New from Computer Aid — Easy Reissue of Employees' W-2s... Even Years into the Future!

How do you reissue a previous year's W-2?

What do you do with a request from an employee for a W-2, and it's from many, many years ago?

The old, slow, hard way:

1. Find the extra copies of the old forms you've got stored in a box... somewhere.

2. If the W-2 forms for that year are different from the current forms, look for the *PayMaster* program that matches that year's W-2.

3. Unzip that year's *PayMaster* program onto your hard drive (be careful to not overwrite the current program you're going to use for tomorrow's payroll).

4. Call up the data (what did you call that year's company ID code when you archived it?).

5. In the old *PayMaster* program, go to reports, W-2s, etc. and print the W-2 form for that employee, handwriting on it "reissued statement."

The new, fast, easy way:

Imagine into the future. It's 2006 and an employee requests a copy of her 2001

W-2. Back in 2002, you had your 2001 W-2 data converted to PDF files, so all you have to do now is:

1. In Windows Explorer, go to the folder where you have the 2001 W-2 PDF files (one for each employee, with a filename of the employee's social security number).

2. Double click the PDF file and print it. Handwrite "reissued statement."

Wasn't that much easier?

How to get your PDF files

It's simple. Just order your completed W-2s as PDF files from Computer Aid. First you double check your W-2s and make sure the data is accurate. Then send us your *PayMaster* data on a diskette. We will convert the data to PDF files and send them back to you.

Keep each year's PDF files on your hard drive for easy access. Then, years from now, when someone requests an old W-2, it's a simple matter of printing the PDF file. No need to keep a supply of each year's W-2 forms around forever, and no need to worry about reinstalling the previous year's *PayMaster* program.

It's still a good idea, though, to back up and keep each year's *PayMaster* program,

Important End-of-Year Steps to Take

Three very important steps to take **before** processing your first payroll of 2002:

1. Back up your current program and install *PayMaster* 7.27.

2. Back up your payroll data, then archive it to print your W-2s later.

3. Process end-of-year on active data to zero-out year-to-date payroll information.

Please see the instructions that are included with the *PayMaster* 7.27 program, as well as the detailed information in the **Printing W-2s & Processing End of Year Insert** in this issue of the BLUE PAGES. **GO**

Reissue W-2s *(Continued from page 1)*

and to back up and keep the actual *PayMaster* data. The PDF file can be viewed and printed, but not changed. And it displays only the data that appears on the W-2 form.

What do the PDF files look like when they print?

Each PDF file consists of four pages, one W-2 labeled Copy B to file with the federal tax return, one labeled Copy C for the employee to keep and two labeled Copy 2 to file with the state and local tax returns.

If an employee has more than one W-2, e.g. they moved from one state to another or have more than four items for Box 12, that employee's PDF file will contain four pages for each of his/her W-2s.

Please call or email us (703-281-7486 or support@computeraidcorp.com) for price information.   **GO**

Another Way to Avoid Printing W-2s...
Have Computer Aid Print Them For You!

Purchase the forms but tell us to hold them. Send us your data at the end of the year, along with the totals page from your plain paper W-2s (after double checking the data). We'll print your W-2s and ship them to you. Call for price and schedule information.   **GO**

Overnight Delivery

Please remember to use our street address for overnight deliveries: 501 Church St, NE, Suite 104 Vienna, VA 22180-4734   **GO**

Everyone Needs a *PayMaster* Update to Version 7.27 for 2001 W-2s

Major changes to the paper format as well as changes to the annual mag media format mean **everyone** needs a *PayMaster* upgrade in order to correctly prepare your W-2s. Your PYW2.EXE file should be dated 11/16/01 or later.

AutoUpdate subscribers will automatically receive the *PayMaster* upgrade that will be shipped this month. If you're not on AutoUpdate, please call soon for price and order information.   **GO**

What Else Will *PayMaster* 7.27 Do?

In addition to handling all of the changes needed for the new format 2001 W-2 paper forms and mag media format, *PayMaster* 7.27 will:

- Prepare the new unemployment mag media format for OH, CA, WI, and WY, and prepare the new OR Form 132.
- Print the pre-check register to a File or to Display, as well as to the Printer.
- Provide two renamed fields in the General tax tables. Instead of *Additional 1 and 2 taxable*, the fields are now named *Taxing entity code and Tax type code*.
- Print an individual (select) address label.
- Delete a range of checks from the check history file, without requiring you to press a key at each check number.
- Allow (with option purchase) interface from the SABLE point of sale system.
- Convert to PDF files the *PayMaster* reports you printed to a File, using

text to PDF conversion shareware that is available for trial download and purchase at www.davince.com/download.html. (Please see the article on page 5 of this issue.)   **GO**

Holiday Hours at Computer Aid

Our office will be closed December 24 and December 25 as well as December 31 and January 1.

If you have an emergency on December 24 or 31, please call 703-281-7486.   **GO**

PayMaster 7.27 Shipping Soon

Users on AutoUpdate should soon receive the 7.27 update. If you're not on AutoUpdate, please call for price and order information.

Important: if you are still on *PayMaster* 7.0 or earlier, your data must first be converted. Please call immediately for instructions.   **GO**

Tax Law Changes

❏ Federal

- Both **W-2 paper forms and mag media format change for the 2001 W-2s.** All *PayMaster* users need a program upgrade to version 7.27 to correctly prepare 2001 W-2s.

- If you have **employer-provided vehicle as a fringe benefit** in 2001, please call us at 703-281-7486 before preparing 2001 W-2s.

Remember, not all W-2 forms have the same size boxes in the same position on the page. Order your W-2s from us to **guarantee** they work with *PayMaster.*

- **Social Security (OASDI) taxable wage base increases** from $80,400 to $84,900. Rate continues at 6.2%, so the maximum OASDI tax paid by employer and employees is $5,263.80 **each**.

  Tip: Be sure to run your 4th quarter 941 and your 2001 W-2s with the 2001 $80,400 OASDI maximum. Change your OASDI maximum in the current company **after** you have archived your *PayMaster* data and processed end of year. Do not run end-of-quarter or end-of-year in the archived company. The archived company should have the 2001 rates.

- **Federal withholding tax tables** are changing.

- W-2 Box 12 Code V income from **exercise of non-statutory stock options** is optional for 2002 form W-2s. It is mandatory for 2003 form W-2s. These options are subject to FICA and FUTA, but not to Federal Income Tax.

- **"Catch-up" contributions** made by an eligible 401(k), 403(b), Simple IRA, and SEP Plan participant who is age 50 or over must be reported in the total amounts as elective deferrals in Box 12 with Codes D through H, and S.

A plan is not required to allow catch-up contributions, rather it is permitted to do so. The "catch-up" contributions permitted for a 401(k), 403(b), SEP are: $1,000 in 2002; $2,000 in 2003; $3,000 in 2004; $4,000 in 2005; and $5,000 in later years.

"Catch-up" contributions for a Simple 401(k) and IRAs are: $500 in 2002; $1,000 in 2003; $1,500 in 2004; $2,000 in 2005; and $2,500 in later years.

PayMaster users: These additional amounts should be added to the amount in the maximum field of the appropriate deduction, but only for those employees to whom it applies. Make sure to change it for following years if applicable.

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Have Company-provided Vehicles as a Fringe Benefit?

Please call us at 703-281-7486 before preparing your 2001 W-2s.

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- IRS will not treat **amounts paid before January 1, 2003, by an employer to a charitable organization in exchange for vacation, sick or personal leave** an employee foregoes, as wages of that employee. Employees will not be able to claim such contributions as deductions on their personal income tax returns, but employers will be able to claim a deduction.

PayMaster users: This leave should be tracked in *PayMaster*, but not issued as taxable wages. To "pay" the leave, make the sick and/or vacation rate zero.

Tips to avoid penalties for filing incorrect W-2s:

To **avoid filing incorrect W-2s**, verify that your employees' SSNs

match the names on Social Security Administration records. Two common reasons for a mismatch are:

1. The payroll records have a nickname and the name on the Social Security card is the legal name, or

2. A woman changes her name when she gets married and fails to notify the SSA of the change.

To avoid incorrect W-2s, require an employee to produce a Social Security card after they are hired. And require a new Social Security card before changing a name in the payroll system.

Use Social Security's Verification Service (800-772-6270) when an employee is hired or requests a name change. Up to 50 names can be submitted on a paper list to your local Social Security office. The list should have the employee's first and last name and middle initial, Social Security number, date of birth, and gender. If more than 50 names, you must pre-register to file on magnetic media at the Social Security Administration site, www.ssa.gov.

❏ State Disability Insurance

PayMaster users: Be sure to make this change in your tax tables **prior to processing your first payroll of 2002.** Do so via Init/Tax/SDI.

- **NJ** Taxable wage is $23,500. Employees pay .425% + .1825% for unemployment insurance; .0425% for workforce development and .2% to the health care subsidy fund. New employees also contribute .5% for disability insurance.

❏ State Income Tax
Effective 1/1/02. Additional states may be changing — these are the

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Q & A

Q I have to process my first payroll of 2002 and don't have time to print my W-2s first. Help!

A If you've enough room on your hard drive, have *PayMaster* create a new subdirectory for you and copy the data into it. ***Make sure you do this before processing end-of-year on the data.***

Decide on a new company ID code for the 2001 data, e.g., 01W2. For multiple companies, use ID codes such as A01W2, B01W2, etc. The prompts are shown in **bold**. What you enter is in *italics*. Our example uses *01W2* as the new code and subdirectory under C:\PAYDATA. The company we're creating the 01W2 directory for is Flora Enterprises, whose company ID code is *flora*. (So the code of our *source* company is *flora*.)

1. **Enter company ID code:** *01W2*
2. **1)Add a company, 2)Archive copy of existing company, or 3)Try again:** *2*
3. **Data drive:** *C (or other drive)*
4. **Suggested data path: C:\PAYDATA\01W2**
   Enter data path: C:\PAYDATA\01W2
   Enter a new path if you wish, or press enter to accept this one.
5. **Enter code of source company:** *flora*

Remember — *PayMaster* company ID codes are case sensitive.

PayMaster will create the new directory in the path specified and will copy the data from the source company into it. When it's done,

you're at the password prompt for the copied data. Enter your regular password. You're now in the 01W2 company (you can see the data path at INIT/COMPANY/COMPANY). **Tip**: Add 01W2 to each division name (INIT/DIVISION/DIVISION) so you know at a glance you are using the 01W2 data (division name appears above the main menu line). Print a payroll summary to make sure the data is OK. This is the data you will use to print your W-2s.

Then, after backing up the data on two separate sets of floppies or zip disks, process end-of-year on the data you access using your **original company ID code** (*flora* in our example). This is what you'll use to process your 2002 payroll. When it's time to run the W-2s, use the other company ID code – *01W2*.

Q How can I be sure that my mag media file is OK before I send it off to the SSA?

A Open the file (w2report) in your word processor. You may need to change to Courier or another non-proportionally spaced font. Do **not** save with the new font. Also see Page 3 of the Insert.

Q I forgot to order the tax tables and I need to process my first payroll of the new year. What can I do?

A If your SDI changes, manually make those changes (via INIT/TAX/SDI). Then, fill in the form on Page 4 of the Insert (even if you're on AutoUpdate) and send it in now so you'll have the new withholding tables for your next payroll. Using the old income tax withholding tables for one or two

pay periods isn't critical. OASDI/Social Security and Medicare percentages remain the same for 2002. The 2002 OASDI taxable wage base has increased. You can make that change yourself at INIT/TAX/OASDI.

Q If my printer jams in the middle of printing my W-2s, am I stuck?

A You **can** resume printing your W-2s. Choose REPORTS/W-2 as you normally would.

Respond Y to **All employees?** Respond Y to **Resume an interrupted run?** At the **Print from employee =** prompt, enter the code of the first employee to print. *PayMaster* will print from there, including the totals.

Q How long does a diskette last? Is it any problem if I use the same diskette for backup year after year?

A Diskettes do not last forever. How long? It depends on how often they're used and how well they're treated. To prevent a situation where you need to restore data and get the dreaded error message: "Error reading Drive A: Abort, Ignore, Retry," you might want to follow these two suggestions:

1. Reformat your used diskettes once a year before using them over again. Formatting checks for bad sectors. If you find any, get rid of that diskette.
2. Use brand new formatted diskettes when you back up your end-of-year data, and back it up not just once, but twice, on two diskettes or sets of diskettes. **GO**

Tax Law Changes *(Cont'd from p. 3)*

ones that have issued new tables as of December 1, 2001.

New withholding tables for:

CA	ME	ND	OR
DC	NC	NM	

CA is developing an **Internet filing system** for Quarterly Wage and Withholding Report (DE-6).

IN **Randolph County rate increases**: Residents .015; non-residents .0075.

OH First quarter of 2002, employers must file **one quarterly contribution and wage report** instead of two reports. The new report must have: total remuneration paid to all employees in the quarter, taxable remuneration paid in the quarter, name, social security number, and number of weeks during the quarter the individual was paid.

The **penalty** for filing an incorrect form is .0025 of 1% of total remuneration reported with a minimum of $50 and a maximum of $1,000.

❏ State New Hire Reporting

MD Effective 1/1/02, New Hire reporting must include employee starting wage, pay frequency and availability of health benefits.

❏ State Unemployment

Taxable wage base issued as of December 1, 2001

State	Old Wage Base	New Wage Base
CT	$15,000	no change
MO	$ 7,000	no change
MN	$20,000	$21,000
MT	$18,200	$18,900
NJ	$22,100	$23,500
NM	$15,200	$15,900
ND	$17,000	$17,400
OH	$ 9,000	no change
OR	$25,000	no change
WA	$26,600	$28,500

❏ State Wage & Hour Law

CA Effective 1/1/02, state minimum wage increases to $6.75.

TX Effective 9/1/01 is the same as the federal minimum wage $5.15 per hour and tipped employees $2.13 per hour with $3.02 tip credit allowed.

WA Effective 1/1/02 minimum wage increases from $6.72 to $6.90 per hour. No tip credit.

If your state minimum wage changes, **make the change in** *PayMaster* at **INIT/DIV/DIV** for *each* division you have in that state:

1. Change the **Min wage for adj/ overtime** to the new state minimum.
2. If your state allows a tip credit, change the (tip credit) **Percent of minimum wage** (two fields above the minimum wage amount).

To calculate the percentage, subtract the allowable minimum wage from the state minimum wage. This gives you the tip credit amount. Divide the tip credit amount by the state minimum wage to get the tip credit percentage. *PayMaster* uses this to calculate the overtime rate and wage adjustments.

Change each employee's pay rate if it's less than the new minimum. **GO**

Order Your 2002 Tax Tables

Please see the Tax Table order form on page 4 of this issue's W-2/End of Year Insert.

If you're on AutoUpdate, you still need to send in the form. **GO**

Convert *PayMaster* Reports to PDF Files

PayMaster 7.27 has a cool feature – reports printed in *PayMaster* "to the File" can be converted to PDF files.

Once you've converted these to PDF files, you can do all sorts of things:
- Send your pre-check register as an email attachment to a manager to review before updating the pay files,
- Search the detailed payroll report to go directly to an individual employee's pay information and print that page,
- Send quarterly reports like the 941 to your accountant for review.

It's easy. All you need is DaVince Tools shareware – a DOS program available for trial download and purchase ($40) at www.davince.com/download.html and the free Adobe® Acrobat® Reader® software available at www.adobe.com/ products/acrobat/readstep2.html.

Here's how to do it:
1. At the DaVince web site, download DAVTD.ZIP (ver 1.3.0, 1.52 MB).
2. Unzip it in a separate folder. For *PayMaster* reports, you'll need only two of these files.
3. Copy the TXT2PDF.EXE file into your *PayMaster* program directory (or to another directory in your path).
4. Copy the TXT2PDF.INI file into your Windows folder.

In *PayMaster*, after printing your report to a file, go to UTILITY/PRINT/PDF FORMAT. Follow the prompts, entering the name of the file you want to convert (or *.* for all reports you printed to a file earlier). When it's done, it displays on the screen the names of the PDF files which are saved in your payroll data directory. In Windows Explorer, double click the file to open it in Adobe Reader where you can view, search and print!

Tip: Don't have EDIT, FIND on the Adobe Reader menu? Uninstall it and download again, checking the box in Step 1 to include the searching option. **GO**

Sign Up for AutoUpdate to Keep Current With *PayMaster* Changes Required by Paper and Mag Media W-2 Formats

## Why subscribe to AutoUpdate?

1. You'll save money. The annual AutoUpdate cost is less than paying separately for the upgrades as they are available.
2. You'll be able to take advantage right away of *PayMaster*'s new features and reports.
3. You'll be all set for whatever changes are made each year to the paper and mag media W-2s, and to your state tax laws.

Please call or email us for more information about AutoUpdate.

703-281-7486
support@computeraidcorp.com
GO

Best wishes for a happy holiday season and a successful New Year from all of us at Computer Aid!
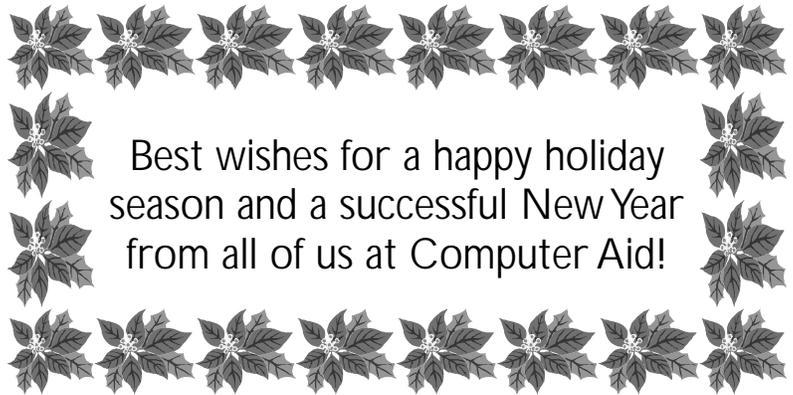
Details inside

PayMaster update to 7.27 required for all 2001 W-2s