

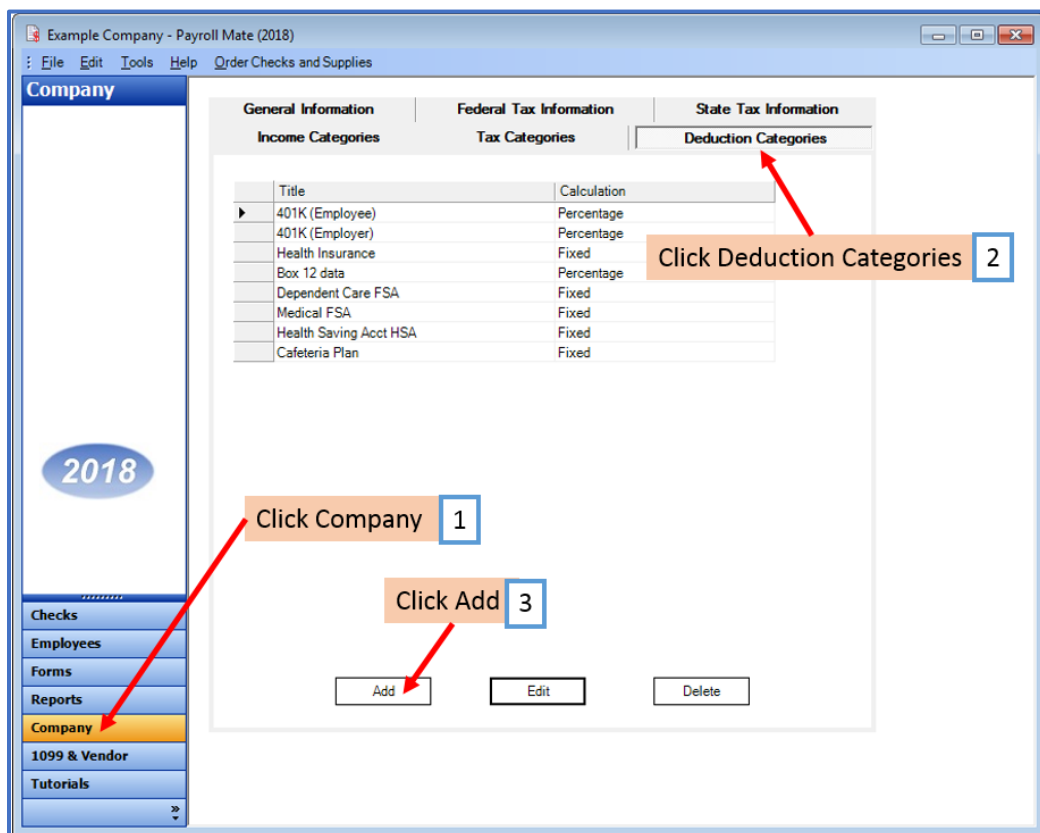
How to Set Up 403B Deduction inside Payroll Mate

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

Enter Title, Abbreviation, Select Calculation and Paid by 4

Enter Rates and Cutoff as applicable 5

Checkmark W2 Options as applicable 6

Select exemptions 7

Click OK 8

Deduction Detail

Title: 403B (Employee) Calculation: Percentage

Abbreviation: 403B (Employ Paid by: Employee

Default Quarterly Rates: 1.0000 1.0000 1.0000 1.0000 Cutoff: Leave Blank for No Cutoff

Inactive

W-2 Options

Use on Box 10 (Dependent Care Benefits)

Use on Box 12

Use on Box 14 (Other)

Pre-tax payroll deductions are deductions that lower your employee's taxable wages.

When you check any of the taxes in the list below you are lowering the taxable wages for that tax by the amount of the deduction you are creating here.

Exemptions This Item Will Be Exempt From:

Federal Income Tax

Social Security (Employee)

Social Security (Employer)

Medicare (Employee)

Medicare (Employer)

Fed Unemployment (Employer)

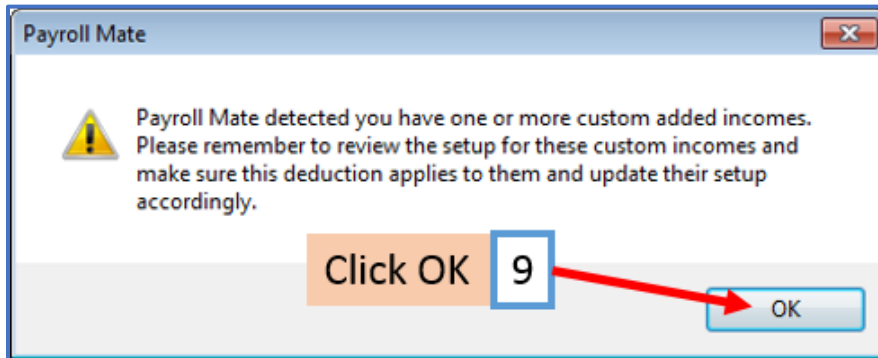
State Income Tax

State Unemployment (Employer)

OK Cancel

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

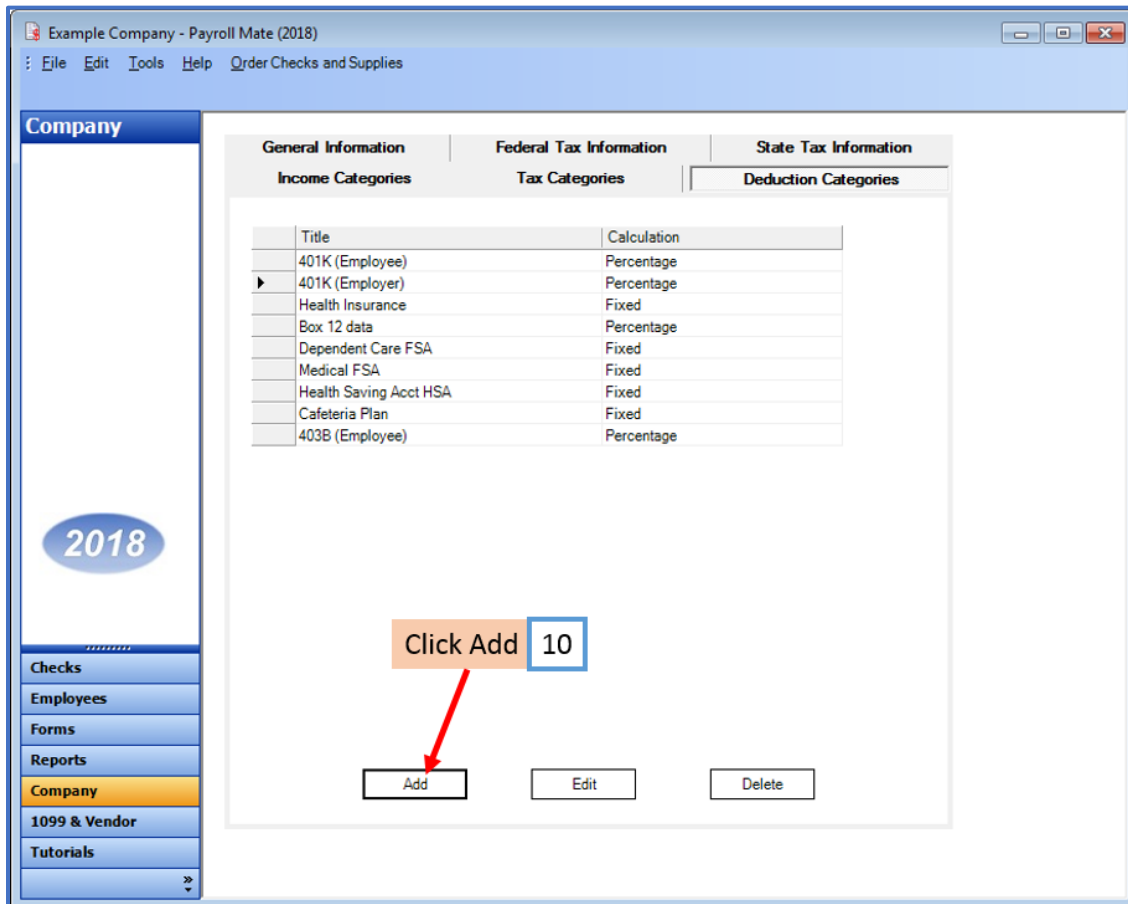
9. Click OK



You will be back on the Company Deduction Categories tab

To add an Employer Contribution

10. Click Add



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

The image shows a screenshot of a software dialog box titled "Deduction Details". The dialog box contains several input fields and checkboxes. Callout 11 points to the "Title" and "Abbreviation" fields, which contain "403B (Employer)" and "403B (Emplr)" respectively. Callout 12 points to the "Default Quarterly Rates" and "Cutoff" fields, which contain "0.5000", "0.5000", "0.5000", "0.5000", and an empty "Cutoff" field. Callout 13 points to the "Exemptions" dropdown menu. Callout 14 points to the "OK" button. The dialog box also includes a "Calculation" dropdown set to "Percentage", a "Paid by" dropdown set to "Employer", an "Inactive" checkbox, and "W-2 Options" checkboxes for "Use on Box 10 (Dependent Care Benefits)", "Use on Box 12", and "Use on Box 14 (Other)". A note at the bottom states: "Pre-tax payroll deductions are deductions that lower your employee's taxable wages. When you check any of the taxes in the list below you are lowering the taxable wages for that tax by the amount of the deduction you are creating here."

Enter Title, Abbreviation, Select Calculation and Paid by 11

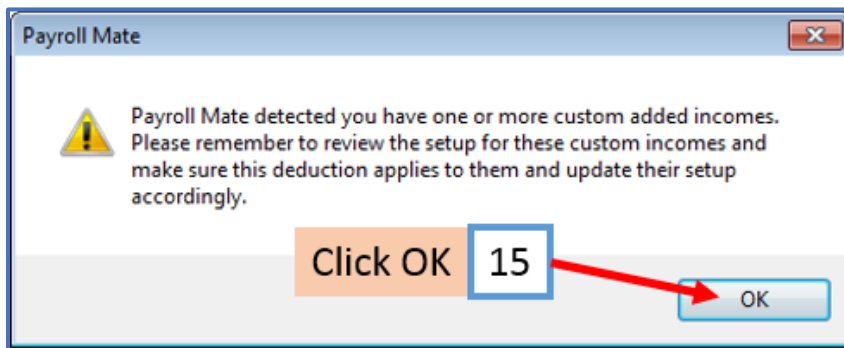
Enter Rates and Cutoff as applicable 12

Exemptions 13

Click OK 14

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

15. Click OK



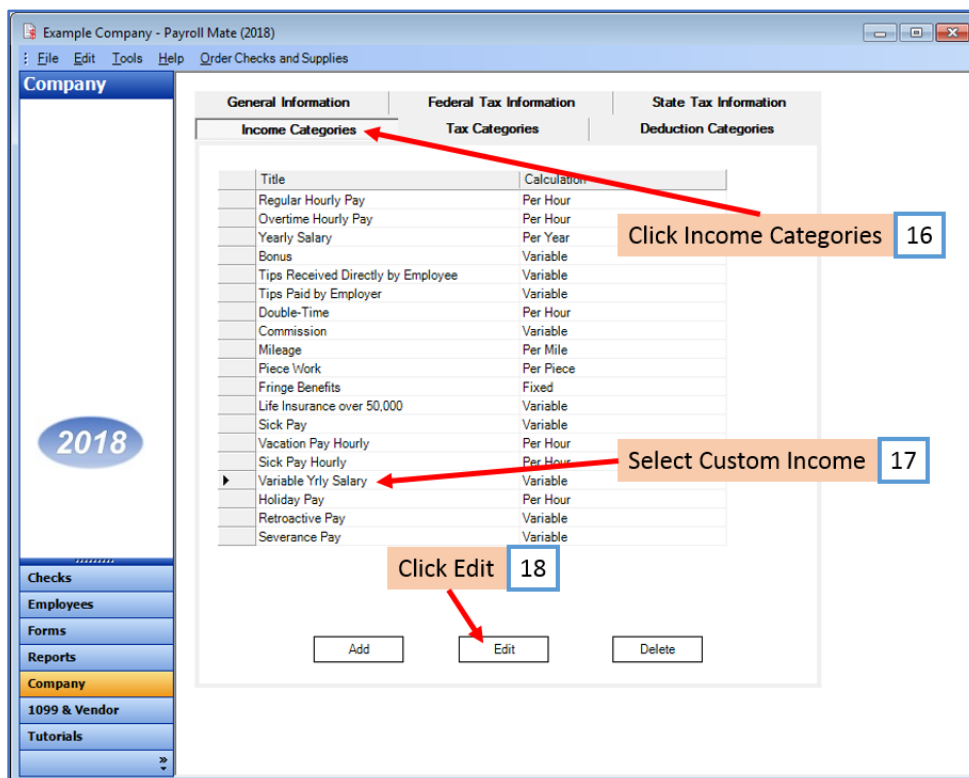
Note: If you need to update custom income categories to apply the 403B deduction(s) refer to steps 16-20. If this does not apply to you, please proceed to step 21.

To update custom income categories

16. Click Income Categories

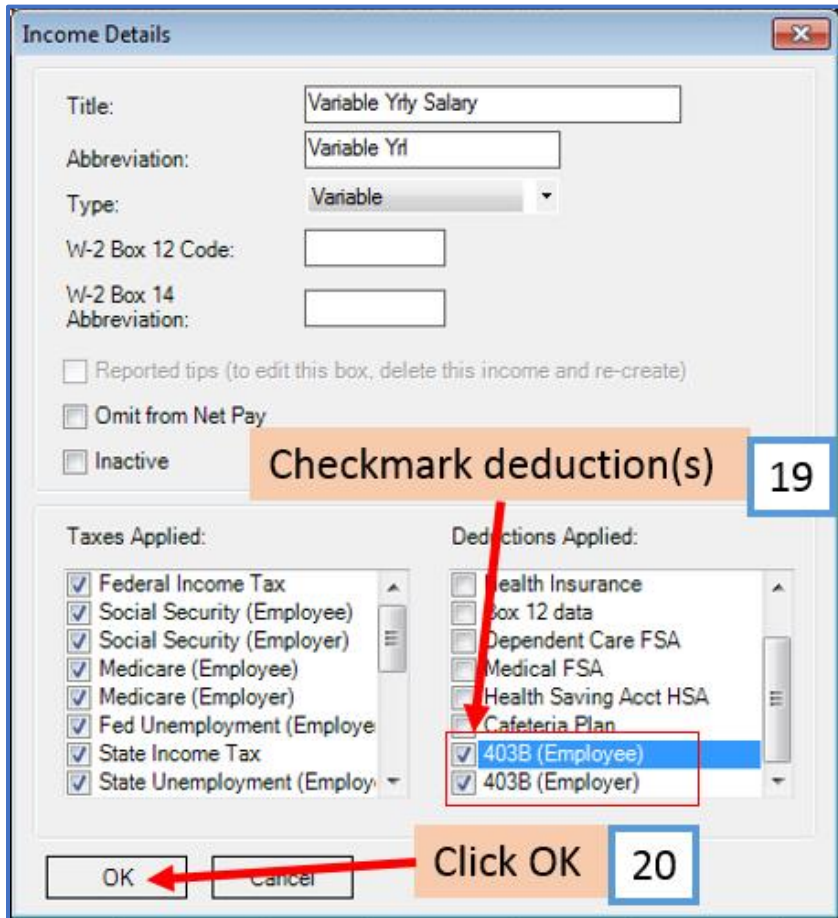
17. Select the custom income

18. Click Edit



19. Checkmark to apply new deduction to this income

20. Click OK

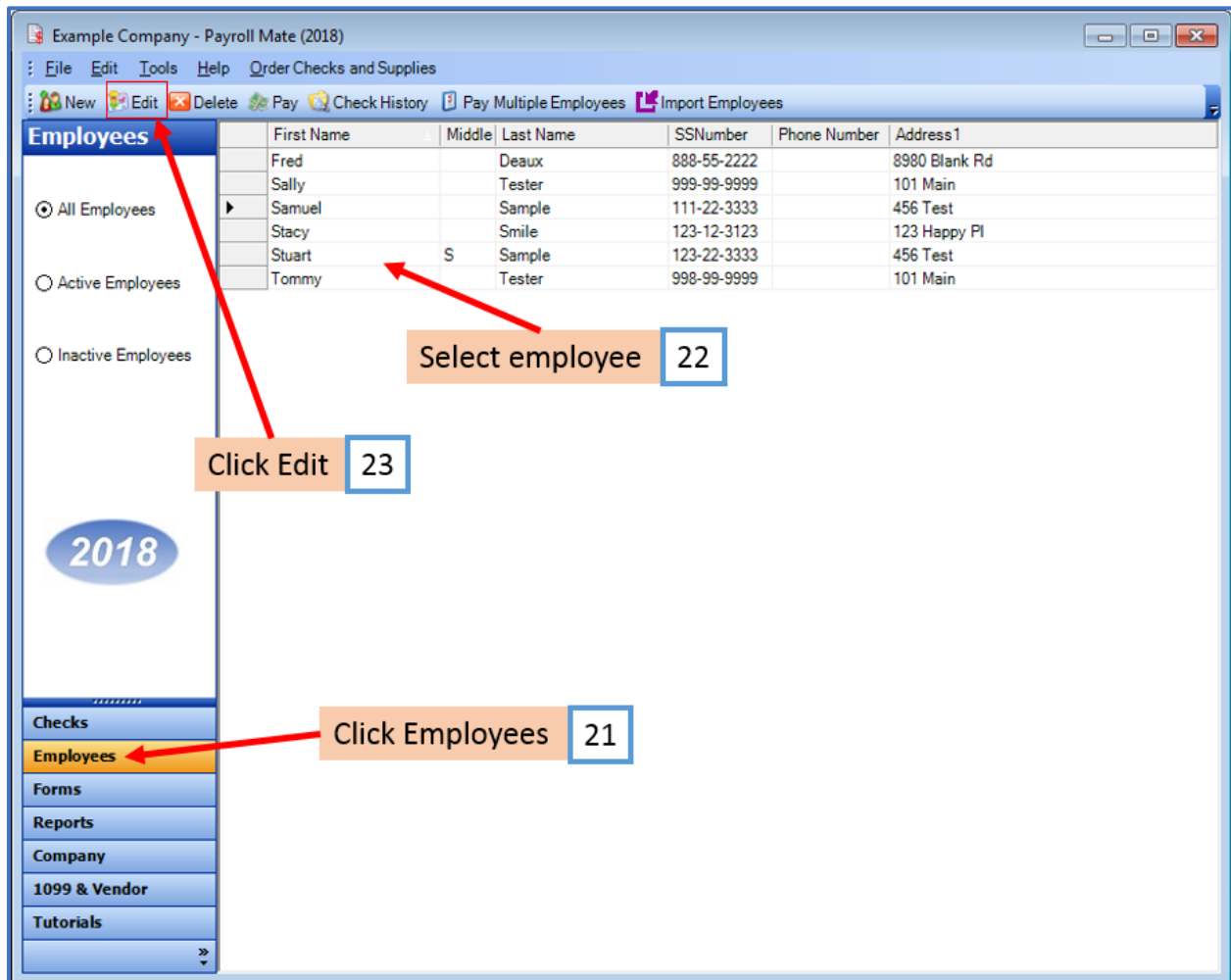


You will need to repeat steps 16 through 20 for each custom income category

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

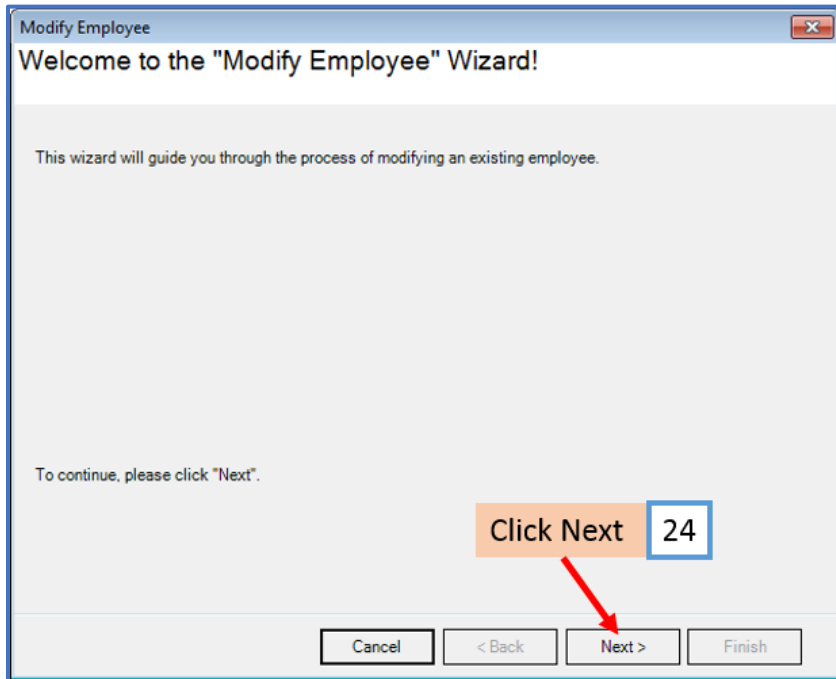
To update employees to apply the 403B Deduction(s)

21. Click Employees from Shortcuts
22. Select an employee from the list of employee's names
23. Click Edit

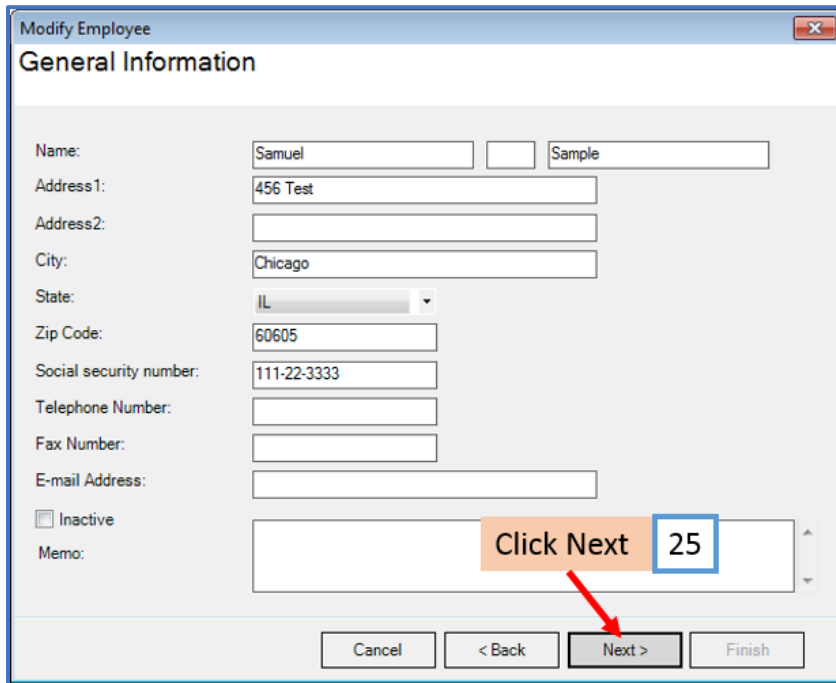


The Modify Employee Wizard will appear on the screen

24. Click Next



25. Click Next



26. Checkmark Retirement Plan under W2 Options

27. Click Next

Modify Employee

Tax Setup

Checkmark Retirement Plan under W2 Options 26

Federal Income Tax Setup

Filing Status: Single
Number of Allowances: 0
Pay Frequency: Weekly (52 Pay Periods)
Additional Federal Withholding: 0.00

W-2 Options

Statutory Employee
 Retirement Plan
 This employee receives Advance EIC payment

Set the following Taxes to zero on the check

Federal Income State Income SS. & Med. (Employee) SS. & Med. (Employer)

State Income Tax Setup

State: IL
Additional State Withholding: 0.00

IL-W4 Line 1: 0
IL-W4 Line 2: 0

Click Next 27

Cancel < Back Next > Finish

28. Click Next

Modify Employee

Incomes

Regular Hourly Pay [Per Hour] 23.0000
 Overtime Hourly Pay [Per Hour] 0.00
 Yearly Salary [Per Year] 0.00
 Double-Time [Per Hour] 0.00
 Mileage [Per Mile] 0.00
 Piece Work [Per Piece] 0.00
 Fringe Benefits [Fixed] 0.00
 Vacation Pay Hourly [Per Hour] 0.00
 Sick Pay Hourly [Per Hour] 0.00
 Holiday Pay [Per Hour] 0.00
 Bonus [Variable]
 Tips Received Directly by Employee [Variable]
 Tips Paid by Employer [Variable]

Click Next 28

Cancel < Back Next > Finish

29. Click Next

The screenshot shows the 'Modify Employee' window with the 'Taxes' section. A list of tax items is displayed, all with checked boxes. At the bottom, the 'Next >' button is highlighted with a red arrow and a callout box labeled 'Click Next 29'.

Item	Type
<input checked="" type="checkbox"/> Federal Income Tax	
<input checked="" type="checkbox"/> Social Security (Employee)	
<input checked="" type="checkbox"/> Social Security (Employer)	
<input checked="" type="checkbox"/> Medicare (Employee)	
<input checked="" type="checkbox"/> Medicare (Employer)	
<input checked="" type="checkbox"/> Fed Unemployment (Employer)	
<input checked="" type="checkbox"/> State Income Tax	
<input checked="" type="checkbox"/> State Unemployment (Employer)	
<input checked="" type="checkbox"/> Local Income Tax	
<input checked="" type="checkbox"/> State Disability Insurance (Employee)	
<input checked="" type="checkbox"/> State Disability Insurance (Employer)	
<input checked="" type="checkbox"/> NY Disability	[Percentage]
<input checked="" type="checkbox"/> Chicago City Tax	[Percentage]

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

The screenshot shows the 'Modify Employee' window with the 'Deductions' section. A list of deduction items is displayed with checkboxes and input fields for rates. The '403B (Employee)' and '403B (Employer)' rows are highlighted with a red box. Callout boxes point to these rows with instructions: 'Checkmark 403B (Employee) and enter Percentage' (30) and 'Checkmark 403B (Employer) and enter Percentage' (31). At the bottom, the 'Next >' button is highlighted with a red arrow and a callout box labeled 'Click Next 32'.

Item	Type	Rate
<input type="checkbox"/> 401K (Employee)	[Percentage]	2.000000
<input type="checkbox"/> 401K (Employer)	[Percentage]	1.000000
<input type="checkbox"/> Health Insurance	[Fixed]	0.00
<input type="checkbox"/> Box 12 data	[Percentage]	1.500000
<input type="checkbox"/> Dependent Care FSA	[Fixed]	20.000000
<input type="checkbox"/> Medical FSA	[Fixed]	25.000000
<input type="checkbox"/> Health Saving Acct HSA	[Fixed]	20.000000
<input type="checkbox"/> Cafeteria Plan	[Fixed]	25.000000
<input checked="" type="checkbox"/> 403B (Employee)	[Percentage]	1.000000
<input checked="" type="checkbox"/> 403B (Employer)	[Percentage]	0.500000

33. Click Next

Modify Employee

Direct Deposit

Include in Direct Deposit Process

Banking Information

Account Type:

Bank Routing Number:

Account Number:

Click Next 33

Cancel < Back Next > Finish

34. Click Next

Modify Employee

Vacation / Sick Hours Settings

Method of Calculating Vacation and Sick Hours:

Per Check

Per Total Hours on Check

Vacation Hours Earned Per Total Hours on Check:

Maximum Vacation Hours Earned Per Year: Keep blank for unlimited hours per year; fill with 0.00 for zero hours per year

Sick Hours Earned Per Total Hours on Check:

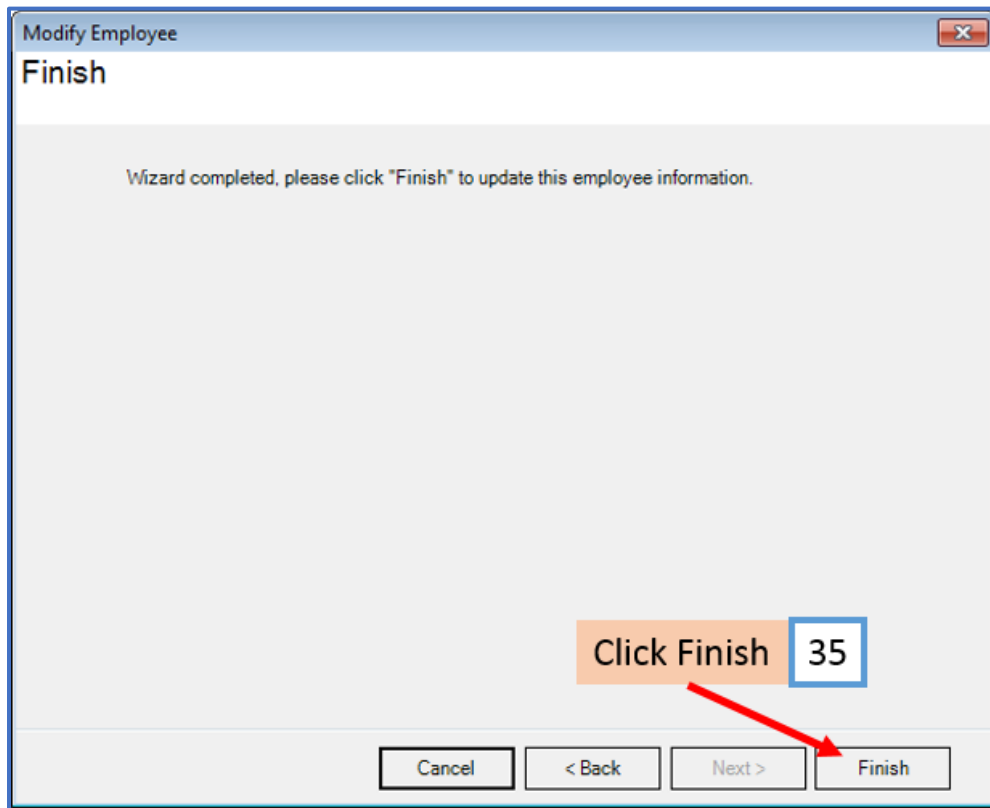
Maximum Sick Hours Earned Per Year: Keep blank for unlimited hours per year; fill with 0.00 for zero hours per year

Click Next 34

Cancel < Back Next > Finish

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

Check Details X

General Information Pay Frequency: Weekly (52 Pay Periods)

Employee: Sample, Samuel Begin Date: May 16, 2018 Recalculate

Check #: 10 Pay Date: May 16, 2018 End Date: May 16, 2018

Income Details Vacation / Sick Hours

Income:	Rate:	Type:	Quantity:	Amount:	YTD:		Amount:	YTD:
Regular Hourly Pay	23.0000	Per Hour	40.0000	920.00	3634.00	Vac. hours earned	0.00	0.00
						Vac. hours used	0.00	0.00
						Sick hours earned	1.00	1.00
						Sick hours used	0.00	0.00

Tax Details Deduction Details

Tax:	Amount:	YTD:		Deduction:	Amount:	YTD:
Social Security (Employee)	57.04	57.04		403B (Employee)	9.20	9.20
Medicare (Employee)	13.34	13.34		403B (Employer)	4.60	4.60
Federal Income Tax	108.66	108.66				
State Income Tax	45.54	45.54				
Local Income Tax	0.00	0.00				
State Disability Insurance (Employee)	0.00	0.00				
NY Disability	0.60	0.60				
Chicago City Tax	0.92	0.92				
Cook County Tax	66.70	66.70				
WA LI Employee	2.27	2.27				
Social Security (Employer)	57.04	57.04				

Deduction(s) 36

Other Optional Details Check Summary

	Amount:	YTD:		Total Incomes:	Total Taxes:	Total Deductions:	Net Pay:
Hours Worked	0.00	118.00	This Check:	920.00	295.07	9.20	615.73
Weeks Worked	0.00	3.00	YTD:	3634.00	295.07	9.20	3329.73

MEMO:

OK Cancel