# How to Set Up 403B Deduction inside Payroll Mate

This tutorial is for information purposes only. It is your responsibility to make sure the payroll setup is correct. We do not make recommendations for setting up payroll items. Consult your accountant or tax advisor if you are unsure how a certain payroll item or your payroll in general should be set up.

A 403(b) plan (also called a tax-sheltered annuity or TSA plan) is a retirement plan offered by public schools and certain 501(c)(3) tax-exempt organizations. Employees save for retirement by contributing to individual accounts. Employers can also contribute to employees' accounts. https://www.irs.gov/retirement-plans/irc-403b-tax-sheltered-annuity-plans

To add an Employee Contribution

1. Click Company from Shortcuts

2. Click Deduction Categories

3. Click Add
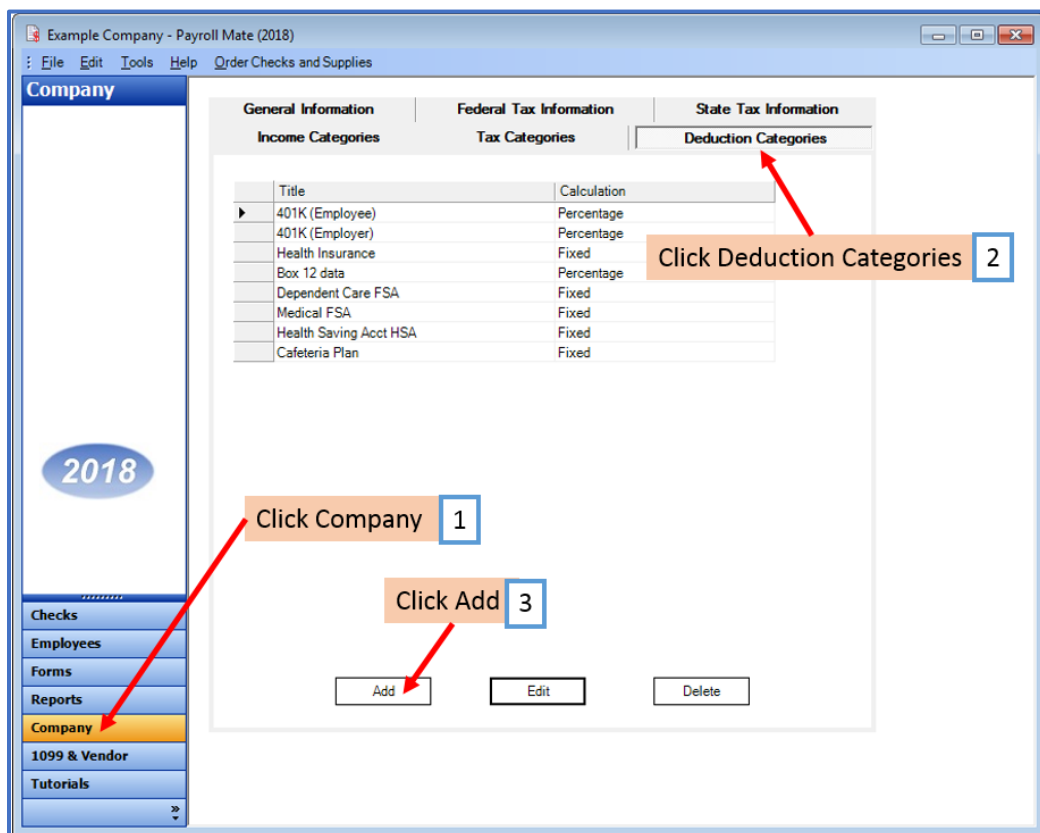
4. Enter Title, Abbreviation, Select Calculation (Percentage is the general method) and Paid by

5. Enter Default Rate for each quarter (can modify at employee level) and Cutoff as applicable

6. Checkmark W2 Options as applicable (W2 Box 12/Code E)

7. Select Federal Income Tax from Exemptions dropdown
Note: This tutorial assumes that the 403B employee contribution payroll item is exempt from federal tax withholding. You cannot rely on this tutorial for tax advice and will need to consult a tax professional if you are unsure how 403B deductions should be set up.

State tax laws vary. Please consult your tax professional to determine if any state taxes are affected by this payroll item and update your setup accordingly.

8. Click OK

Note: If you have any custom incomes, you will receive the following notice

9. Click OK

Payroll Mate

⚠ Payroll Mate detected you have one or more custom added incomes.
Please remember to review the setup for these custom incomes and
make sure this deduction applies to them and update their setup
accordingly.

Click OK 9 → OK
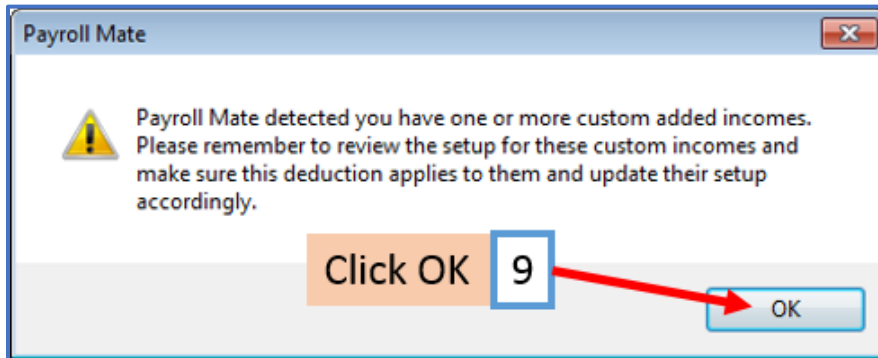
You will be back on the Company Deduction Categories tab

To add an Employer Contribution
10. Click Add

Example Company - Payroll Mate (2018)

File   Edit   Tools   Help   Order Checks and Supplies

Company

| General Information | | Federal Tax Information | | State Tax Information |
| Income Categories | | Tax Categories | | Deduction Categories |

Title	Calculation
401K (Employee)	Percentage
401K (Employer)	Percentage
Health Insurance	Fixed
Box 12 data	Percentage
Dependent Care FSA	Fixed
Medical FSA	Fixed
Health Saving Acct HSA	Fixed
Cafeteria Plan	Fixed
403B (Employee)	Percentage

2018

Checks
Employees
Forms
Reports
Company
1099 & Vendor
Tutorials

Click Add 10 →

| Add | Edit | Delete |

11. Enter Title, Abbreviation, Select Calculation (Percentage is the general method) and Paid by

12. Enter Default Rate for each quarter (can modify at employee level) and Cutoff as applicable

13. Exemptions
Note: Do Not checkmark taxes under exemptions. This tutorial assumes that the 403B employer contribution payroll item is NOT exempt from any taxes. You cannot rely on this tutorial for tax advice and will need to consult a tax professional if you are unsure how 403B deductions should be set up.

14. Click OK

Note: If you have any custom incomes, you will receive the following notice

15. Click OK
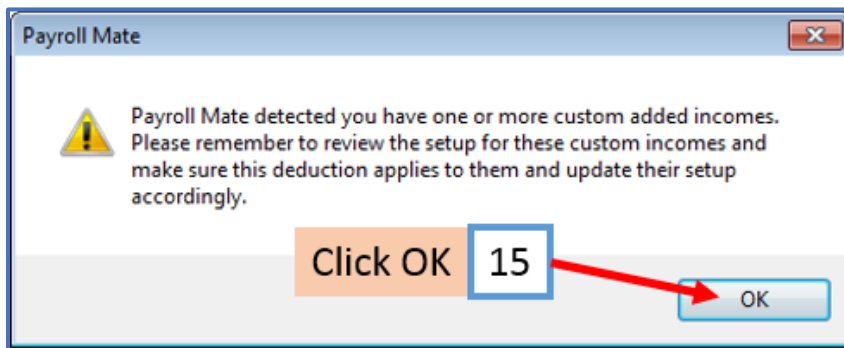
Note: If you need to update custom income categories to apply the 403B deduction(s) refer to steps 16-20. If this does not apply to you, please proceed to step 21.

To update custom income categories

16. Click Income Categories

17. Select the custom income

18. Click Edit
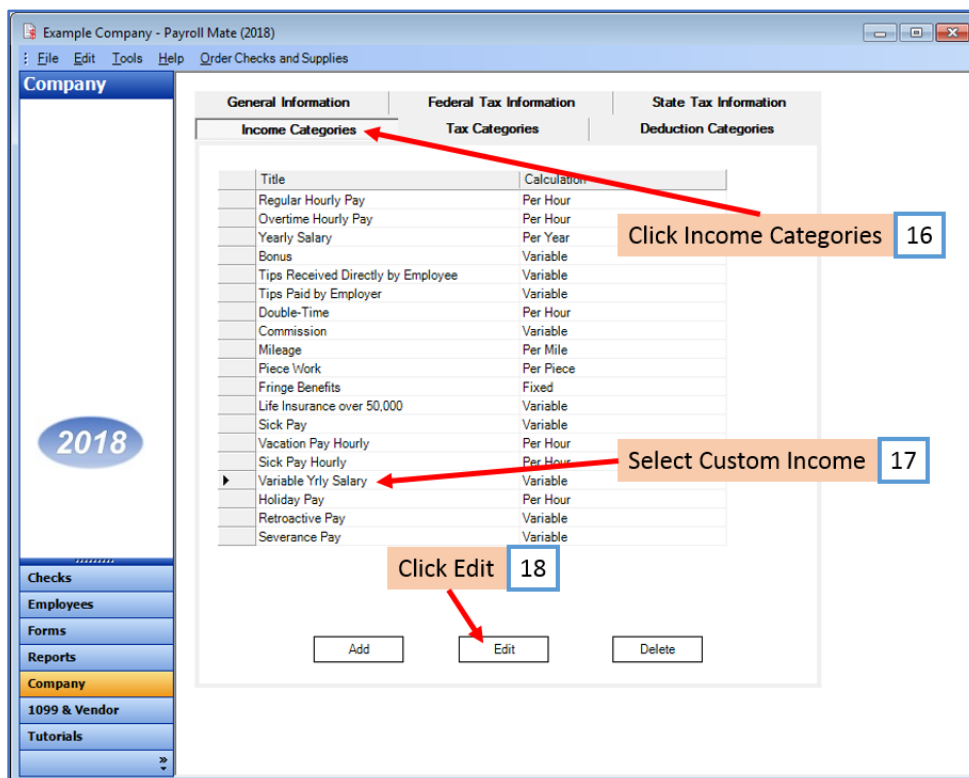
19. Checkmark to apply new deduction to this income

20. Click OK
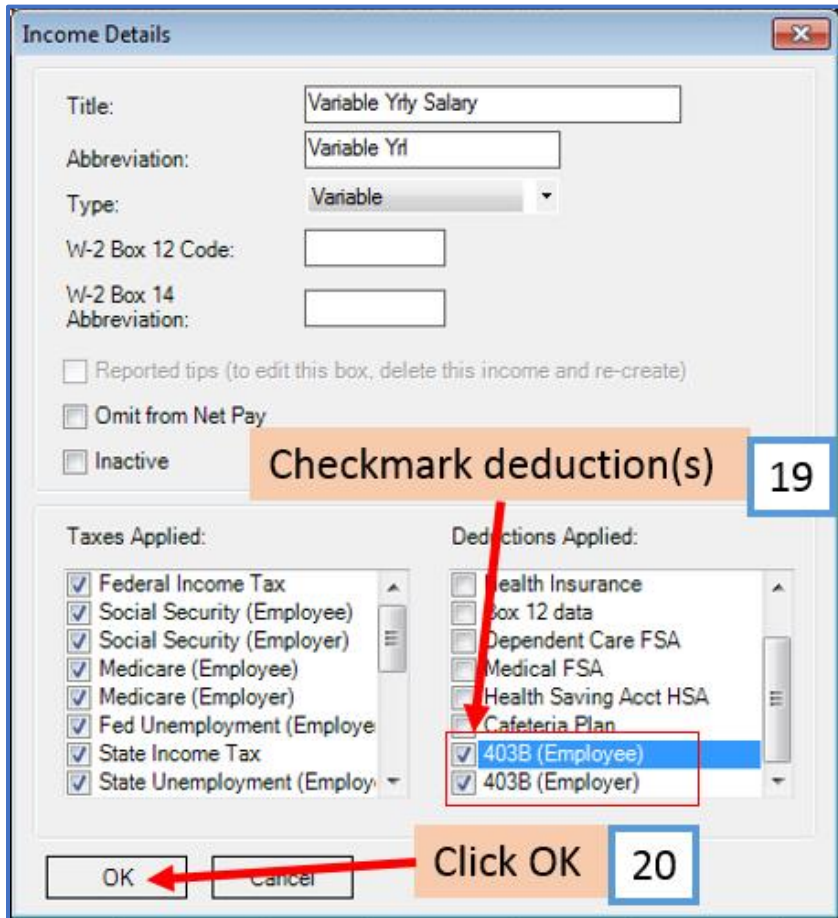
You will need to repeat steps 16 through 20 for each custom income category

You will apply the 403B deduction(s) to each employee as needed

To update employees to apply the 403B Deduction(s)

21. Click Employees from Shortcuts

22. Select an employee from the list of employee's names

23. Click Edit
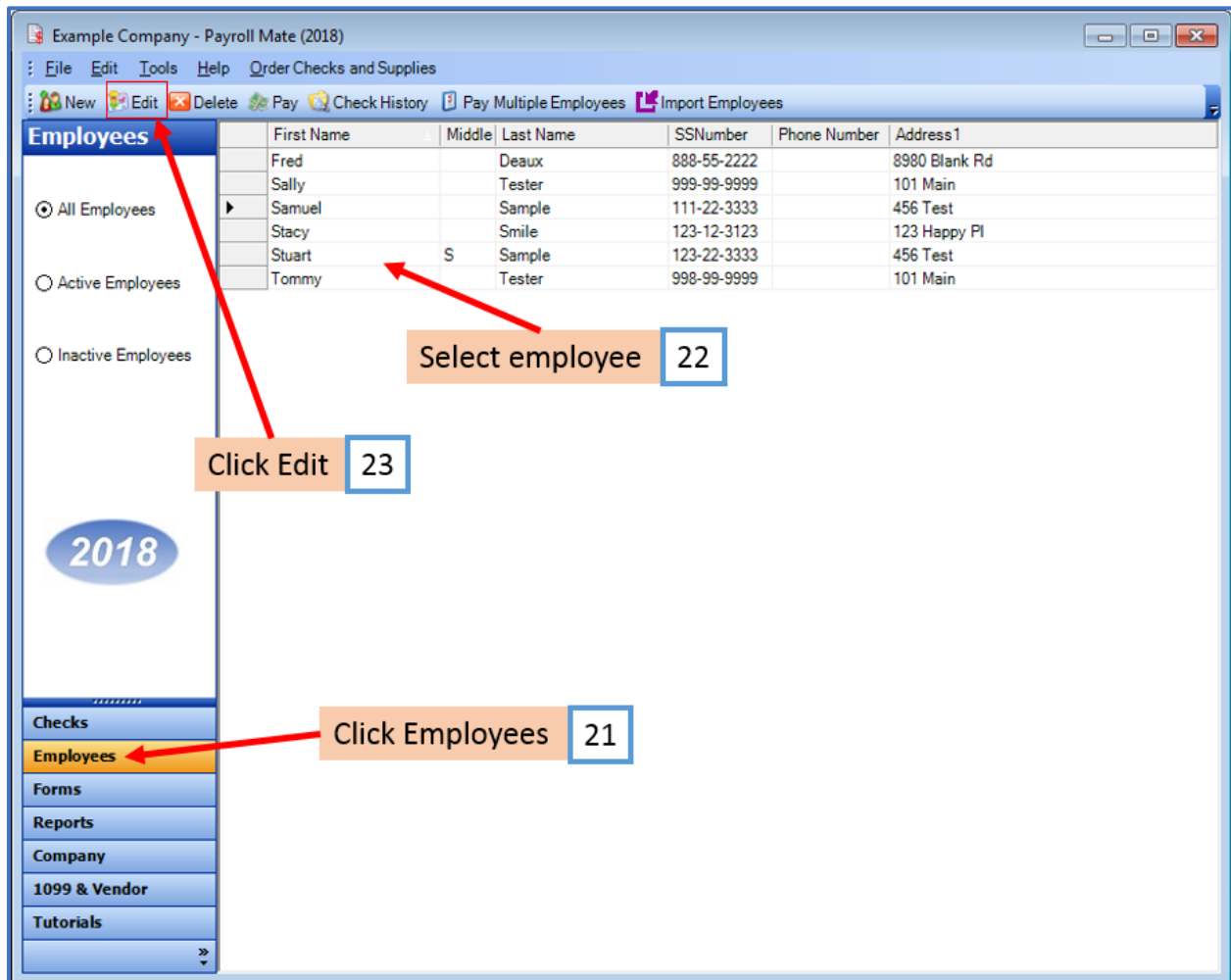
The Modify Employee Wizard will appear on the screen

24. Click Next
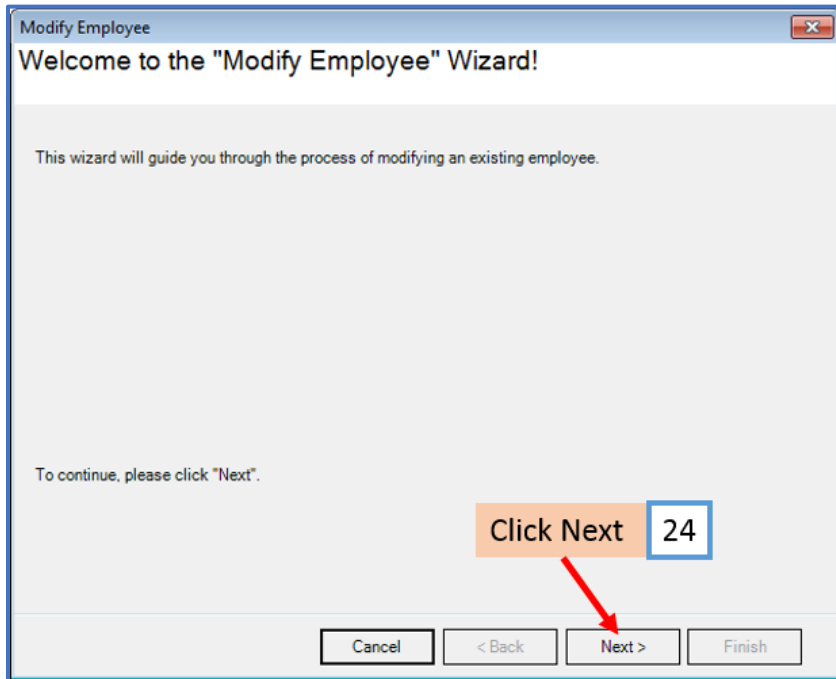
25. Click Next
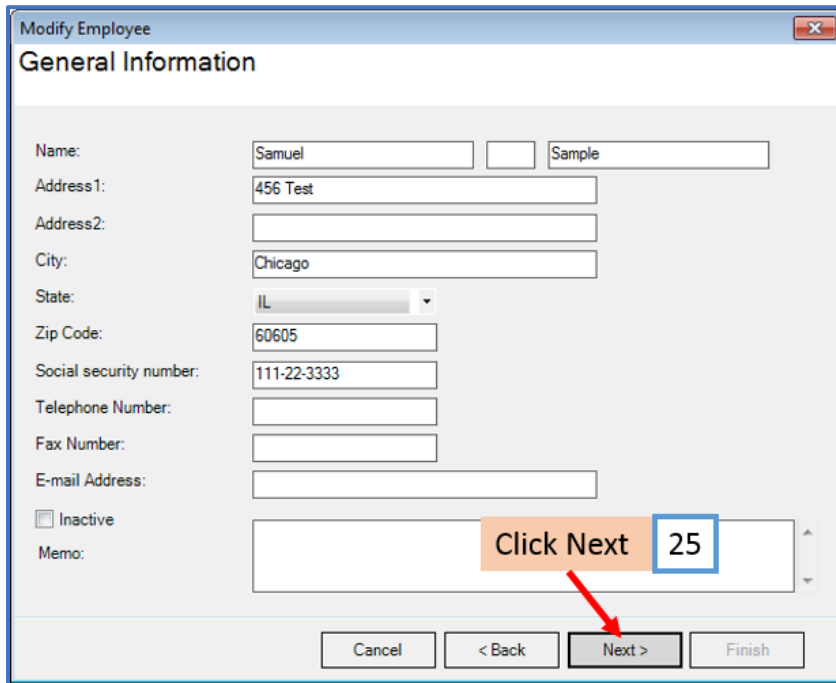
26. Checkmark Retirement Plan under W2 Options

27. Click Next

28. Click Next

29. Click Next

30. Checkmark to select 403B (Employee) and enter applicable percentage rate

31. Checkmark to select 403B (Employer) and enter applicable percentage rate

32. Click Next

33. Click Next

34. Click Next

35. Click Finish

Note: Your information will not be saved if you do not click Finish
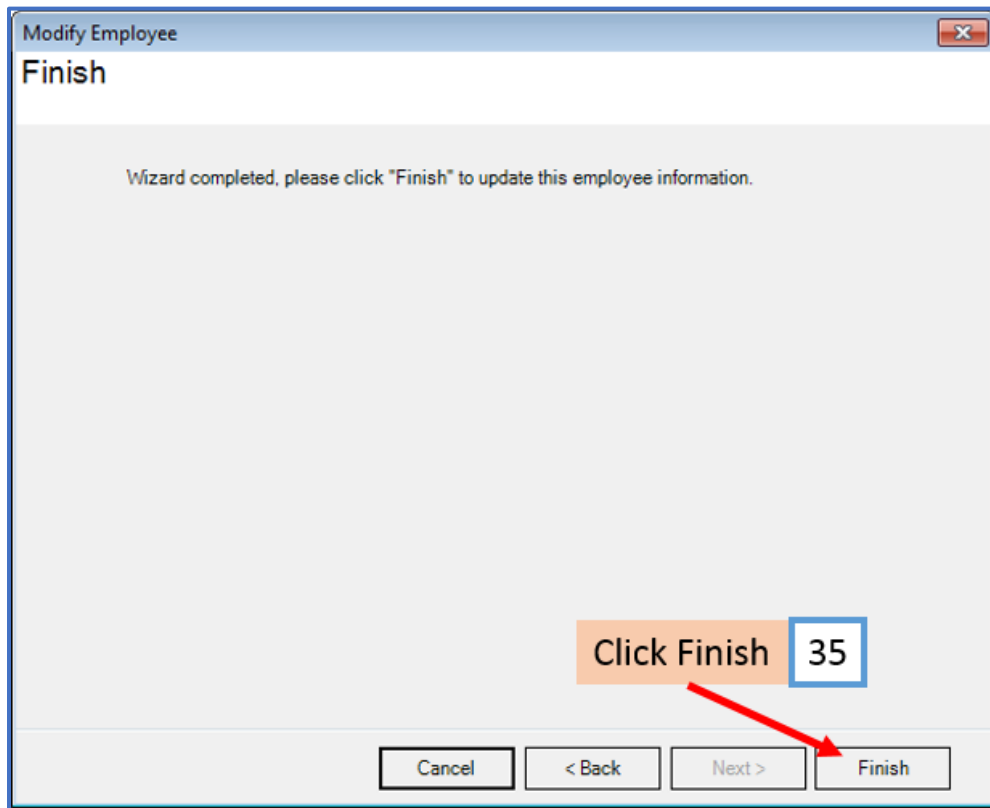
Repeat steps 21-35 for each applicable employee

36. When creating a new payroll check for the employee the 403B deduction categories will be visible