

How are you handling your medical expenses?

Learn more about our FSA product!

- What to save on taxes?
- Reporting questions answered
- How do Flex Spending accounts work and how can they benefit you?

CONTACT US

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This Issue

Flex Spending Accounts

The Helping Hand

HR Corner

Tax Credit 2010

Introducing BeneFLEX – Our Flexible Spending Account

Employers, big or small, and their employees can benefit from a FSA program. Some advantages in participating are:

- Significant tax advantages: Federal, State and FICA taxes are not paid on funds that you contribute to the plan, which means you can increase the amount of take-home pay.
- The FSA is prefunded.
- It is an easy way to budget for medical expenses and dependent care for the year.

BeneFLEX Card

A new feature that we have added to our FSA program is the BeneFLEX card. With this card, you can purchase eligible FSA items without the hassle of filling out a reimbursement form. You may still fill out a reimbursement form if need be. Stay tuned to future features, i.e. submitting online claims, online balance inquiry, etc.

The enclosed table shows you how the FSA program can benefit an employee. By showing an employee the savings they acquire with the FSA program they might be more open to participating. The employee will realize that an FSA program will put more take-home pay into their pockets.

Once the employee sees the savings and decides to participate in the program, you as the employer can begin your tax savings immediately!

Please see page 4 for a complete illustration of the benefits using Flex Spending!

Contact us today to begin saving!!

www.benepayonline.com



The Helping Hand—Report Options!

This month's "The Helping Hand" article has been written by Client Services Representative Holly Carver

Did you know that you can run reports for yourself? Most of you probably receive your standard payroll reports via e-mail or in the mail with your paper checks. But what happens if you need to run a report that encompasses a time frame that is longer or you need to filter the subject matter of the report in order to get the information you need?

Within Payentry.com, you have the ability to go in and run any report you could ever need! All reports have a page that offers options in regards to how you want your report to be generated. One of the most useful options is the Date Range option; here you can choose any kind of date range you need from Quarterly, to specific date ranges, or the Most Recent Pay Period if you need a report that is not regularly sent to you.

Another option will allow for you to choose either a detailed report, or just a summary of the information you are looking for. Each report also has a specific Additional Options list which differs from report to report. If you have questions on what these additional options do or mean, you can always call your Client Service Representative and they will be happy to explain the benefits to you.

The last option the report options page gives you is the Output Format; What this means is that you can choose how you want to receive your report. For example, you can receive it in PDF format, or if you need it in a format that is easy to manipulate you can have it sent to you in CSV format. That way you can open it with Excel and work with the data.

Finally, if you need a report to do something very specific, and you can't seem to manipulate the reports that exist in order to create what you need, there is a Report Writer! You can actually go in and create a report to do exactly what you need it to do. The first time you may want to call your Client Service Representative in order for them to explain exactly how to work with the Report Writer to get it to create what you want.

If you have any questions please contact Client Services at 877-823-6372 or ClientServices@BenePAYonline.com.



Federal Tax Increased Due to Additional Income

When income is added to an employee's regular earnings through bonuses, commissions, or other taxable earnings, their Federal tax may be increased on their check slightly or greatly depending on the amount given.

Additional income increases the employee's gross which will increase their taxes. The Federal tax taken from the employee may increase to a higher amount expected due to the Federal Tax chart. This is found in the Circular E on the IRS website. For questions on the Circular E, please go to IRS.gov or contact us.

Federal tax is reduced from an employee's pay according to their pay period type (weekly, biweekly, etc.), number of exemptions, and their status. When extra income is included with regular earnings for an employee, this increases the gross

earnings on the check making the Federal tax a higher deduction.

When paying a bonus, commission, or other types of taxable income, please question if the additional earning should be added on the same check. If the additional earning is put on a separate check, this should/may tax the employee's earnings more adequately! The IRS would like 25% taken on bonuses, but it is your choice in making that decision. Changing the rate within a regular check is tricky and hard to track if necessary. If you need to remember what tax rate was chosen for the extra income, per your CPA's request, a second check may be easier and more timely for you to locate the tax rate used for the calculation. This should help tracking your extra earnings per employee.



Payroll Tax Incentives in New Jobs Bill

Two new tax benefits are now available to employers hiring workers who were previously unemployed or only working part time. These provisions are part of the **Hiring Incentives to Restore Employment (HIRE) Act** enacted into law.

Employers who hire unemployed workers this year (after Feb. 3, 2010 and before Jan. 1, 2011) may qualify for a 6.2% payroll tax incentive, in effect exempting them from their share of Social Security taxes on wages paid to these workers after March 18, 2010. This reduced tax withholding will have no effect on the employee's future Social Security benefits, and employers would still need to withhold the employee's 6.2% share of Social Security taxes, as well as income taxes. The employer and employee's shares of Medicare taxes would also still apply to these wages.

In addition, for each worker retained for at least a year, businesses may claim an additional general business tax credit, up to \$1,000 per worker, when they file their 2011 income tax return.

The two tax benefits are especially helpful to employers who are adding positions to their payrolls. New hires filling existing positions also qualify but only if the workers they are replacing left voluntarily or for cause. Family members and other relatives do not qualify.

In addition, the new law requires that the employer get a statement from each eligible new hire certifying that he or she was

unemployed during the 60 days before beginning work or, alternatively, worked fewer than a total of 40 hours for someone else during the 60-day period. The IRS is currently developing a form employees can use to make the required statement.

Businesses, agricultural employers, tax-exempt organizations and public colleges and universities all qualify to claim the payroll tax benefit for eligible newly-hired employees. Household employers cannot claim this new tax benefit.

Employers claim the payroll tax benefit on the federal employment tax return they file, usually quarterly, with the IRS. Eligible employers will be able to claim the new tax incentive on their revised employment tax form for the second quarter of 2010. Revised forms and further details on these two new tax provisions are posted on the IRS website.

Here are some FAQs about the payroll tax exemption and qualified employers:

Q: What is the payroll tax exemption?

A: The payroll tax exemption is an exemption from the employer's 6.2% share of social security tax on all wages paid to qualified employees from March 19, 2010 (the day after the date of enactment of the HIRE Act) through December 31, 2010. The employee's 6.2% share of Social Security tax and the employer and employee's shares of Medicare tax still apply to all wages.

Q: Which employers qualify for the payroll tax exemption?

A: Taxable businesses and tax-exempt organizations qualify for the payroll tax exemption. Such employers in U.S. possessions, such as Puerto Rico or the Northern Mariana Islands, that are subject to Social Security tax also qualify for the payroll tax exemption. Federal, State or local government employers generally do not qualify for the payroll tax exemption. However, public colleges and universities can qualify for the exemption.

Q: Does the payroll tax exemption apply to household employers?

A: No. The payroll tax exemption applies only to wages paid to a qualified employee performing services in the employer's trade or business or in activities in furtherance of a tax-exempt organization's exempt purpose.

Q: If an employer starts a new business, does the payroll tax exemption apply to wages paid to employees hired for the new business?

A: Yes, if they are qualified employees.

Q: If an employee laid off in 2009 has been receiving COBRA premium assistance, for which the employer has been taking the COBRA premium assistance credit, and the employer rehires the employee, can the employer take the payroll tax exemption under the HIRE Act for wages paid to the employee?

A: Yes, if the employee is a qualified employee.

Would you like a few extra \$\$\$??

Everyone likes to make money. Now is the time for you to get an extra fifty dollars! All you need to do is refer BenePAY. Any referral submitted resulting in a sale will put money back into your pocket!

In addition to the extra \$50, you will also receive additional discounts on your existing account per referral :

- 1) For the first closed referral we will lock in your pricing for the next calendar year.
- 2) For the second closed referral we will drop your pricing by 5% for the next calendar year.
- 3) For the third closed referral we will drop your pricing by 10% for the next calendar year.

Easy Money!

\$50 off



ORGANIZATION NAME

Refer BenePAY

Tel: 616-575-8700

Expiration Date: Long time away



The following chart shows the comparison of using a Flex Spending Account as opposed to going without the program.

	Single Person		Working Couple		Family Person (non-working spouse)	
	Without FSA	With FSA	Without FSA	With FSA	Without FSA	With FSA
Total Monthly Pay	\$2,500	\$2,500	\$4,100	\$4,100	\$3,250	\$3,250
Less Non-Taxable Benefits						
Medical / Dental Expenses	\$0	\$50	\$0	\$150	\$0	\$250
Child Care Expenses	\$0	\$0	\$0	\$400	\$0	\$0
Total Pay Subject to Tax	\$2,500	\$2,450	\$4,100	\$3,550	\$3,250	\$3,000
Less Deductions						
Federal & State Taxes	\$700	\$686	\$1,148	\$994	\$910	\$840
Social Security Tax	\$191	\$187	\$88	\$76	\$70	\$64
After Tax Income	\$1,609	\$1,577	\$2,864	\$2,480	\$2,270	\$2,096
After Tax Expenses						
Medical / Dental Expenses	\$50	\$0	\$150	\$0	\$250	\$0
Child Care Expenses	\$0	\$0	\$400	\$0	\$0	\$0
Spendable Income	\$1,559	\$1,577	\$2,314	\$2,480	\$2,020	\$2,096
Annual Increase in Take Home Pay		\$216		\$1,992		\$912

JUNE 2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

JULY 2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Schedule of Events

- June 2- Please have all documentation in regards to HIRE Act in by this date.
- June 25 - Deadline for HIRE Act affidavits and COBRA Subsidies.
- June 29 - All Quarter 2 adjustments due.
- July 4 - Fourth of July
- July 5 - All BenePAY offices closed
- July 7-9 Quarter 2 returns will be sent out.

Fun Facts

- Butterflies taste things with their feet!
- A sneeze travels out of your mouth at over 100 miles an hour!
- A 'jiffy' is an actual unit of time for 1/100t of a second.