

## *Highlights and Hot Topics*

### Student FICA Exceptions

By Angela Alonzo

Student employees may qualify for an exception from the Federal Insurance Contributions Act (FICA), which consists of Social Security and Medicare withholdings. If a student employee qualifies for this exception, FICA deductions will not be taken from University earnings.

Student employees who may qualify for the Student FICA Exception on University earnings are:

- Registered for at least half time, comprised of a minimum of:
  - Six credit hours for fall and spring terms at UIC, UIS, or UIUC; and
  - Three credit hours for the summer term at UIC or UIS; or
  - Summer session II at UIUC, and
- Not considered career employees\*.

Student employees will be subject to FICA withholdings if they do not meet the qualifying criteria. If the student employee failed to qualify for the exception, FICA deductions will not be refunded.

To identify student employees that qualify for the FICA Exception, University Payroll runs a “student match” process every Thursday and at key times during the payroll calculation process. This process queries registration data for student employees and determines whether or not the student qualifies for the exception based on the criteria listed above for that *point in time*. If a student employee’s credit hours fall below the minimum qualifications because of a dropped class or other change to the registration data when the match process is run, the student employee (according to IRS regulations) will not qualify for the FICA exception. Consequently, University Payroll must activate the FICA withholdings.

Withholding will continue until the match process again identifies the student employee as a qualifying individual. At that time, the withholding for the FICA deductions will be deactivated and not taken from the student employee’s pay.

For more information on the University’s Student Employee FICA Exception policy, refer to [Section 18.4](#) from the Business and Financial Policies and Procedure manual.

*\*A career employee is defined as any individual performing services for an institution of higher education who is eligible for tuition reduction (other than qualified tuition reduction under §117(d)(5) of the IRC) and participation in a retirement plan. In addition, an employee will be considered a career employee if the employee performs services in more than one position and is considered a career employee in at least one of the positions.*

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# Common Adjustment Issues

By Monica Bonifield

Payroll Customer Service receives an average of 230 requests for assistance each month just for payroll adjustments.

Listed below are some tips to help you avoid processing delays related to the more common adjustment issues.

- The Calc Method and Print Method selections in the Adjustment Detail should always be changed from Manual to Computer by the Department Originator even if the Adjustment Action is Manual.
- The Pay Event Year is the calendar year, not the fiscal year. If the pay event is in the calendar year 2005 but 2006 is entered, the adjustment will be rejected.
- Adjustments created in PZAADJT for monthly employees do not need the Earnings History screen completed unless you are submitting a terminal benefit payout. Payroll Operations will calculate the pay due for the monthly employee based on the comments entered in PZAADJT and will complete the Earnings History screen. Be sure the comments clearly state the reason for the adjustment and the date range affected or the adjustment will be returned to the Originator.
- Adjustments created in PZAADJT for biweekly employees must have a completed Earnings History screen before reaching Payroll. The Code field lookup in the Earnings History screen provides only eligible earnings codes for the employee's e-class. Use only the appropriate adjustment code. Adjustments submitted in Banner with regular earnings codes will be returned to the Originator.
- To adjust for a salary increase that did not get recorded in Banner before payroll calculation, use the appropriate (for the e-class) adjust dollars code after calculating the amount due to the employee. You must enter a Unit of 1 in one of the pay period days. (Example:

Code – ADO, Hr/Unit – 1, Special Rate – \$38.00, Sunday – 1.)

- When Workflow launches Banner and opens the adjustment, DO NOT change any information in the key block (Pay Event, Adjustment Action, History Date fields.) Move directly into the Adjustment Detail by selecting the Next Block icon or by using the CTRL-PageDown shortcut keys. If the Adjustment Action is changed from (None) to Adjust or Manual, Banner interprets the selection as an attempt to adjust the adjustment and will change the sequence number in the Pay Event information to the next available sequence number. Consequently, the History Date field is blank and the Adjustment Detail detail displays default information. Many times a new Originator or Approver misses the change in sequence number and believes that Banner has not saved the adjustment data. The adjustment data is re-entered and saved, and a second or even third adjustment is created in Banner with corresponding work item(s) created in Workflow.
- ANA Overpayment and Current Pay Period adjustments must show the Hours or Dollars that **Should Have Been Paid**, not the difference between the correct and incorrect hours/pay.
- The History Date should be the date you expect the adjustment to get paid. For example, a department enters an adjustment on Monday November 7<sup>th</sup>; the adjustment is approved and in Payroll by noon on Tuesday, November 8<sup>th</sup>; assuming all is accurate with the adjustment it should pay on Friday, November 11<sup>th</sup>. If the department enters a second adjustment on Wednesday, November 9<sup>th</sup>, the History Date should be Friday, November 18<sup>th</sup>.

For hands-on training on how to process adjustments, please register for the next [Payroll Adjustment Processing for Units, HRPPR120](#) offered on your campus.

# 2005 W-2 Information

By Monica Bonifield

## Electronic Process

This year, the University is pleased to offer employees the opportunity to receive their Year-End Statement of Wages (Form W-2) electronically.

Advantages of the electronic Form W-2 include:

- Access to Form W-2 at least 2 weeks earlier than the distribution of mailed copies.
- Form W-2 is always available for secure, convenient and timely access.
- With electronic retrieval from a secured web site, employees need not worry that the form will be lost in the mail or stolen from their mailboxes and used for identity theft.
- Duplicates are just a few clicks away, even as late as April 14 or 15.

The Internal Revenue Service has approved electronic distribution of Form W-2 with the requirement that the employee consents to the electronic distribution in a manner that proves the employee has access to receive the Form W-2 electronically. To meet this requirement, the University is using NESSIE for employees to provide consent and access the form. Through January 20, 2006, employees may consent by following these steps:

1. Go to [NESSIE](#).
2. Select the Compensation tab.
3. Click the link W-2 Wage and Tax Statement.
4. Click the link W-2 Consent form.
5. Log in using your Bluestem logon and password.
6. Enter your Personal Identification Number (PIN) or create one.
7. Once you are on the W-2 Wage and Tax Statement Consent Form page, click the link JAT web-site, which will take you to the online consent form on the JAT Web site, (the vendor handling the W-2 distribution)
8. Follow the instructions at the bottom of the form to provide consent (identify your employer as University of Illinois and give your UIN as the Logon ID).
9. Click the Consent button.

Once employees submit this information, they will receive an e-mail from JAT Software indicating they have consented to receive their Form W-2 electronically. On January 14, 2006, they will receive a notification from University Payroll indicating that their Form W-2 is available online, and giving them instructions on how to access it.

Employees who DO NOT consent to receive their Form W-2 electronically by January 20, 2006, will receive a printed Form W- 2 in the mail.

## Mailing Process

The University of Illinois contracts the services of JAT Software for the annual mailing of Form W-2 and Form 1042-S (for Foreign National employees).

Starting with this year's processing, Form W-2 and Form 1042- S will be mailed to the **mailing address** listed on the employee's Personal Information tab in NESSIE. If the employee does not have an active mailing address, the form will be sent to the listed home/permanent address.

For Form W-2 and Form 1042-S mailing purposes, employees can change their mailing address in NESSIE until January 12, 2006, following the instructions on the [Employee Address Change](#) Web page.

## More Information

The [Tax Information](#) section of the Payroll & Earnings Web site has been updated and provides details on how to access the electronic form and about the [reissue process](#).



## Current Quarter

### Foreign National Mass Appointment Labs

Appointments for tax status review for foreign nationals being reappointed (renewed) will now be offered in the mass appointment labs along with new appointments. Please visit the [registration site](#) to sign up.

### Foreign National Payments Information

A new section covering the most up-to-date information on how to pay foreign nationals will be added soon to the OBFS Web site. Watch for an announcement during November.

### Terminal Benefit Payout Job Aids

Job aids on how to submit adjustments for terminal benefit payouts are now available on the [OBFS- Payroll & Earnings Job Aids](#) page.

The job aids are broken out by employee type and by Originator and Approver steps.

Updated [job aids](#) and [web-based training courses](#) on the Separation process are also available from Human Resources on the DART site.

### 2006 Payroll Schedule

The [Payroll Schedule for 2006](#) is now available on the Payroll & Earnings site (under Payroll Schedules). Please review these very important dates.



## Last Quarter

### Customer Service Metrics

July – September 2005

	July	August	September
<b>Total Activity</b>	<b>2317</b>	<b>3276</b>	<b>3550</b>
<b>Pending Resolution</b>	<b>6</b>	<b>23</b>	<b>65</b>
<b>Closed</b>	<b>2316</b>	<b>3243</b>	<b>3484</b>

Total Activity represents the number of Clarify cases handled by Payroll Customer Service. Pending resolution refers to the number of cases still open out of those submitted at the end of each month. Closed are resolved issues.

### Payroll Operations Metrics

During the last quarter, a total of **313** timesheets fell into an error status at Disposition 05 and had to be manually fixed by Payroll Operations. This error occurs when an employee's required statutory deductions are not active or do not exist during the pay period.

### Adjustments Processed

July – September 2005

July	August	September
3,074	2,968	3,129



# Important Payroll Dates

## Payroll Training Events

Now Open for Registration

### UIUC

#### Payroll Overview

December 2, 2005 – 9:00am to 12:00pm

#### Payments to Foreign Nationals Overview

December 12, 2005 – 9:00am to 12:00pm

December 12, 2005 – 1:00pm to 4:00pm

### UIC

#### Payroll Overview

November 21, 2005 – 2:00pm to 5:00pm

#### Payments to Foreign Nationals Overview

November 23, 2005 – 1:00pm to 4:00pm

#### Payroll Adjustment Processing for Units, HRPPR120

November 21, 2005 – 9:00am to 12:00pm

#### Labor Redistributions, HRPPR130

December 8, 2005 – 1:00pm to 2:30pm

#### One Time Payments, HRPPR135

December 8, 2005 – 9:00am to 10:30am

#### Department Time Entry, HRPTA105

November 23, 2005 – 9:00am to 12:00pm

### UIS

#### Payroll Adjustment Processing for Units, HRPPR120

November 30, 2005 – 9:00am to 12:00pm

#### Department Time Entry, HRPTA105

December 9, 2005 – 9:00am to 12:00pm

For further information on the Payroll courses or to register for a class, please visit the [OBFS Training Center](#).

## Foreign National Mass Appointment Labs

### UIUC

November 15, 2005 – 8:30am to 10:30am; 10:30am to 12:00pm

November 17, 2005 – 1:30pm to 3:00pm; 3:30pm to 5:00pm

November 21, 2005 – 8:30am to 10:30am; 10:30am to 12:00pm

November 23, 2005 – 8:30am to 10:30am; 10:30am to 12:00pm

November 28, 2005 – 8:30am to 10:30am; 10:30am to 12:00pm

### UIC

November 10, 2005 – 8:30am to 10:30am; 10:30am to 12:00pm

November 18, 2005 – 8:30am to 10:30am; 10:30am to 12:00pm

November 29, 2005 – 8:30am to 10:30am; 10:30am to 12:00pm

Please refer to the [registration site](#) for December and January dates.

## W-2 Process Critical Dates

Date	Event
11/1/05	Consent process begins – Employees must provide consent in NESSIE to receive electronic Form W-2.
1/12/06	Last day to update mailing address in NESSIE – Form W-2 for employees who did not consent for electronic W-2, and Form 1042-S for Foreign Nationals, will be mailed to the employee's mailing address listed on this date in NESSIE.
1/14/06	Electronic Form W-2 is available in NESSIE
1/20/06	Consent process ends – Consent Form is no longer available in NESSIE.
2/10/06	Reissue process begins for Form W-2 and Form 1042-S for employees who have not received their mailed forms by this date.

## Payroll Calculation Deadlines

Pay Event		Calc date/ Time entry due	Pay Date
MN	11	11/09/05	11/16/05
BW	23	11/08/05	11/16/05
BW	24	11/22/05	11/30/05
BW	25	12/06/05	12/14/05
MN	12	12/08/05	12/16/05
BW	26	12/20/05	12/28/05
BW	1	1/04/06	1/11/06
MN	1	1/05/06	1/13/06
BW	2	1/18/06	1/25/06
BW	3	1/31/06	2/08/06

BW 1 and MN 1 calc dates have been adjusted to accommodate for the holiday.

## Questions and Answers

**Q:** When can we use Banner's One Time Payment form (PEA1PAY) to pay someone?

**A:** Typically, the One Time Payment form is used to hire and pay non-employees performing employee type work for a short duration or event.

Please keep in mind the following:

- Human Resources should be consulted in any hiring situation.
- PEA1PAY can be used once and only once to hire and pay an individual. If the individual returns for employment, the University's Rehire policies and procedures should be followed.
- One Time Payments are considered employee compensation and are subject to statutory withholding.
- PEA1PAY cannot be used to pay lump sums to active employees.
- PZAADJT should be used to payout terminal benefit or pay due a terminated employee.
- If a One Time Payment is initiated for a non-employee, do not start the DART New Hire process. The DART New Hire process will create an error in the One Time Payment process and the individual will not receive payment.
- PEAEMPL records created by the One Time Payment process should not be manually updated by the Unit or HR. Again, doing so will create an error in the One Time Payment process and the individual will not receive the payment.
- Training on how to complete a One Time Payment is offered in the hands-on course HRPPR135: One Time Payments. Please see the [OBFS Training Center](#) for a schedule and to register.

**Q:** If one of my employees was not paid on both of the jobs in my department last August, do I have to submit two separate adjustments or

can I combine the adjustment amount on one of the jobs?

**A:** You cannot combine the amounts on one of the jobs, but also do not have to enter in two separate adjustments. When you open the Job History screen, you can enter in the first job and then the second job on the next row. You can even enter a third job by pressing the down arrow key on your keyboard and moving to the next empty row. However, each job requires a separate entry of Earning History since the job records may reflect different rates of pay or different labor distributions. You will highlight the first job and select Earnings History from the Options menu. When the Earnings History form for that job is complete, save and exit Earnings History. You will return to the PZAADJT form with the Job Information screen active. Highlight the second job and open the Earnings History screen for that job. Complete the form and save it.

**Q:** If an employee was shorted pay on several pay periods, can I submit the adjustment for the missing pay for that job on one adjustment?

**A:** Unfortunately, you will not be able to submit a request for missing pay for several pay periods on one adjustment. Banner would reference only the job, rate of pay information and labor distributions for the pay period displayed in the Pay Event fields. This may result in the employee receiving incorrect pay – again. Not creating adjustments for the appropriate pay periods also skews pay history for that employee. For instance, if an employee received a raise in July, but a delay in processing the salary increase resulted in missed pay for three pay periods, an adjustment needs to be entered for each pay period to correctly reflect what the employee should have been and eventually was paid each pay period.