

Insperity's iSolved Year End Guide 2020

For Workforce Acceleration, Workforce Administration, and
Workforce Optimization Specialized Services Customers

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We hope this year-end guide will be useful as you prepare for the remainder of the year and overall readiness for W-2s.

Year-end checklist

- ✓ Review processing deadlines and identify your final payroll(s) of 2020.
- ✓ Review Insperity holiday schedule and Federal Reserve holidays for 2020 and 2021.
- ✓ Perform an audit of employee data related to social security number (SSN), name and mailing address, and make any updates in the payroll system by Dec. 31, 2020.
- ✓ Third-party sick pay information should be processed by Dec. 31, 2020. If you won't receive the necessary information in time, please contact your payroll specialist.
- ✓ Identify and process any end-of-the-year payroll items, such as bonus and fringe benefits by **Friday, Dec. 11, 2020**.
- ✓ Enter any additional manual checks and/or voided checks that need to be recorded in 2020 prior to **Friday, Dec. 11, 2020**. If you enter additional manual checks and/or voids after this date or after processing your last payroll for the year, please contact your payroll specialist for guidance.
- ✓ Call your payroll specialist with any questions regarding year-end processing well in advance of **Friday, Dec. 11, 2020** to allow sufficient time to address and resolve any outstanding issues.

Processing deadlines

Standard deadlines

Payrolls need to be submitted at least two banking days in advance of the check date to allow sufficient time for payroll funding and employee direct deposits to be received and posted by the check date. **Due to strict banking rules, we will not make exceptions to the two-day rule. If you need to process one day before, you may be required to wire funds.**

Year-end deadlines

No payrolls with a 2021 check date should be processed before you have completed the processing of all 2020 payrolls and adjustments. A few important points to remember:

- Bonuses and extra payrolls: If you are paying bonuses or have extra payrolls that need to be included in your 2020 W-2s, notify your payroll specialist by **Friday, Dec. 11, 2020** (Note: Wiring of funds may be required).
- Payroll adjustments: Make sure payroll adjustments (e.g., voided checks) are recorded in the payroll system before your last payroll dated in 2020 is processed.
- Year-end adjustment cut-off date: Payroll adjustments must be processed by 3 p.m. CT on **Friday, Dec. 11, 2020**. Adjustments made after Dec. 11, 2020 may result in a W-2c for employees, along with amended tax returns and fees, if applicable. **We encourage you to process adjustments well in advance of Friday, Dec. 11, 2020.**
- Fringe benefit adjustments: Identify and schedule special payroll adjustments, such as group-term life, auto allowances and other fringe benefits. Because some of these fringe benefits require tax withholdings, they need to be entered at the same time as a normal payroll run before the end of the year.

Reminder: Process year-end adjustments early. 2020 corrections needed after the cut-off dates specified above will not begin until after Feb. 1, 2021.

Important! Payrolls processed in 2020 that have a pay date of 2021 will show up as wages on the 2021 W-2. These wages will not be part of your 2020 totals.

Holiday schedule

2020 and 2021 dates

Insperty

Holiday	Date observed (Insperty closed)
Thanksgiving Day 2020	Thursday, Nov. 26
Day After Thanksgiving 2020	Friday, Nov. 27
Christmas Day 2020	Friday, Dec. 25
New Year's Day 2021	Friday, Jan. 1
Good Friday 2021	Friday, April 2
Memorial Day 2021	Monday, May 31
Independence Day 2021	Monday, July 5
Labor Day 2021	Monday, Sept. 6
Thanksgiving Day 2021	Thursday, Nov. 25
Day after Thanksgiving 2021	Friday, Nov. 26
Christmas Day 2021	Friday, Dec. 24

Federal Reserve

When the Federal Reserve is closed, no direct deposit or tax payments will be sent, nor will funds be settled on those days. You should not have checks dated on Federal Reserve holiday dates.

Holiday	Date observed (Federal Reserve closed)
Thanksgiving Day 2020	Thursday, Nov. 26
Christmas Day 2020	Friday, Dec. 25
New Year's Day 2021	Friday, Jan.1
Martin Luther King, Jr. Day 2021	Monday, Jan. 18
President's Day 2021	Monday, Feb. 15
Memorial Day 2021	Monday, May 31
Independence Day 2021	Monday, July 5
Labor Day 2021	Monday, Sept. 6
Columbus Day 2021	Monday, Oct. 11
Veteran's Day 2021	Thursday, Nov. 11
Thanksgiving Day 2021	Thursday, Nov. 25

Year-end maintenance details

Audit

Employee information must be correct on the IRS Form W-2. The IRS may charge a penalty for filing W-2 forms with incorrect information. **Take the time to audit your employee records.**

1. Verify social security number, name and address are correct in the payroll system for each employee (the name must be exactly as it appears on the employee's Social Security card).
2. You can use the following report for verification purposes:
Reports > Client Reports > Employee W2 Verification > Run Report.
3. Any updates in the payroll system to employee name, social security numbers or addresses should be made immediately and no later than Thursday Dec. 31, 2020. You can make corrections by going to Employee Management > Employee Maintenance > General.

W-4s

Send a reminder to your employees about submitting a new W-4 for 2021. Employees who are currently claiming **exempt** from federal withholding must submit a new form W-4 (**to you, their employer**), by Feb. 15, 2021 to maintain that status. Employers are required to begin withholding federal tax for employees who fail to provide a new W-4 by that date. In addition, any employees who have experienced a life-changing event may need to submit a new W-4 due to any change in number of allowances.

Employer portion of health care

The Affordable Care Act (ACA) requires employers to report the cost of employer-provided health care coverage on W-2 forms.

- Reporting is mandatory for employers filing 250 or more W-2 forms.
- The amount reported should include both the portion paid by the employer and the portion paid by the employee.
- Contact your payroll specialist to discuss the entry of the employer portion of the health insurance premium.
- It is your responsibility to preview your W2s and verify the amounts in Box 12DD prior to printing W2s. Review W2s prior to December 1 and contact your Payroll Specialist for any changes that need to be made.

Year-end payrolls and adjustments

Bonus payrolls

If you are paying bonuses, please notify us by **Friday, Dec. 11, 2020**. Please keep in mind that you have many options when running bonus payrolls to consider:

- IRS and state withholding guidelines are applicable to supplemental wages
- Blocking direct deposit
- Blocking deductions
- Gross up

Fringe benefits adjustments

If you need to report any fringe benefits, **please notify us by Friday, Dec. 11, 2020 by contacting your payroll specialist**. Identify those benefits that need reporting and schedule a special payroll if needed. It is important to remember that some of these adjustments require tax withholding, and they need to be entered at the same time as a normal payroll run before the end of the year.

Manual and void checks

Important: No payrolls with a 2021 check date should be processed before you have completed the processing of all 2020 manual and/or void checks.

Third-party sick pay

Important: Determine if you have third-party sick pay information that must be reported for 2020. This needs to be completed before you run a 2021 payroll. Notify us by **Friday, Dec. 11, 2020** if you will not receive the necessary information in time. Please contact your provider and request the information in advance of our year-end adjustment cut-off dates to avoid a delay in W-2 printing.

The last day to report adjustments is **Dec. 11, 2020**. Any adjustments made after that date may result in a W-2c (corrected W-2).

Tax documentation requirements

IRS and State Notifications for 2021

Unemployment rates and tax filing frequencies are mailed to the taxpayer, and it is imperative that these tax-related communications are forwarded to your Insperity payroll specialist immediately. We require this information to ensure your taxes are paid accurately and timely in 2021.

Please note: Late tax payments result in interest and penalty charges. If your federal and/or state tax filing frequency is changed and you do not notify us, **we will not be responsible for any penalties or interest that may be charged.**

W-2s/1099s

W-2 forms

With the understanding that all year-end processing deadlines have been met and all necessary information reported, W-2s will be processed and delivered by **Jan. 31, 2021**. **We will print and ship W-2 forms to the primary client address for you to distribute to your employees.** For employees who have consented to receive their year-end forms electronically, their W-2 form will be available to download through Employee Self Service on Jan. 20, 2021. No forms will be printed for employees who have elected to receive year-end forms electronically.

1099 forms

1099 forms are only printed if wages exceed \$600. If you need 1099s printed for forms with wages of less than \$600, please notify your payroll specialist before **Friday, Dec. 11, 2020**. No forms will be printed for workers who have elected to receive year-end forms electronically.

For employees who have opted to receive their year-end tax forms electronically, W-2 forms and 1099 forms will be available for viewing and printing online on Jan. 20, 2021.

Additional resources

Internal Revenue Service	www.irs.gov
Social Security Administration	www.ssa.gov
Bureau of Labor and Statistics	www.bls.gov
State Agencies	www.taxsites.com
State Unemployment	http://workforcesecurity.doleta.gov/unemploy/agencies.asp
American Payroll Association	www.americanpayroll.org

COVID-19 tax information

FFCRA Qualified Sick and Family Leave Wages on the W-2

Employers are required to report the amount of qualified sick and family leave wages paid to employees under the Families First Coronavirus Response Act (FFCRA) on Form W-2. These amounts are required to be reported either on Form W-2, Box 14, or in a statement provided with the Form W-2.

Qualified sick and family leave wages that were paid through iSolved have been configured to report on Form W-2, Box 14, in compliance with this requirement. As an employer, you must ensure that you have processed these earnings correctly in iSolved for the W-2s to be correct. If you have any questions or would like to discuss the payments you have made, please reach out to your assigned payroll specialist who can connect you with a COVID-19 expert.

Any additional qualified sick and family leave wage payments or adjustments to payments already made will need to be completed by **Dec. 31, 2020**.

Reminder regarding tax deferrals

As a reminder, the fourth quarter of 2020 is the last available quarter to take advantage of COVID-related tax deferrals and credits based on current legislation. As a reminder, deferred taxes will be due beginning in 2021.

ACA year-end information

Although the Tax Cuts and Jobs Act (TCJA) of 2017 repealed the mandate requiring individuals to pay a penalty if they did not have health coverage, ACA requirements have not changed for employers. If 50 or more full time or full time-equivalent (FTE) employees worked for your organization in the 2020 calendar year, you are still considered an Applicable Large Employer (ALE) and must provide ACA-compliant health care and report affordability and coverage to the IRS. The reporting requirements for 2020 still require employers to provide 1095-C forms to all full time or full-time equivalent employees, even though employees no longer need to use the forms to prove health insurance coverage when they file their personal income tax returns. Insurance carriers for fully-insured plans will send 1095-B forms to employees. Employers must still file the 1094-C and 1095-C forms electronically with the IRS by March 31, 2021 or pay costly penalties.

Sponsors of self-insured group health plans have additional reporting requirements under the ACA, even if they are not large enough to qualify as an ALE. If your medical plan is fully or partially self-funded and you are too small to qualify as an ALE, you must still provide 1095-B reporting since you are the plan sponsor. If you are an ALE with a self-funded medical plan, you must include the name, birthdate and SSN for all covered employees and dependents on Forms 1095-C, in addition to the standard ACA coverage and affordability information normally provided on those forms.

For the 2020 ACA reporting year, the federal deadline for providing 1095-B or 1095-C forms to your employees is **March 2, 2021**. The deadline for filing your Form 1094-B or 1094-C with the IRS (along with copies of the Forms 1095-B and 1095-C distributed to employees) is **March 31, 2021** (if filing electronically) or **Feb. 28, 2021** (if filing via paper).

To meet ACA reporting requirements, you should compile and analyze data now to verify coverage and affordability. If you purchased Workforce Acceleration or Benefits Administration with ACA compliance, the tools you need are included in iSolved HCM. Insperity's ACA solutions also include ACA printing and IRS filing services.

For clients using iSolved for ACA compliance, here are a few important deadlines:

- All ACA configuration, including history from prior years, must be completed in iSolved no later than **Nov. 30, 2020**. If you have not yet done so, please return your completed ACA configuration template or schedule a call to discuss your configuration with the ACA team at WA_ACATeam@insperity.com.
- Once configuration is complete, you must preview, verify and approve your 1094 and 1095 forms by **Jan. 22, 2021**.

- 1095 forms, if approved, will be available to employees who have opted to receive electronic year-end forms in iSolved HCM no later than **Jan. 22, 2021**. For employees who did not provide consent for electronic year-end forms, you must still send them a paper form. For those employees, Insperity will print and send their 1095-B or 1095-C forms to you in sufficient time to mail them by the IRS deadline.
- Insperity will begin submitting 1094 and 1095 electronic files to the IRS in mid-February. During the submission process, you may be asked to verify employee names and SSNs if they do not match the IRS or SSA records. You must respond in a timely manner to these requests so our ACA filing team can submit corrected information by the IRS filing deadline. To prevent filing errors, it is a good idea to ask employees now to verify that their SSN and name in iSolved HCM exactly match the legal name on their Social Security card.

Note: If Insperity filed your 2019 ACA information, you will need to contact your benefits operations specialist no later than **Friday, Dec. 11, 2020** to verify reporting details that may have changed since last year.

Additional ACA resources

IRS: [Affordable Care Act Tax Provisions for Employers](#)

IRS: [How to Determine if you are an ALE](#)

TimeStar year-end process

If you are using Insperity TimeStar[®] to track time and attendance, completion of a few recommended processes enables your TimeStar system to continue functioning in the most efficient manner possible.

1. Generate pay periods for the upcoming year.

For employees to request time off in the upcoming year, as well as enter time, you will need to generate the pay periods in TimeStar by going to Pay Periods under the Company Setup menu. You can generate pay periods for as many years in the future as you like, so you can generate as many as you wish. It is important to compare your TimeStar pay periods with the corresponding payroll pay periods in iSolved to confirm that they are the same.

NOTE: If your company generates accruals and/or utilizes the requests feature in TimeStar, it is best to generate two years' worth of pay periods. That way the employees can request time off at the end of the following year. TimeStar will not allow employees to request time for a pay period that does not exist.

2. Generate holidays for the upcoming year.

If your company has paid or worked holidays, you will need to generate the holiday schedule in TimeStar by going to Holidays in the Company Setup menu. We recommend generating holidays prior to the holiday date to prevent confusion or incorrectly paid days. Holidays can also be generated as far into the future as you wish. Please note that you will need to change the date of yearly observances.

Performing these tasks will assure that your time and attendance system continues to operate correctly over the transition into the new year. If you have any questions about these instructions or how to complete these tasks, please contact Insperity's TimeStar Support at 800.314.8223 or timestar@insperity.com.