



## IMPORTANT YEAR-END REMINDERS/INFORMATION

As we approach the holidays and year-end, please review your upcoming payroll schedule and contact your AccuPay Payroll Specialist with any pay date adjustments. Please submit payrolls as early as possible during holiday weeks. Next-business-day payroll submissions sent after 10:00 a.m. cannot be guaranteed for direct deposit. January 1 falls on a Friday for 2021. If your payroll would normally be paid on this date, please contact your Payroll Specialist to discuss whether wages should be paid in 2020 or 2021. (Wages from payrolls dated December 31, 2020 will be included in the 2020 W-2.) Also, **if you plan to process a bonus or holiday pay run, please schedule at least two weeks in advance** with your payroll specialist to ensure we can meet your deadline.

Employee W-2s provide information about gross wages paid and taxes withheld to Federal and state government agencies. Important additional information, if it applies, should also appear on employee W-2s. **Please review this letter for items that pertain to your business/organization, and return the appropriate forms/information to AccuPay prior to December 15, 2020.** (Any additional forms needed may be downloaded at [www.accupay.com](http://www.accupay.com) under Resources/Forms.) **\*Additional fees WILL be charged for adjustments needed after your last payroll of 2020. Any adjustment processed after January 8, 2021 will be processed as a form W2-c.**

- **Personal Use of Company Vehicle** - Please return the “personal use of company vehicle” questionnaire for every employee who was provided use of an employer-vehicle during 2020 (forms available online);
- **Employer Paid Health Insurance** - **If you issued at least 250 W-2’s for 2019, and pay a portion of your employees’ health insurance**, please provide us with the total amounts of health insurance premiums paid by employee for 2020 (We need the combined premiums paid by both the employer and employee.) Please submit this information by January 8, 2021.
- **Qualified Small Employer Health Reimbursement Accounts** – Please provide total amounts offered and reimbursed for each applicable employee. The total amount of permitted benefits is reported in box 12 (FF). \*Note – A QSEHRA is not all that common and is NOT the same as a “typical” HRA medical expense reimbursement plan.
- **Third-Party Sick Pay** - Please provide us with amounts of taxable sickness or injury (disability) payments paid to your employees by third party agents (i.e. insurance companies) during 2020 (Your insurance company should provide you with statements that may be forwarded to AccuPay for processing.) **Please only send amounts that have not already been processed by AccuPay throughout the year;**

- **HSA Contributions** - Please provide us with the 2020 amounts of Health Saving Account (HSA) contributions **you paid** to your employee HSA accounts which were **not processed through payroll**. (AccuPay will have any pre-tax employee contributions in your payroll records.);
- **Group-Term Life Insurance** - Please provide us with year 2020 group-term life insurance coverage data for employees with policy values over \$50,000 (**Complete Form A – attached**);
- **S-Corp 2% Shareholder Health Insurance** - If you are an “S” corporation, please provide us with amounts of health and long-term care insurance premiums paid in 2020 on behalf of 2%-or-more shareholder employees. (**Complete Form B - attached**);
- **Retirement Plan Information** - Please provide us with retirement plan information for years 2020 and 2021. (**Complete Form C - attached**).

AccuPay will provide you with a **W-2 Verification Report** either in your payroll packet or electronically. **Please review carefully and let us know of any changes/updates by December 15, 2020. This is especially important this year as many of you were migrated to our new software during 2020.** In addition to the W-2 verification, please review your employees’ county withholding before the first payroll of 2021. Indiana county withholding is based on the employee’s county of residence on January 1 each year.

As a reminder, AccuPay does provide **ACA reporting services** for employers with 50 or more full-time equivalent employees. If you would like AccuPay to complete your ACA reporting, and we did NOT complete your reporting for 2019, please contact us immediately at [aca@accupay.com](mailto:aca@accupay.com) or 317-885-7600 for more information.

**A smooth year-end is a “team” effort between you and AccuPay. As always, we appreciate you as a client and thank you in advance for your assistance! Please call your payroll specialist at 317-885-7600 if you have questions as you compile this information.**

Wishing you a safe and happy holiday season!

*AccuPay, Inc.*

**Taxable Amount of Group-Term Life Insurance Coverage  
To Include in Employee's Income For 2020  
(Not applicable to 2% or more "S" corporation shareholder-employees)**

Employee Name \_\_\_\_\_

Employee's Age as of 12/31/20 (or date of birth) \_\_\_\_\_

- 1. Life insurance coverage amount provided to employee during 2020 \$ \_\_\_\_\_
- 2. Less nontaxable coverage \_\_\_\_\_ (50,000)
- 3. **Taxable coverage (if zero or less, STOP - no taxable income to employee)** \$ \_\_\_\_\_
- 4. Divide Line 3 by \$1,000 to the nearest tenth of \$1,000 (i.e., \$75,250 rounds to 75.3) \_\_\_\_\_
- 5. Cost per \$1,000 of coverage for 1 month (See IRS table below based on employee's age at 12/31/20) \$ \_\_\_\_\_
- 6. Multiply Line 4 x Line 5 to determine monthly cost of excess coverage over \$50,000 \$ \_\_\_\_\_
- 7. Number of months the employee had this level of coverage in 2020 \_\_\_\_\_
- 8. Year 2020 cost of excess coverage over \$50,000 - multiply Line 6 x Line 7 \_\_\_\_\_
- 9. Less amount employee paid for coverage with after-tax dollars ( \_\_\_\_\_ )
- 10. Taxable cost of excess group-term life insurance coverage in 2020 – Line 8 Less Line 9 \$ \_\_\_\_\_ \*

\*This amount is taxable income to the employee on Form W-2 and is subject to FICA and Medicare taxes (both employee withholding and the employer match). No income tax withholding is required. Additionally, this amount is not subject to federal or state unemployment taxes.

5-Year Age Bracket	Cost per \$1,000 for One Month
Under 25	\$0.05
25-29	.06
30-34	.08
35-39	.09
40-44	.10
45-49	.15
50-54	.23
55-59	.43
60-64	.66
65-69	1.27
70 and above	2.06

**Important Note - Please provide us this information before your last payroll of 2020 so we can withhold the appropriate taxes for this year.**

**"S" Corporation Employers  
Issues Affecting Your 2% or More Shareholder-Employees for 2020**

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An "S" corporation's cost of health or long-term care insurance premiums paid on behalf of its 2% or more shareholder-employees is treated as Form W-2 taxable income to the 2% or more shareholder-employees (Note - it's tax-deductible as compensation to the "S" corporation). Recent IRS announcements require that the "S" corporation either directly pay the insurance premiums or reimburse the shareholder-employee for personally paid premiums, in order to save income taxes by deducting the health insurance premiums. The insurance amounts will be "W-2 reported" as wages subject to income tax but not subject to FICA/Medicare taxes.

**If your Company provided health or long-term care insurance coverage to employees who also owned 2% or more of your stock in 2020, please complete the following information and submit it to us as soon as possible for payroll processing:**

Name of 2% or More Shareholder-Employee	<b>"S" Corporation Insurance Premiums Paid During 2020</b>	
	Health, Dental, Vision, Medicare Insurance Premiums	Long-Term Care Insurance Premiums

**Important Note - Please provide us this information BEFORE your last payroll of 2020 so we can prepare accurate shareholder-employee W-2 forms. \*\*\*Additional fees will be applied if information is provided after 12/28/2020.**

**ADVISORY NOTE: Make sure all 2020 health insurance premiums (including Medicare premiums paid from social security benefits) are paid/reimbursed by 12/31/20.**

**Employer Retirement Plan Information  
For Calendar Year 2020  
Planning For 2021 Funding By Employees**

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Form W-2 requires that we check certain boxes to identify which of your employees were “active participants” in retirement plans during 2020. “Active participation” implies that an employee received an economic benefit (contributions, plan allocations, etc.) from a retirement plan during 2020. **Accurate presentation of this information is important since it affects your employees’ eligibility for tax-deductible IRA’s on their 2020 personal income tax returns. Review your 2020 W-2 Verification Report to see if employees are classified correctly and notify AccuPay of any changes.**

**Please check all of the following types of retirement plans you sponsored during 2020 which included employer contributions for the benefit of employees:**

- Defined benefit or cash balance pension plan with calculations made by an actuary;
- SEP-IRA plan;
- Profit-Sharing plan;
- Money Purchase Pension Plan;
- SIMPLE plan which involved employer contributions;
- SARSEP plan which involved employer contributions;
- 401(K) plan which involved employer contributions;
- 403(b) plan which involved employer contributions.

**NOTE - Provide us a listing of all employees for whom your company made 2020 employer contributions or who otherwise benefited from a retirement plan during 2020 (i.e., perhaps their only benefit was an allocation of 2020 retirement plan income). We will check boxes for only those employees who “actively participated” in retirement plans during 2020.**

<b>IMPORTANT! PLANNING FOR 2021 FUNDING BY EMPLOYEES</b>
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Please let us know which employees you want us to calculate and withhold the maximum 2021 retirement plan funding for any of the following plans:

Type of Plan	MAXIMUM 2021 EMPLOYEE FUNDING	
	Under Age 50	At Least 50 by 12/31/21
401(k) and 403(b) retirement plans	\$ 19,500	\$ 26,000
SIMPLE-IRA retirement plan	\$ 13,500	\$ 16,500