guide is designed to assist you in accomplishing your tasks. Along with your accountant, your ADP service team is also available to assist you.

How to Use This Guide

You may be new to the year-end process or you may have been through it many times now. In either situation, ADP recommends that you take the time to read this guide. It contains useful information that will assist you in completing the required tasks for a successful year-end process.

What's New for 2011 Year-End

The following items are new for 2011 year end.

- ▶ **Ascertain date and reason code for amendments** – If an amendment needs to be filed for your Form 941, you will be asked to provide the ascertain date and reason for the change. An error is ascertained when the employer has sufficient knowledge of the error to be able to correct it. This information will then be added to Form 941-X when it is filed.
- ▶ **View W-2 forms online** – A new report in RUN allows you to view your employees' W-2 forms. The report name is W-2 Statements (found on the Reports tab).
- ▶ **W-3 form** – This form now includes the Kind of Employer section. The R13 RUN release added this field to the Federal Tax page (Company tab).
- ▶ **Bonus Payrolls** – Some states have changed the state tax on Bonus Earnings. These states include Illinois, Maryland, Rhode Island, Vermont, and Wisconsin.
- ▶ **Earnings and Deductions** – Several new earnings and deductions have been added to RUN and were described in the *RUN Release Notes* documents. Detailed information about earnings and deductions can be found in the *Earnings and Deductions Reference Guide*. You can view and download this guide from the Support Center page in RUN.

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– referred to in this guide as “RUN.”

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Contact and Resource Information

This section provides contact and resource information for the following:

- ▶ [Internal Revenue Service \(IRS\)](#)
- ▶ [Social Security Administration \(SSA\)](#)
- ▶ [ADP Compliance Connection website](#)
- ▶ [RUN Support Center](#)

Internal Revenue Service (IRS) Contact Information

General Contact Information

Deaf Communications	800-829-4059
Forms	800-829-3676 http://www.irs.gov/formspubs/index.html
Hotline	800-829-4933 304-263-8700
Income Tax Questions	800-829-1040
Internet	http://www.irs.gov

Regional IRS Service Centers	
If you are located in: (Principal business, office, or agency – or legal residence if an individual)	Then your Regional Service Center is:
Connecticut, Delaware, District of Columbia, Florida, Georgia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, West Virginia	Attn: EIN Operations Holtsville, NY 11742 Tele-TIN: toll free 800-829-4933 Fax-TIN: 631-447-8960
Illinois, Indiana, Kentucky, Michigan	Attn: EIN Operations Cincinnati, OH 45999 Tele-TIN: toll free 800-829-4933 Fax-TIN: 859-669-5760
Alabama, Alaska, Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, Puerto Rico, South Dakota, Tennessee, Texas, Utah, Washington, Wisconsin, Wyoming	Attn: EIN Operations Philadelphia, PA 19255 Tele-TIN: toll free 800-829-4933 Fax-TIN: 215-516-1040
No legal residence, principal place of business, or principal office or agency in any state	Attn: EIN Operations Philadelphia, PA 19255 Tele-TIN: toll free 800-829-4933 215-516-6999 Fax-TIN: 215-516-1040

Social Security Administration (SSA) Contact Information

General Contact Information

Deaf Communications	800-325-0778
General Information	800-772-1213 http://www.irs.gov/formspubs/index.html
Internet	http://www.ssa.gov
SSA regional office locations and phone numbers	http://www.ssa.gov/employer/wage_reporting_specialists.htm

ADP® Website – Compliance Connection

Refer to the ADP website Compliance Connection page for up-to-date tax and compliance resources:

<http://www.adp.com/tools-and-resources/compliance-connection.aspx>

COMPLIANCE CONNECTION

Compliance Connection

Looking for up-to-date tax and compliance resources? Find what you need in ADP's repository of facts, forms, and tools. Filled with the most sought-after tax-related information, the Toolbox is available from the convenience of your home or office—any time of the day or night. The Right Tool For the Job.

[Print this Page](#)

- City Tax Locator
- Client Setup Resource
- e-Commerce Letters
- FAQ
- Glossary
- Federal Taxes
- Forms Download
- HEW - Int'l ACH Transaction (IAT)
- Calendars
- Military Spouses Residency Relief Act
- New Hire Reporting
- Newsletters
- Payroll Resources
- State Taxes
- Tax Incentives
- Unemployment Ins.
- Vital Connections

City Tax Locator
The City Tax Locator will provide you with the most up-to-date codes and percentages needed to set up your employees.
[Learn More](#)

Client Setup Resource
This resource will assist you with the jurisdiction requirements needed for client setup.
[Learn More](#)

e-Commerce Letters
State specific letters that outline electronic filing (e-file) requirements, and the steps you should take to ensure compliance and improve filing success.
[Learn More](#)

FAQ
A database of Frequently Asked Questions for answers to the most-requested topics.
[Learn More](#)

Glossary

Federal Taxes
Up-to-date Federal Tax information

Resources that you might find useful on this page include the following:

- ▶ State agency contact information – from the Compliance Connection page, select State Taxes > State Agency Contact Information.
- ▶ Wage and tax information for each state – from the Compliance Connection page, select State Taxes > 2011 Fast Wage / Tax Facts.

RUN Support Center



In RUN, you can access the Support Center by clicking the double question mark button at the top of the page. The Support Center includes a Year-End Support section. This section includes a variety of information, including how-to steps for year-end tasks, an online version of this year-end guide, and sample forms.

Year-End Checklist and Calendar

Year end includes a variety of tasks, in addition to running your regular payrolls. Use the tables in this section as a checklist to remind you of the tasks that need to be completed and the date the task is due.

Additional information about certain tasks can be found in RUN on the Support Center site, the Year-End Support page. The following is an example of the page:

Year End Support

The following links provide details about the tasks you must complete at the end of the year to ensure that your taxes are filed correctly. There are also links to forms and sample forms that will help you complete your year-end tasks.

Tasks

- [Verify your employee information](#)
- [Update employee totals](#)
- [Verify company information](#)
- [Run your last payroll for the year](#)
- [Confirm your employee information](#)
- [Verify your totals](#)
- [Review your tax forms](#)
- [File your taxes](#)
- [Print your W-2s](#)

RUN Payroll Entry Client – Checklist and Calendar

For clients that complete their own payroll entry (on a PC, Mac®, or mobile device), use the following table to assist you in completing your year-end tasks.

Date	General Information & Tasks – RUN Payroll Entry Client
November – December 2011	
11/24/11	Holiday – ADP and banks are closed.
Before your last 2011 payroll	Verify your employee information. Check the Support Center, Year-End Support page for task details.
Before your last 2011 payroll	Update Employee wage and tax totals for the quarter. Check the Support Center, Year-End Support page for task details.
Before or on 12/29/11	Run your last 2011 payrolls. This includes bonus and special payrolls. 12/29/11 is the last day to submit final 2011 payrolls with a check date of 12/30/11. Payrolls submitted after 12/29 may incur penalty and/or interest charges. Note: Checks dated on or before the last day of the year will be reported in 2011. Checks dated 1/1/12 or later will be reported in 2012. Check the Support Center, Year-End Support page for task details.
Before 12/30/11	Review your tax forms that are available in RUN on the Taxes tab. Check the Support Center, Year-End Support page for task details.
Before 12/30/11	Prior to running your last 2011 payroll, confirm your employee information using the W-2 Preview Report and the Employee Summary report. Check the Support Center, Year-End Support page for task details.
Before 12/30/11	Verify Company Information, including tax IDs, using the Quarterly Tax Verification Report. Check the Support Center, Year-End Support page for task details.
Before 12/30/11	Verify the W-2 delivery address for your company in RUN on the Company tab, Shipping Address page.
12/26/11	Holiday – ADP and banks are closed.
January 2012	
1/2/12	Holiday – ADP and banks are closed.
Before your first 2012 payroll	Review the 2012 Tax Changes Letter. The letter is available in mid-December from the Support Center, Year-End Support page.
January 2012	File any taxes that you are responsible for filing. Check the Support Center, Year-End Support page for task details.
1/9/12	Last day for Tax Filing Service clients to submit 2011 fourth-quarter adjustments. Any that are submitted after 1/9/12 may incur ADP reclose fees.
January second week	W-2 and 1099 packages delivered. Note: W-2s and 1099s are delivered in separate packages.
1/13/12	Last day for Tax Filing Service clients to submit 2011 fourth-quarter adjustments. Those that are submitted after 1/13/12 will require an amendment to be processed and amendment fees may apply.
1/16/12	Holiday – ADP is open. Most banks are closed.
1/31/12	Deadline for you to distribute W-2s and 1099s to your employees.

RUN Call-In Client – Checklist and Calendar

For clients that call in their payroll, use the following table to assist you in completing your year-end tasks.

Date	General Information & Tasks
November – December 2011	
11/24/11	Holiday – ADP and banks are closed.
Before your last 2011 payroll	Verify your employee information. Check the Support Center, Year-End Support page for task details.
Before your last 2011 payroll	Update Employee wage and tax totals for the quarter. Check the Support Center, Year-End Support page for task details.
Before or on 12/29/11	Run your last 2011 payrolls. This includes bonus and special payrolls. 12/29/11 is the last day to submit final 2011 payrolls with a check date of 12/30/11. Payrolls submitted after 12/29 may incur penalty and/or interest charges. Note: Checks dated on or before the last day of the year will be reported in 2011. Checks dated 1/1/12 or later will be reported in 2012. Check the Support Center, Year-End Support page for task details.
Before 12/30/11	Review your tax forms that are included with your last payroll of 2011. Check the Support Center, Year-End Support page for task details.
Before 12/30/11	Verify the W-2 delivery address for your company (in RUN on the Company tab, Shipping Address page).
12/26/11	Holiday – ADP and banks are closed.
January 2012	
1/2/12	Holiday – ADP and banks are closed.
Before your first 2012 payroll	Review the 2012 Tax Changes Letter. The letter is available in mid-December from the Support Center, Year-End Support page.
January second week	W-2 and 1099 packages delivered. Note: W-2s and 1099s are delivered in separate packages.
January 2012	File any taxes that you are responsible for filing. Check the Support Center, Year-End Support page for task details.
1/13/12	Last day for Tax Filing Service clients to submit 2011 fourth-quarter adjustments. Those that are submitted after 1/13/12 will require an amendment to be processed and amendment fees may apply.
1/16/12	Holiday – ADP is open. Most banks are closed.
1/31/12	Deadline for you to distribute W-2s and 1099s to your employees.

Delivery and Year-End Forms

This section includes information about delivery and year-end forms:

- ▶ [W-2 and 1099 Delivery](#)
- ▶ [W-2](#)
- ▶ [W-3](#)
- ▶ [1099](#)
- ▶ [940](#)

W-2 and 1099 Delivery

Important

W-2s and 1099s are delivered in separate shipments.

After ADP processes and prints your W-2 and 1099 forms, they are packaged separately for delivery within 48 hours and picked up by United Parcel Service (UPS) for delivery. You will receive a UPS tracking email message with tracking number details. Use this information to track the delivery status.

W-2 Wage and Tax Statement

W-2 packages will be delivered via United Parcel Service (UPS) starting the second week of January.

W-2 Package Contents

The following table outlines the contents of the package. The package content differs depending on who has filing responsibility – ADP or you.

W-2 Package includes...	ADP files	You file
An information letter about what is enclosed in the W-2 package	✓	✓
Employees' W-2 Earning Summaries	✓	✓
Copy D Employer reference copies	✓	✓
An information sheet about what displays in each box of the W-2	✓	✓
Federal W-2 Copy A		✓
State and Local W-2 Copy 1 and duplicate reference copy		✓
Federal W-3		✓

Changes and Corrections to W-2s

After W-2s are created, the following situations impact the W-2s:

- ▶ Changing employee specific data that displays on the W-2 (such as name, address, Social Security number, etc.).
- ▶ Changing a payroll check date to the prior year.
- ▶ Processing a current payroll with manual checks, voids, or third party sick payments using a check date in the prior year.

Complete the following steps to correct a W-2 after it has been filed:

1. Process a special payroll to correct the employee figures, if needed.
2. If ADP is not filing your annual filings, then complete Form W-2c and Form W-3c.
3. Submit your corrections. **Note:** The Social Security Administration (SSA) recommends that corrections be made on paper forms. To print copies of the forms, go to www.irs.gov.

After a filing to a tax agency has been processed, adjustments to that filing will be processed as an amended return. You will receive an amendment package for your records.

Online W-2s

New in 2011, W-2 forms can now be viewed online. The W-2 forms are available 24 hours after ADP processes the W-2 forms. Prior to that time, use the W-2 Preview report to display W-2 information.

All employees are included in one PDF report file. The W-2s are available on the Reports tab in the Taxes section. The report name is W-2 Statements.

Up to four years of forms are available starting with 2011. Each PDF file contains the most recent W-2 forms generated for your employees.

When viewing the file, all of the usual PDF options are available:

- ▶ Search – to locate a specific employee or other information in the PDF file.
- ▶ Print – the entire PDF file or specific pages.

Form W-3: Indicator for Kind of Employer

The IRS has modified Form W-3 Transmittal of Wage and Tax Statements. Form W-3 now includes a section to the right of box b, Kind of Employer. This change is effective for tax year 2011.

The following information is from the instructions for form W-3:

To improve document matching compliance, box b of the 2011 Form W-3 has been expanded to include a new section, Kind of Employer, which contains five new checkboxes. Filers are required to check one of these new checkboxes. Be sure to check the “None apply” checkbox if none of the other checkboxes apply.

The following graphic illustrates this section.

33333		a Control number		For Official Use Only ▶ OMB No. 1545-0008	
b Kind of Payer (Check one)	<input type="checkbox"/> 941	<input type="checkbox"/> Military	<input type="checkbox"/> 943	<input type="checkbox"/> 944	Kind of Employer (Check one)
	<input type="checkbox"/> CT-1	<input type="checkbox"/> Hshld. emp.	<input type="checkbox"/> Medicare govt. emp.		
c Total number of Forms W-2		d Establishment number		1 Wages, tips, other compensation	2 Federal income tax withheld
e Employer identification number (EIN)				3 Social security wages	4 Social security tax withheld
f Employer's name				5 Medicare wages and tips	6 Medicare tax withheld

The following check boxes are found in this section:

- ▶ None apply – Select if none of the other employer types apply.
- ▶ State/local non-501c – A state or local government or instrumentality that is not a tax-exempt section 501(c) organization.
- ▶ 501c non-govt. – A non-governmental tax-exempt section 501(c) organization.
- ▶ State/local 501c – A dual status state or local government or instrumentality that is also a tax-exempt section 501(c) organization.
- ▶ Federal govt. – A Federal government entity or instrumentality.

RUN automatically sets this field to “None apply.”

If your category is something other than “None apply,” you will need to indicate the correct category in RUN.

- ▶ For clients that call in their payroll – you will need to contact your service center to update this information in RUN.
- ▶ For clients that are on ADP’s tax filing service – you will need to contact your service center to update this information in RUN.
- ▶ For clients that file their own taxes – you can update the information on the Federal Tax page (Company tab).

1099–Misc Miscellaneous Income

Form 1099-Misc is the miscellaneous income form that employers must file for non-employees who are paid compensation of \$600.00 or more (including fees, commissions, prizes, and awards) during the year.

For information about paying non-employees, contact your accountant or refer to the IRS website (the Employee or Independent Contractor section in the Employer’s Supplemental Tax Guide).

The accuracy of the information reported on the 1099-MISC forms is as important as the information on the W-2s.

Important! ADP does not file your 1099s. If you have 1099s, you are responsible for filing them and a 1096 with the appropriate agencies by their required due date.

The 1099-Misc package includes the following:

- ▶ Copy A – IRS federal copy (pre-printed and scannable)
- ▶ Copy B – Employee copy
- ▶ Copy C – Payer copy (employer)
- ▶ Copy 1 – State copy (employer)
- ▶ Copy 2 – State filing copy (employer)
- ▶ 1096 – Annual Summary and Transmittal

Note: The 1099 package and the W-2 package are delivered separately. They are not packaged together.

940 Employer's Annual Federal Unemployment (FUTA) Tax Return

If you were on ADP’s Tax Filing Service for the entire year, you are not responsible for filing Form 940. ADP deposits all FUTA and SUI tax liabilities and files Form 940 on your behalf.

If you were not on ADP’s Tax Filing Service for the entire year, you are responsible for filing Form 940 and for depositing your own tax liabilities for FUTA and SUI for each applicable quarter.

Complete the following steps related to Form 940.

1. Review your Quarterly Tax Verification Report (Reports tab). It is critical that you verify the accuracy of the information to avoid incorrect tax filing and possible delays in your quarterly processing.

- ▶ If ADP is responsible for filing Form 940, no further action is needed.
- ▶ If you are responsible for filing Form 940, continue with step 2.

2. If you are filing Form 940, then complete the following:

- ▶ In the RUN application, on the Taxes tab, display the form. Use the envelope provided by the IRS to mail your form. Or, refer to the form for the filing address.
- ▶ Determine the filing date:
 - February 10 – File on or before February 10th if you made timely deposits of the full amount due.
 - January 31 – If you did not make timely deposits, then file on or before January 31st.
 - If the due date for the return falls on a weekend or legal holiday, the return is due the next business day.
- ▶ If required to pay your state unemployment tax in more than one state, then file Schedule A as an attachment to Form 940.
- ▶ If you enter your own payrolls (on a PC, Mac, or mobile device), then complete Form 940 online. If you call in your payroll, then contact your ADP service center to request the form.

Earnings and Deductions

If you need information about the various earnings and deductions that can be set up in RUN, refer to the *Earnings and Deductions Guide*. The guide is available from the Support Center, the Getting Started page. If you call in your payrolls and want to add any new earnings and deductions prior to year end, contact your ADP service team as soon as possible.

Third Party Sick Pay

You do not have to set up Third Party Sick Pay (TPSP) as an earning because it is set up automatically when you set up your company.

As year-end approaches, review the following information about TPSP.

- ▶ Federal legislation requires the reporting of both taxable and non-taxable sick pay made to employees from a third party. Taxes withheld on those payments must also be reported. Sick pay should be included on either the employees' W-2s or on a separate form provided by the third party. If third party sick pay is not reported by the third party, it must be included on your employees' W-2s.
- ▶ It is important that you obtain this information from the appropriate third party provider as soon as possible. These entries must be processed on or before your last 2011 payroll to ensure that your Form 941 and W-2 reports are accurate.
- ▶ If any of your employees have received temporary disability payments in 2011 from a third party carrier, such as an insurance company or state agency, the amount of these payments must be submitted to ADP as soon as they are reported to you. Any adjustments submitted after your W-2s are processed could result in additional processing and amendment fees.
- ▶ Most carriers provide monthly third party sick pay statements throughout the year, and a recap of the information in January. This reporting method allows employers to review and submit third party sick pay adjustments throughout the year, rather than only at year end. Any third party sick pay that has not yet been reported should be reported to ADP as soon as possible.

Bonus Payrolls

ADP recommends that you process bonus payrolls as special payrolls (separately from regular payrolls). This eliminates the potential of negative impacts to your employees' taxes and voluntary deductions.

Before processing a bonus payroll, be prepared to answer the following questions:

- ▶ Will the bonus payroll be issued via a live check or direct deposit?
- ▶ Should voluntary deductions be taken out of the bonus payroll (such as loans, 401(k) deductions, etc.)?
- ▶ Are changes needed to the tax amount withheld from the bonus check (such as federal or state income tax)?

Bonus payrolls with a 2011 check date will be included in 2011 wages and reflected on all fourth quarter 2011 tax reports and W-2s. If you need to report a 2011 bonus payroll after January 1, 2012 (with a check date of 2011), then you may incur penalties and interest.

If your federal tax liabilities for the bonus payroll are over \$100,000.00, then the taxes must be deposited the business day after the check date. Tax Filing Service clients should report these payrolls at least 48 hours before the check date to allow ADP enough time to debit and deposit the tax amounts.

Funding Requirements

In addition to federal regulations, ADP also applies certain restrictions to large bonus payrolls that may require a wire transfer prior to the check date. If these restrictions apply to your bonus payroll, ADP will supply you with the necessary wire instructions by the next business day after the bonus payroll has been processed.

Taxing Bonus Payrolls

You have the following options for taxing bonus payrolls:

- ▶ Use the **Bonus** earnings code – the bonus payroll is then taxed at the regular rates, the same as a normal payroll.
- ▶ Use the **Supplemental Bonus** earnings code – the bonus payroll is then taxed at the supplemental wage rates for federal and state income tax. For 2011, the federal rate is 25% up to one million dollars and 35% for amounts over one million.
- ▶ Taxes can be applied over more than one pay period. Use the **Number of Pay Periods for this check** field on the Employee Overrides page in payroll data entry to do this.

Other Bonus Considerations and Resources

Additional information is available to assist you with bonus payrolls.

- ▶ If you require advice regarding taxation on a bonus payroll, please contact your accountant.
- ▶ The ADP Tools & Resources web site (<http://www.adp.com/tools-and-resources.aspx>) provides payroll calculators and compliance information for federal and state.
- ▶ Special payrolls allow you to stop direct deposit and issue live checks. Special payrolls also allow you to select which voluntary deductions to include in the payroll.
- ▶ Paycheck Calculator – Available from the Payroll Home page in RUN, the calculator can assist you with net-to-gross or gross-to-net calculations for bonus payrolls. You can then use the amounts when running a special payroll (or convert to a manual check to be processed with your next regular payroll).
- ▶ When processing your bonus payrolls, ADP recommends that you closely review each employee's bonus check on the Payroll Preview page to ensure the amounts are correct prior to submitting and processing your payroll. If you call-in your payrolls, be sure to review and verify these amounts with your Teledata representative.

Supplemental Bonus Earnings

Bonus Supplemental earnings are wages paid to employees in addition to their standard compensation. For tax purposes, this amount is treated as supplemental earnings and will be taxed as follows:

- ▶ 25% Federal Income Tax for supplemental bonus earnings up to 1 million dollars YTD. 35% Federal Income Tax for supplemental bonus earnings over 1 million dollars YTD.
- ▶ In some states employees must pay a state tax on their bonus earnings in addition to the federal tax, which varies from state to state. To determine tax for a specific state, refer to the ADP website, the Compliance and Connection area. In the section for 2011 Fast Wage / Tax Facts you'll find a link for each state, as well as a link to download a single PDF document will all of the states.

Click the following link to go to the 2011 Fast Wage / Tax Facts page.

<http://www.adp.com/tools-and-resources/compliance-connection/state-taxes/2011-fast-wage-and-tax-facts.aspx>

- ▶ Any permanent or temporary tax overrides will not take effect for Bonus Supplemental earnings. Other voluntary deductions, such as 401(k) deductions, HSA, etc., are calculated and deducted from the supplemental bonus check.
- ▶ When bonus supplemental earnings are combined with other earnings in the same paycheck, two tax amounts will be displayed for federal, state, and local taxes. The first amount is the tax calculated on the regular earnings. The second amount is the tax calculated on the supplemental bonus amount. ADP suggests using a separate check for the Supplemental Bonus Payment to avoid confusion over the display of two tax amounts.

Examples of Supplemental Bonus Earnings

This section includes examples of supplemental bonus earnings.

Example #1: The employee is given a supplemental bonus of \$300,000.00. The details page for that employee will show the standard federal deduction amounts of 25%, since the bonus is less than \$1,000,000.00.

Later in the year, the same employee is given another supplemental bonus and the amount does not bring the employee over the 1 million dollar threshold for the year, the bonus continues to be taxed at 25%.

Example #2: The employee is given a bonus of \$750,000.00 in the beginning of the year. The details page for that employee will show the standard federal deduction amounts of 25%, since the bonus is less than \$1,000,000.00.

Later in the year, the same employee is given another supplemental bonus of \$350,000.00, for a total compensation YTD of \$1,100,000.00. The first \$250,000 of the bonus (bringing the total supplemental compensation for the year to \$1,000,000) will be taxed at 25% and the remaining \$100,000 will be taxed at 35% for federal taxes.

Your First Payroll in 2012

Prior to your first payroll in 2012, review the following and make any necessary changes for the new year:

- ▶ Employee deductions – including medical, dental, life insurance, 401(k), etc.
- ▶ Time off hours – such as vacation and sick hours (also referred to as “allowed” and “taken” hours).
- ▶ 401(k) catch-up – review to see if any need to be deactivated.

2012 Tax Changes and Your First Payroll

Be sure to review the *2012 Tax Changes Letter* available from the RUN Support Center, the Year-End Support page. The letter will be available in mid-December.

The letter outlines changes that may affect your employees’ paycheck. The changes may include new federal and state tax requirements, such as FICA (Social Security / Medicare) limits, state income tax rates, and 401(k) or pension plan limits.

Social Security and Medicare Limits for 2012

The following table provides the Social Security and Medicare rates for the 2012 tax year. This information is also in the 2012 Tax Changes Letter.

	Taxable Earnings	Tax Rate	Maximum Amount	Change for 2012
Social Security: <i>employee</i>	\$110,100	6.2%	\$6,826.20	Taxable earnings: increased \$3,300 (was \$106,800) Tax rate: increased (was 4.2%)
Social Security: <i>employer</i>	\$110,100	6.2%	\$6,826.20	Taxable earnings: increased \$3,300 (was \$106,800)
Medicare	No limit	1.45%	No maximum	No change
Combined		7.65% employee 7.65% employer		

Important! - Refer to the 2012 Tax Changes Letter for recent changes to the Employee Social Security Tax Rate. The tax rate remains unchanged at 4.2% for wages paid between January 1, 2012 and February 29, 2012.

The 4.2% may be extended. For more information, refer to <http://www.adp.com/regulatorynews>

Fees and Other Charges

The following table lists charges that will be incurred for the processing of W-2s, 1099s, and other miscellaneous tax items.

Process	Fees
W-2s and 1099s	\$35.00 base charge + \$5.40 per form
W-2 UPS delivery	\$10.50 base charge Note: There is only one base charge, not two charges for W-2s and 1099s.
Year-End reprints/reprocessing	\$100 (processing fee) + \$5.40 per W-2 reprint + cost of adjustment payroll (if needed) + \$10.50 (delivery cost) Note: As an alternative, use the W-2 Statements report on the Reports tab in RUN. Or, you may photocopy your employer copy.
Tax Filing Late Charge (reclose fee)	A \$50.00 fee may be incurred for adjustments processed after January 9, 2012.
Amendments	\$100 for each amended jurisdiction processed after January 14, 2012.
Amended W-2s	\$2.50 each



IN THE BUSINESS OF YOUR SUCCESSSM

Focus on what matters and leave the processing to us.

ADP offers additional services that enable you to put your business first, without diverting valuable resources into data processing needs. Ask your ADP Sales Representative about these time-saving services:

▶ **Electronic Time and Attendance**

When your employees enter time and attendance through an electronic timesheet or time clock, your payroll process becomes faster, more accurate and easier to manage. Send the data electronically to ADP for processing and eliminate the need for rekeying.

▶ **Retirement Services – 401(k) Plan***

ADP Retirement Services provides clients with easy-to-manage retirement plans, free from hidden fees that reduce fiduciary risk and help participants get retirement-ready. We have integrated our easy-to-use recordkeeping services with our payroll data processing expertise to provide 401(k) plans of all sizes with superior value.

▶ **Pay-by-Pay[®] Premium Payment Program for Workers' Compensation****

Improves cash flow by eliminating the large, upfront premium¹ which frees up funds that you can invest in your business to build profitability. With ADP's Pay-by-Pay Premium Payment Program, premium payments are calculated accurately for you based on actual, real-time payroll data and carrier rates, which can help minimize the risk of over or under payment at your year-end audit.

▶ **HR Outsourcing**

Small businesses face the same HR challenges as a large corporation, despite having only a fraction of the resources. ADP offers enhanced HR outsourcing services designed to streamline the HR process into a single point of contact. Your mission-critical HR functions will be implemented into a single-source delivery model that is flexible, secure and powerful.

HR. Payroll. Benefits.

*ADP's 401(k) plan enrollers are employees of ADP Broker-Dealer, Inc. One ADP Boulevard, Roseland, NJ 07068, subsidiary of ADP, member NASD, SIPC. **This information covers only the offering of the Pay-by-Pay[®] Premium Payment Program for Workers' Compensation payroll feature of ADP's payroll processing services and does not involve the offer or sale of any insurance products. All insurance products will be offered and sold only through the licensed agents of Automatic Data Processing Insurance Agency, Inc. or its licensed insurance partners. CA License #0D04044. Certain services may not be available in all states. Clients must be using ADP's tax filing service to take advantage of Pay-by-Pay. ¹While premium deposits may be eliminated, mandatory state assessment fees may be required in some states. The ADP Logo, ADP, and Pay-By-Pay are registered trademarks, RUN Powered by ADP is a registered service mark and In the Business of Your Success are service marks, of ADP, Inc.