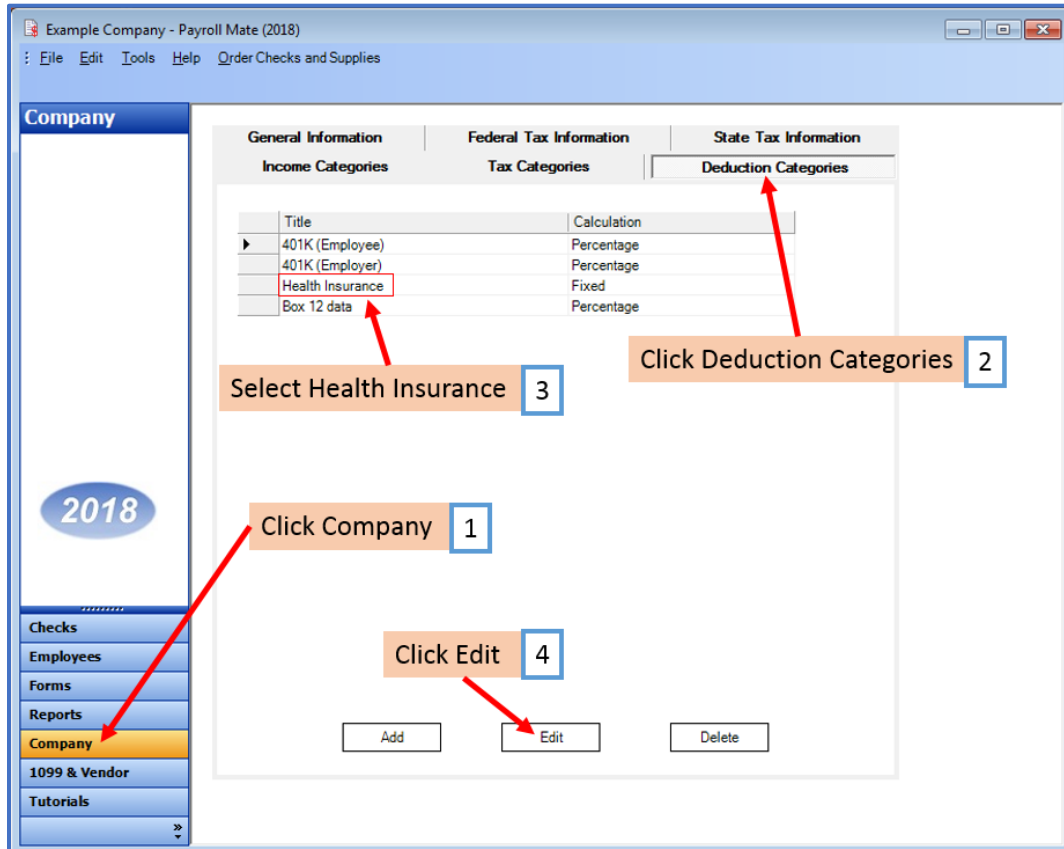


# How to Set Up Health Insurance Deduction inside Payroll Mate

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.

Payroll Mate has a built-in deduction category for Health Insurance. This built-in category can be edited as needed.

1. Click Company from Shortcuts
2. Click Deduction Categories
3. Select Health Insurance
4. Click Edit



5. Edit deduction details as needed

6. Edit tax exemptions as needed

\*Pre-tax health insurance deduction - Select Federal Income Tax from Exemptions dropdown. This makes the health insurance payroll item exempt from federal income tax withholding, lowering the employee's taxable federal wages.

\*Post tax health insurance - Do not select taxes under exemptions.

Note: You cannot rely on this tutorial for tax advice and will need to consult a tax professional if you are unsure how 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.

7. Click OK

The screenshot shows the 'Deduction Details' dialog box with the following fields and options:

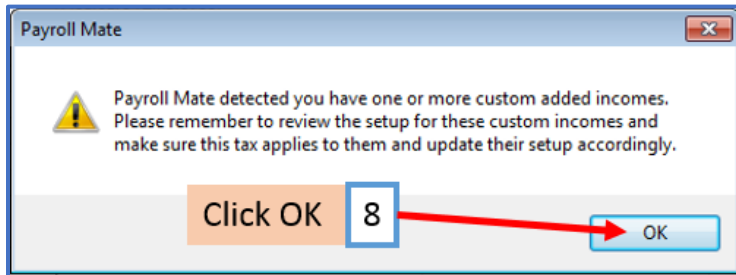
- Title: Health Insurance
- Abbreviation: Health Ins
- Calculation: Fixed
- Paid by: Employee
- Default Amount: 0.00
- Cutoff: (empty field) Leave Blank for No Cutoff
- Inactive
- W-2 Options:
  - Use on Box 10 (Dependent Care Benefits)
  - Use on Box 12
  - Use on Box 14 (Other)
- Exemptions dropdown menu
- OK and Cancel buttons

Numbered callouts indicate the following actions:

- 5: Edit details as needed (points to the main form fields)
- 6: Edit tax exemptions as needed (points to the Exemptions dropdown)
- 7: Click OK (points to the OK button)

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

8. Click OK



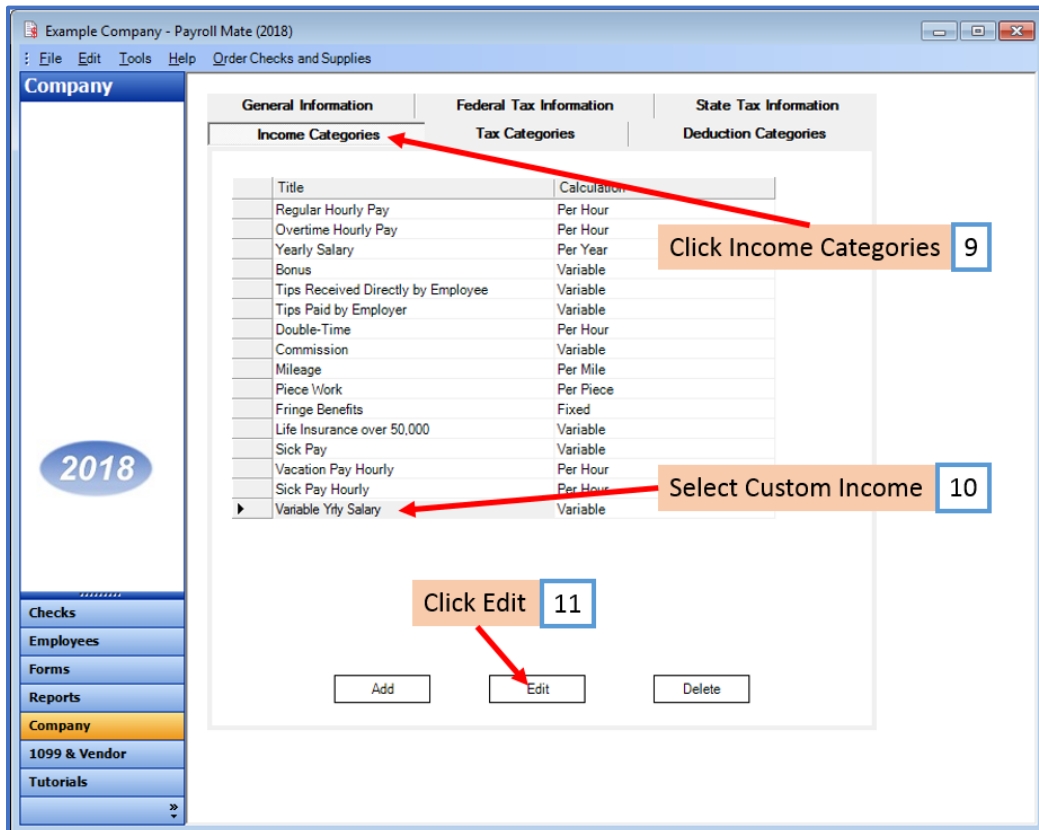
Note: If you need to update custom income categories to apply the Health Insurance deduction refer to steps 9-13. If this does not apply to you, please proceed to step 14.

### To update custom income categories

9. Click Income Categories

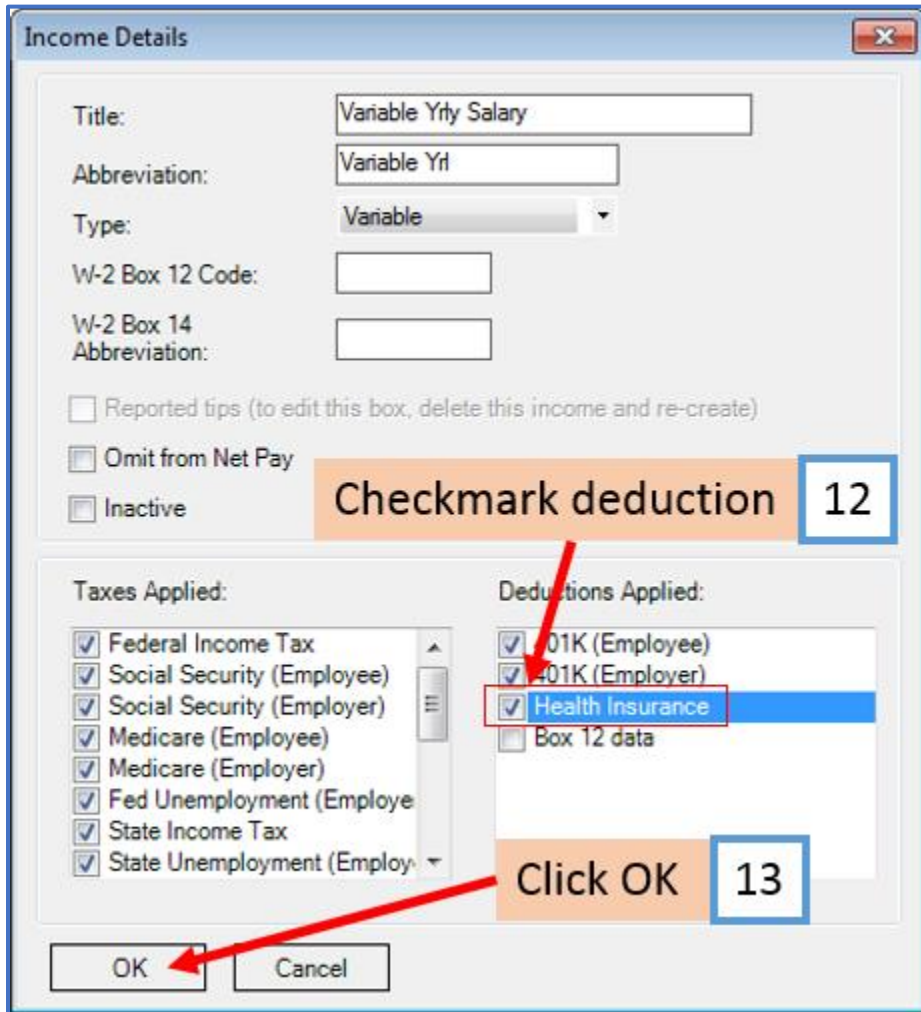
10. Select the custom income

11. Click Edit



12. Checkmark to apply new deduction to this income

13. Click OK



You will need to repeat steps 9 through 13 for each custom income category

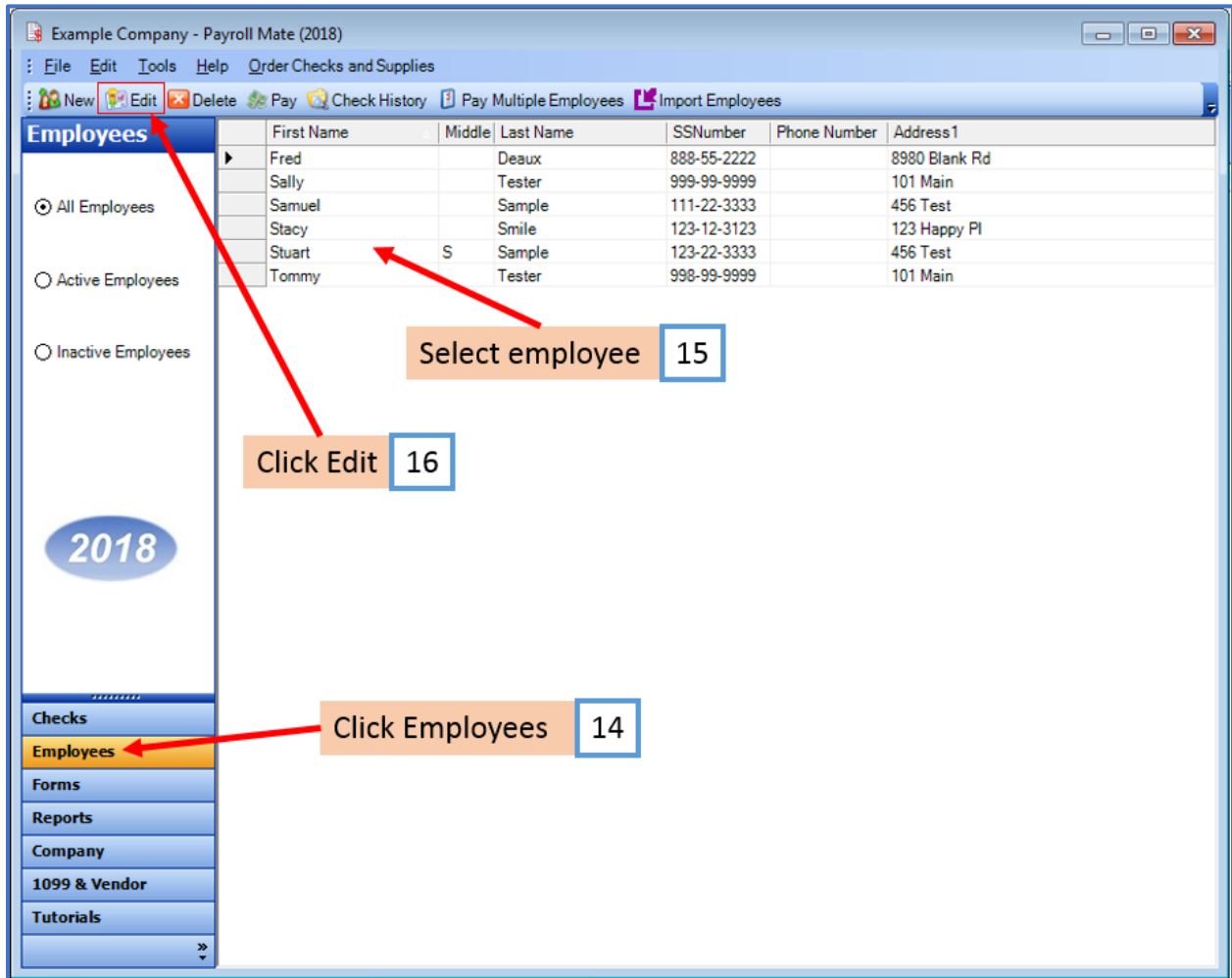
You will apply the Health Insurance deduction to each employee as needed

### To update employees to apply the Health Insurance Deduction

14. Click Employees from Shortcuts

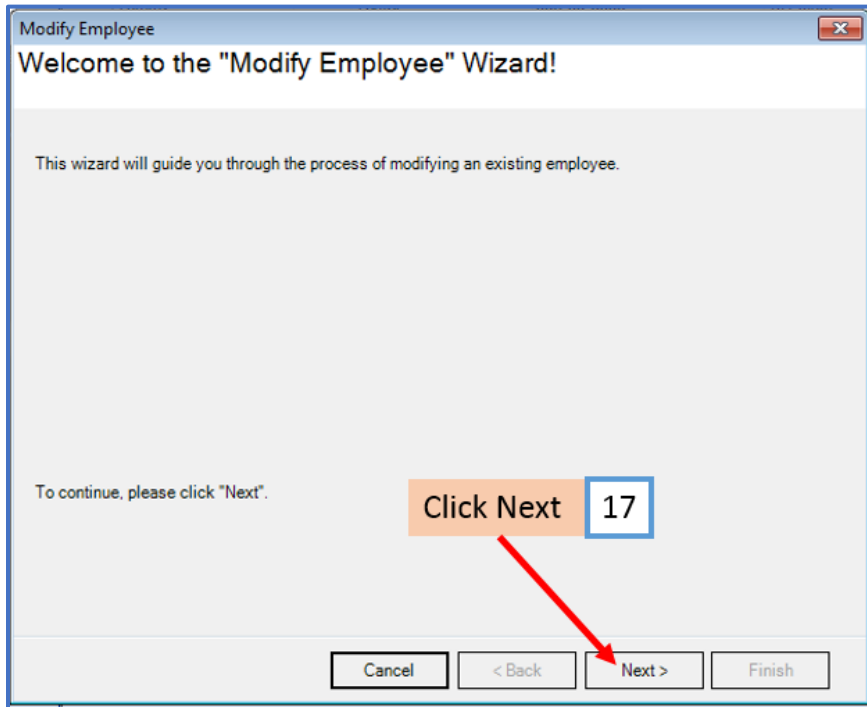
15. Select an employee from the list of employee's names

16. Click Edit

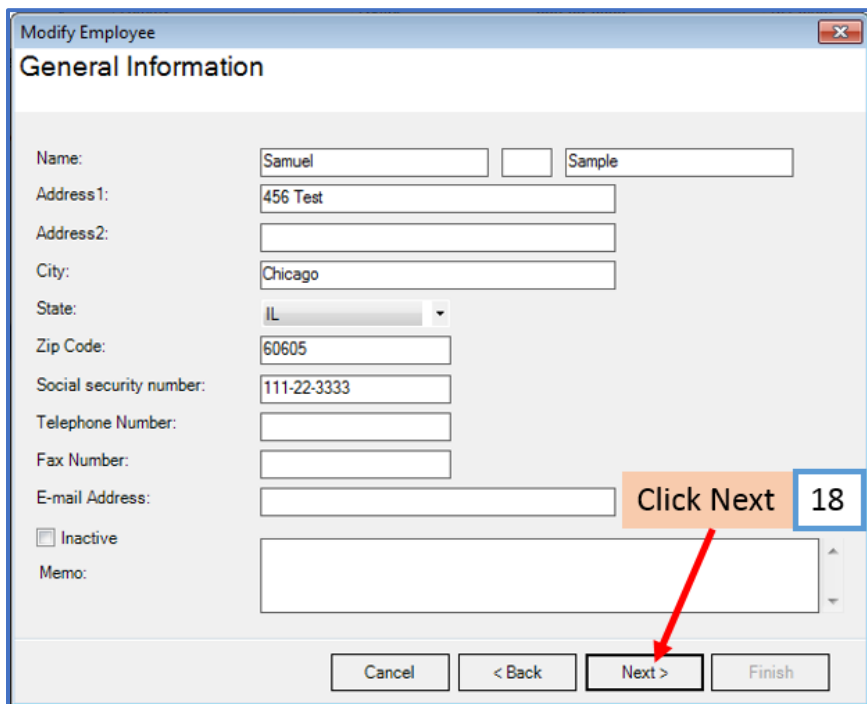


The Modify Employee Wizard will appear on the screen

17. Click Next



18. Click Next



19. Click Next

Modify Employee

### Tax Setup

Federal Income Tax Setup

Filing Status:

Number of Allowances:

Pay Frequency:

Additional Federal Withholding:

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:

Additional State Withholding:

IL-W4 Line 1:

IL-W4 Line 2:

Click Next 19

Cancel < Back Next > Finish

20. Click Next

Modify Employee

### Incomes

Regular Hourly Pay [Per Hour]

Overtime Hourly Pay [Per Hour]

Yearly Salary [Per Year]

Double-Time [Per Hour]

Mileage [Per Mile]

Piece Work [Per Piece]

Fringe Benefits [Fixed]

Vacation Pay Hourly [Per Hour]

Sick Pay Hourly [Per Hour]

Bonus [Variable]

Tips Received Directly by Employee [Variable]

Tips Paid by Employer [Variable]

Commission [Variable]

Click Next 20

Cancel < Back Next > Finish

21. Click Next

The screenshot shows the 'Modify Employee' window with the 'Taxes' section selected. A list of tax items is displayed, each with a checked checkbox and a unit type. At the bottom, there are four buttons: 'Cancel', '< Back', 'Next >', and 'Finish'. A callout box with the text 'Click Next 21' and a red arrow points to the 'Next >' button.

Tax Item	Unit
<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]
<input checked="" type="checkbox"/> Cook County Tax	[Percentage]
<input checked="" type="checkbox"/> CA Emp Train Tax	[Percentage]
<input checked="" type="checkbox"/> WA LI Tax	[Per Hour]
<input checked="" type="checkbox"/> WA LI Employee	[Per Hour]

22. Checkmark to select Health Insurance and enter deduction amount

23. Click Next

The screenshot shows the 'Modify Employee' window with the 'Deductions' section selected. A table lists deduction items with checkboxes, unit types, and input fields. The 'Health Insurance' row is highlighted with a red box, and a callout box with the text 'Checkmark Health Insurance and enter amount 22' and a red arrow points to its checkbox. At the bottom, there are four buttons: 'Cancel', '< Back', 'Next >', and 'Finish'. A second callout box with the text 'Click Next 23' and a red arrow points to the 'Next >' button.

Deduction Item	Unit	Amount
<input type="checkbox"/> 401K (Employee)	[Percentage]	0.00
<input type="checkbox"/> 401K (Employer)	[Percentage]	0.00
<input checked="" type="checkbox"/> Health Insurance	[Fixed]	25.000000
<input type="checkbox"/> Box 12 data	[Percentage]	1.500000



24. Click Next

Modify Employee

### Direct Deposit

Include in Direct Deposit Process

Banking Information

Account Type:

Bank Routing Number:

Account Number:

Click Next 24

Cancel < Back Next > Finish

25. 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:

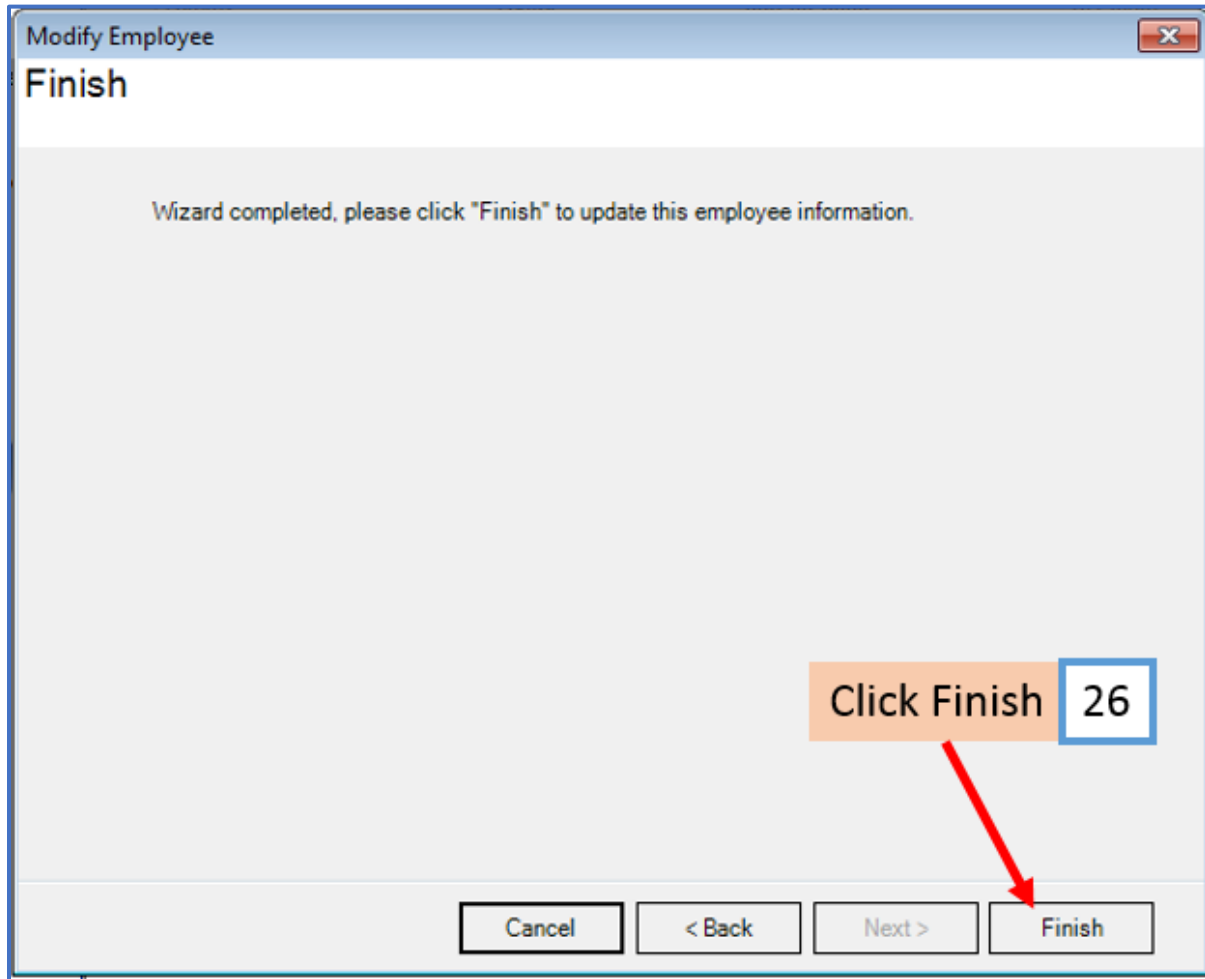
Maximum Sick Hours Earned Per Year:  Keep blank for unlimited hours per year; fill with 0.00 for zero hours per year

Click Next 25

Cancel < Back Next > Finish

26. Click Finish

Note: Your information will not be saved if you do not click Finish



Repeat steps 14-26 for each applicable employee

27. When creating a new payroll check for the employee the health insurance deduction category will be visible

**Check Details** x

General Information Pay Frequency: Weekly (52 Pay Periods)

Employee:  Begin Date:

Check #:  Pay Date:  End Date:

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**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

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**Tax Details** Deduction Details

Tax:	Amount:	YTD:		Deduction:	Amount:	YTD:
Social Security (Employee)	57.04	57.04	<div style="border: 1px solid black; padding: 5px; display: inline-block;">Deduction 27</div>	Health Insurance	50.00	50.00
Medicare (Employee)	13.34	13.34				
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				

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**Other Optional Details** Check Summary

	Amount:	YTD:	Total Incomes:	Total Taxes:	Total Deductions:	Net Pay:
Hours Worked	0.00	118.00	<u>This Check:</u> 920.00	295.07	50.00	574.93
Weeks Worked	0.00	3.00	<u>YTD:</u> 3634.00	295.07	50.00	3288.93

MEMO: