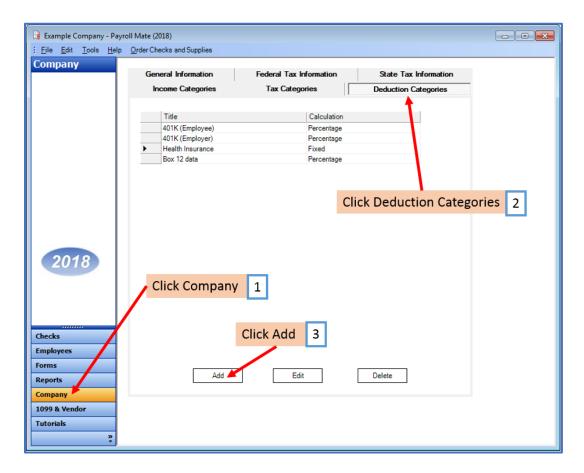
How to Set Up Health Savings Account (HSA) Deduction inside Payroll Mate

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 Health Savings Account (HSA) is a tax-exempt trust or custodial account you set up with a qualified HSA trustee to pay or reimburse certain medical expenses you incur. You must be an eligible individual to qualify for an HSA. https://www.irs.gov/pub/irs-pdf/p969.pdf

- 1. Click Company from Shortcuts
- 2. Click Deduction Categories
- 3. Click Add



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

5. Enter Default amount (can modify at employee level) and Cutoff as applicable Note: There is generally a yearly maximum allowed for this type of deduction.

6. Checkmark the W2 Options as applicable

7. Edit Tax Exemptions as needed

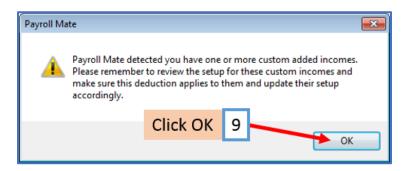
Note: This tutorial assumes that the HSA payroll item is NOT exempt from any taxes. You cannot rely on this tutorial for tax advice and will need to consult a tax professional if you are unsure how Health Savings Account HSA deductions should be set up.

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

Deduction Details					Abbrevia lation an		y 4		×		
Title:	Health	Saving Ac	ct HSA		Calculation:	Fixed		•			
Abbreviation:	Health	HSA			Paid by:	Employee		•	Ente	r Default	
Default Amount:	20.000	000			Cutoff:		Leave Bl for No Cu			unt and off as	5
Inactive									appl	icable	
W-2 Options Use on Box 1		ndent Care	e Benef	īts)			Che	eckm	ark W	2	
Use on Box 1	_)					Opt	tions	as ap	plicable	6
Pre-tax payroll de When you check a of the deduction y Exemptions	any of the ou are cr	e taxes in	the list			-		x by the a	mount		
ОК	Canc Click		8		Edit ta as nee	x exemp ded	otions	7			

Note: If you have any custom incomes, you will receive the following notice 9. Click OK



Note: If you need to update custom income categories to apply the Health HSA deduction refer to steps 10-14. If this does not apply to you, please proceed to step 15

To update custom income categories

10. Click Income Categories

11. Select the custom income

12. Click Edit

🔒 Example Company - Payrol			
<u>: File E</u> dit <u>T</u> ools <u>H</u> elp	Order Checks and Supplies		
Company	General Information Federal	T	
	General Information Federal	Tax Information	State Tax Information
	Income Categories Tax	Categories	Deduction Categories
	Title	Calculation	
	Regular Hourly Pay	Per Hour	
	Overtime Hourly Pay	Per Hour	
	Yearly Salary	Per Year	Click Income Categories 10
	Bonus	Variable	
	Tips Received Directly by Employee	Variable	
	Tips Paid by Employer	Variable	
	Double-Time	Per Hour	
	Commission	Variable	
	Mileage	Per Mile	
	Piece Work	Per Piece	
	Fringe Benefits	Fixed	
	Life Insurance over 50,000	Variable	
	Sick Pay	Variable	
2018	Vacation Pay Hourly	Per Hour	
	Sick Pay Hourly	Per Hour	Select Custom Income 11
	Variable Yrly Salary	Variable	
	Holiday Pay	Per Hour	
	Retroactive Pay	Variable	
	Severance Pay	Variable	
Checks	Click Ed	lit 12	
Employees			
Forms		L	
Reports	Add	Edit	Delete
Company			
1099 & Vendor			
Tutorials			
» *			

- 13. Checkmark to apply new deduction to this income
- 14. Click OK

come Details					
Title:	Variable Yrly	Salary			
Abbreviation:	Variable Yrl				
Type:	Variable		-		
W-2 Box 12 Code:					
W-2 Box 14 Abbreviation:					
Reported tips (to ed	it this box, delet	te this inco	me and re-cr	eate)	
Omit from Net Pay					
Inactive	Check	mark	deduct	tion	13
Taxes Applied:		Deduci	ions Applied:	i.	
Federal Income Tax			K (Employee)		
 Social Security (En Social Security (En 			K (Employer) Ith Insurance		
Medicare (Employe	The second se		12 data		
Medicare (Employe	and the second se		endent Care	FSA	
Fed Unemployment	(Employe	And a state of the	lical FSA Ith Saving Ac	A2H too	_
the second s		W THES	inin ourning Ac	ALL HOR	
State Income Tax State Unemployment	nt (Employ -	and the second			
State Income Tax	nt (Employ 👻	Clie	ck OK	14	

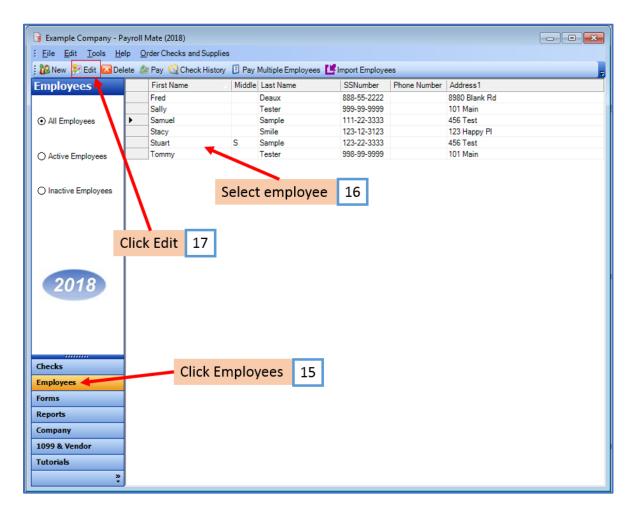
You will need to repeat steps 10 through 14 for each custom income category

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

To update employees to apply the Health HSA Deduction

- 15. Click Employees from Shortcuts
- 16. Select an employee from the list of employee's names

17. Click Edit



The Modify Employee Wizard will appear on the screen

18. Click Next

Modify Employee	
Welcome to the "Modify Employee" Wizard!	
	_
This wizard will guide you through the process of modifying an existing employee.	
To continue, please click "Next".	
Click Next 18	
	~
Cancel < Back Next > Finish	

Modify Employee		— X —
General Information	n	
Name:	Samuel Sample	
Address1:	456 Test	
Address2:		
City:	Chicago	
State:	L ·	
Zip Code:	60605	
Social security number:	111-22-3333	
Telephone Number:		
Fax Number:		
E-mail Address:		
Inactive		_
Memo:	Click Next 19	^
		~
		_
	Cancel < Back Next > Finish	

20. Click Next

Modify Employee			—
Tax Setup			
Federal Income Tax Setup			W-2 Options
Filing Status:	Single	•	Statutory Employee
Number of Allowances:	0	•	Retirement Plan
Pay Frequency:	Weekly (52 Pay Periods)	•	This employee receives Advance EIC payment
Additional Federal Withholding:	0.00		Autorice Ele payment
Set the following Taxes to zero on th	ie check		
Federal Income State Inc	come 📄 SS. & Med. (Emple	oyee)	SS. & Med. (Employer)
State Income Tax Setup			
State:		IL	
Additional State Withholding:		0.00	
IL-W4 Line 1: Click	Next 20	0	
IL-W4 Line 2:		0	
	Cancel < E	Back	Next > Finish
	Cancel < E	аск	Next > Finish

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	Ξ
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]	Click Next 21	
Tips Paid by Employer	[Variable]		-
[Cancel	<pre> < Back Next > Finish</pre>	

22. Click Next

Modify Employee				×
Taxes				
Federal Income Tax				Â
Social Security (Employee)				
Social Security (Employer)				
Medicare (Employee)				
Medicare (Employer)				
Fed Unemployment (Employer)				E
✓ State Income Tax				
State Unemployment (Employer)				
Local Income Tax				
State Disability Insurance (Employee)				
State Disability Insurance (Employer)				
VY Disability	[Percentage]	Click Next	22	
🔽 Chicago City Tax	[Percentage]	CHCK IVCAL	22	-
Г	Cancel	< Back Next >	Finish	٦
L		Next >		

23. Checkmark to select Health HSA and enter deduction amount

Modify Employee				X
Deductions				
401K (Employee)	[Percentage]	0.00	Checkmark	
401K (Employer)	[Percentage]	0.00	Health HSA	
Health Insurance	[Fixed]	0.00	and enter	23
🔲 Box 12 data	[Percentage]	1.500000		
Dependent Care FSA	[Fixed]	20.000000	amount	
Medical FSA	[Fixed]	25.000000		
Health Saving Acct HSA	[Fixed]	20.000000		
				1
		C	Click Next 24	
	Car	cel < Bac	k Next>	Finish
				1 111011

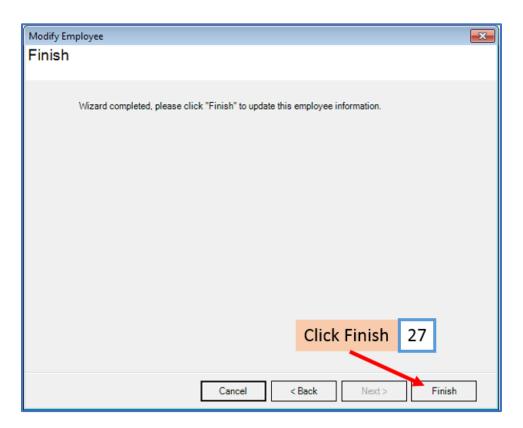
25. Click Next

Modify Employee		—
Direct Deposit		
Include in Direct Deposit Pro	cess	
Banking Information		
Account Type	Checking -	
Bank Routing Number		
Account Number		
		- 1
	Click Next 25	
	Cancel < Back Next > Finish	

Modify Employee	E
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	0.0000
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	0.0250
Maximum Sick Hours Farned Per Year	Keep blank for unlimited hours per year; fill
	with 0.00 for zero hours per year
1	Click Next 26
Cancel	<pre></pre>

27. Click Finish

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



Repeat steps 15-27 for each applicable employee

28. When creating a new payroll check for the employee the Health Savings Account HSA deduction category will be visible

Seneral Information		Pay	Frequency:	Weekly (52 Pa	y Periods)			
Employee: Sample, Samuel			•	Begin Date:	May	23, 2018		calculate
Check #: 10 Pay	Date: May	23, 2018		End Date:	May	23, 2018		
ncome Details						Vacation / Sick Ho	urs	
Income: Rate: Regular Hourly Pay 23.0000	<u>Type: Q</u> PerHour 40			<u>TD:</u> 534.00		Vac. hours earned Vac. hours used Sick hours earned Sick hours used	Amount: 0.00 0.00 1.00 0.00	YTD: 0.00 0.00 1.00 0.00
ax Details			D	eduction Detai	s			
Tax: Social Security (Employee) Medicare (Employee) Federal Income Tax State Income Tax Local Income Tax State Disability Insurance (Employee) NY Disability Chicago City Tax Cook County Tax WA LI Employee	Amount: 57.04 13.34 108.66 45.54 0.00 0.00 0.00 0.60 0.92 66.70 2.27	YTD: 57.04 13.34 108.66 45.54 0.00 0.00 0.60 0.92 66.70 2.27	Ē	Deduction: Health Saving / Dedu		Amount: <u>YTI</u> 20.00 20.) 28		
Social Security (Employer)	57.04	57.04	*					
Other Optional Details		Check Summa	a second and a second		-			
	<u>YTD:</u> 118.00	This Check:	Total Incon 920.00	<u>nes: 1 otal</u> 295.0	<u>Taxes:</u>)7	Total Deduction 20.00	ns: <u>Net F</u> 604.9	
Weeks Worked 0.00	3.00	YTD:	3634.00	295.0	07	20.00	3318	93