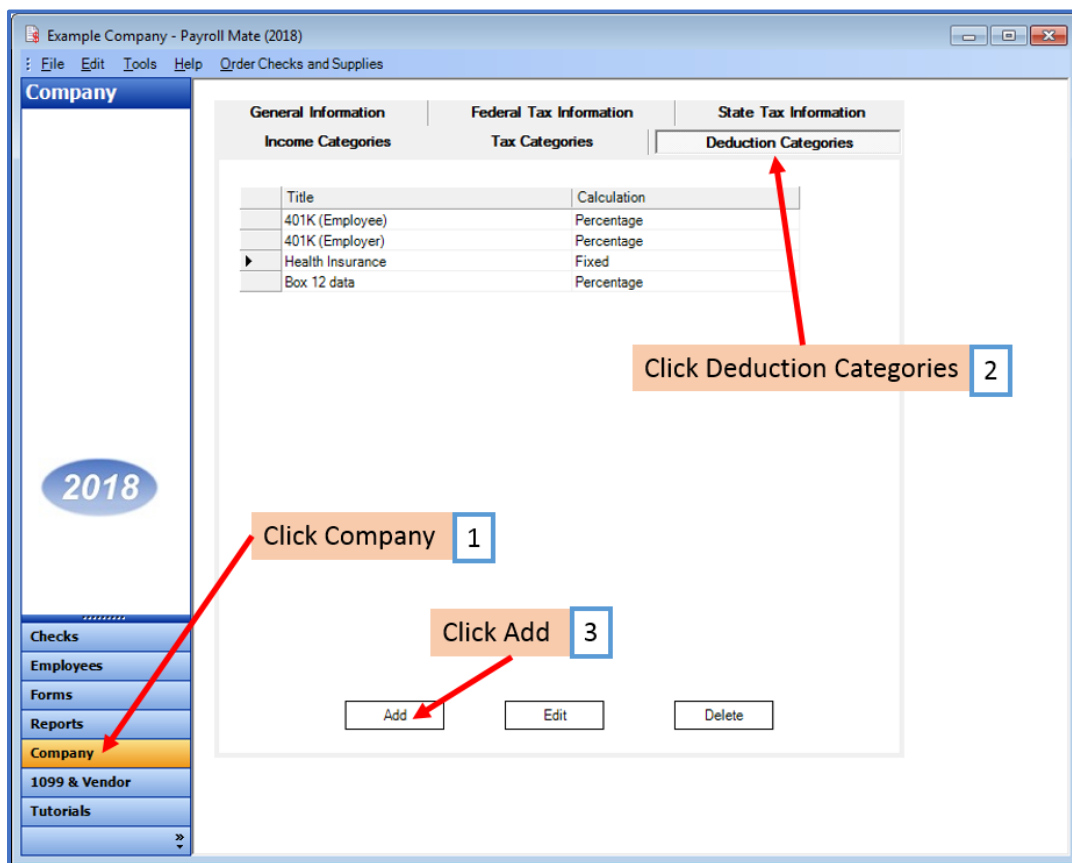


How to Set Up Health Savings Account (HSA) Deduction inside Payroll Mate

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.

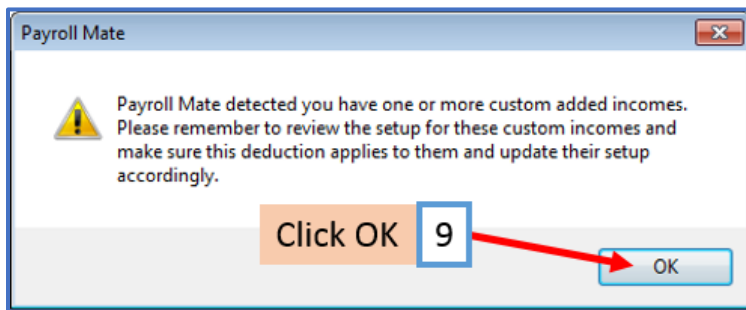
State tax laws vary. Please consult your tax professional to determine if any state taxes are affected by this payroll item and update your setup accordingly.

8. Click OK

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

- Callout 4:** Points to the Title (Health Saving Acct HSA), Abbreviation (Health HSA), Calculation (Fixed), and Paid by (Employee) fields.
- Callout 5:** Points to the Default Amount (20.000000) and Cutoff (Leave Blank for No Cutoff) fields.
- Callout 6:** Points to the W-2 Options checkboxes: Use on Box 10 (Dependent Care Benefits), Use on Box 12, and Use on Box 14 (Other).
- Callout 7:** Points to the Exemptions dropdown menu.
- Callout 8:** Points to the OK button.

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



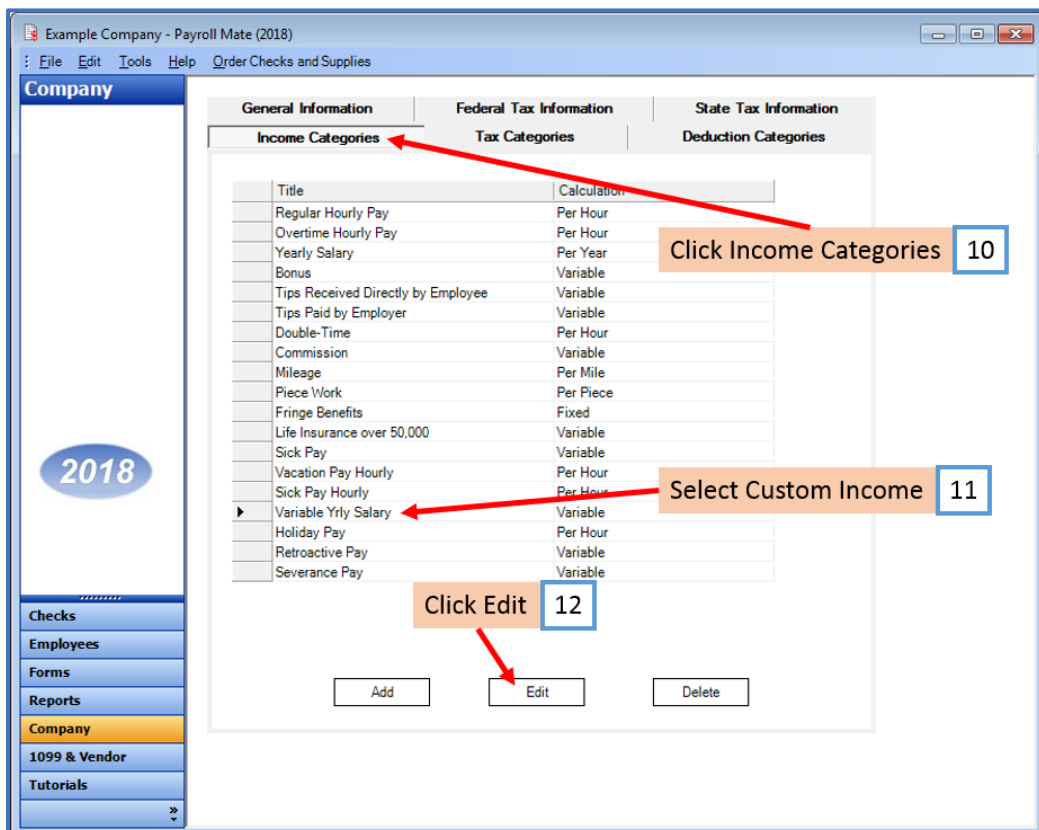
Note: If you need to update custom income categories to apply the Health HSA deduction refer to steps 10-14. If this does not apply to you, please proceed to step 15

To update custom income categories

10. Click Income Categories

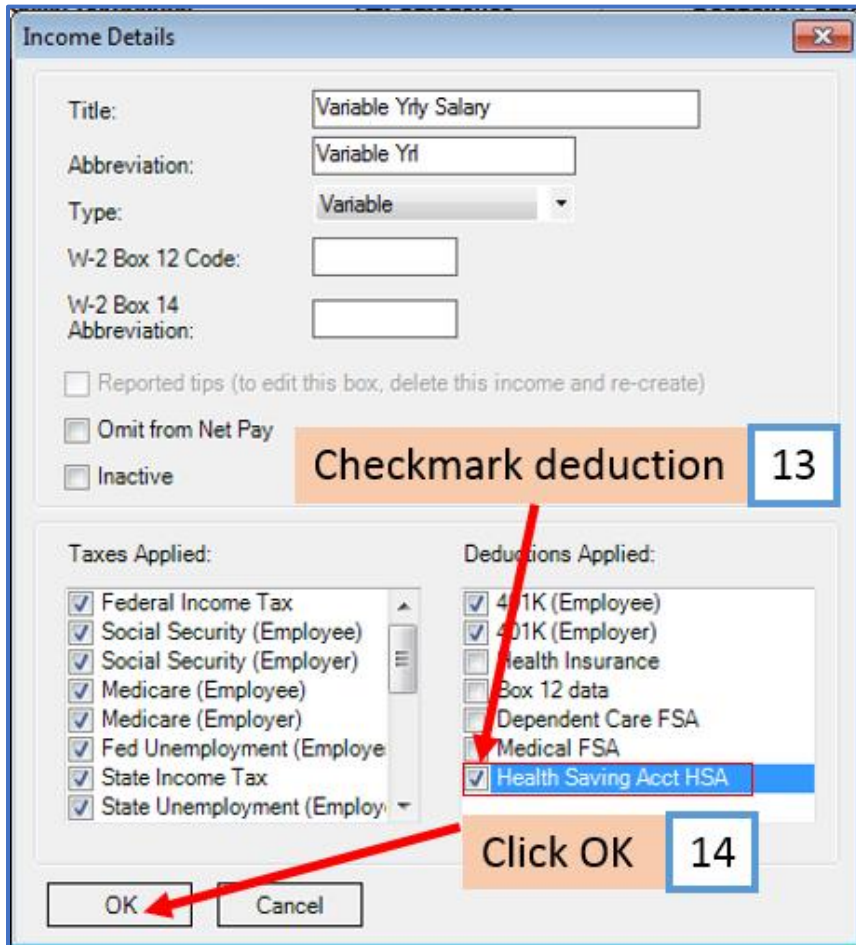
11. Select the custom income

12. Click Edit



13. Checkmark to apply new deduction to this income

14. Click OK



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

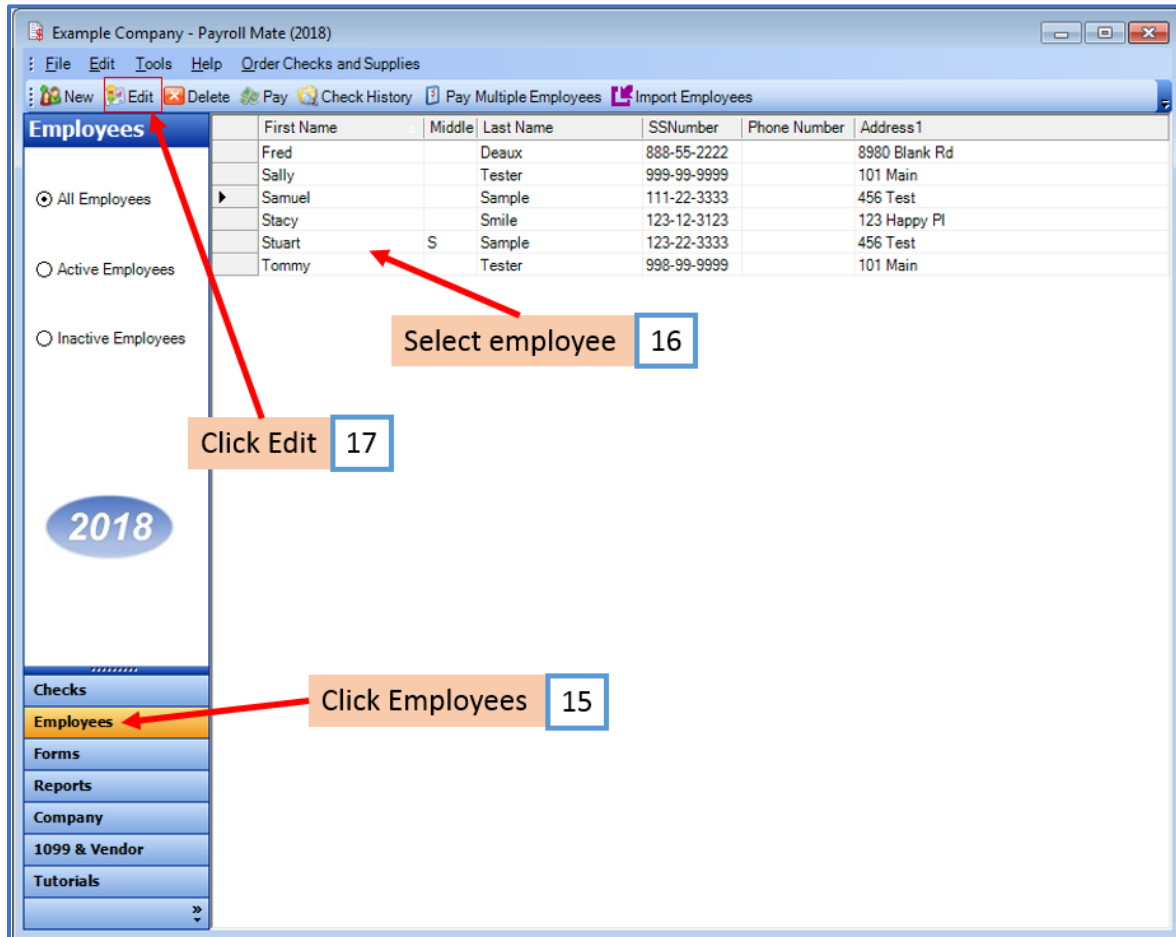
You will apply the Health HSA deduction to each employee as needed

To update employees to apply the Health HSA Deduction

15. Click Employees from Shortcuts

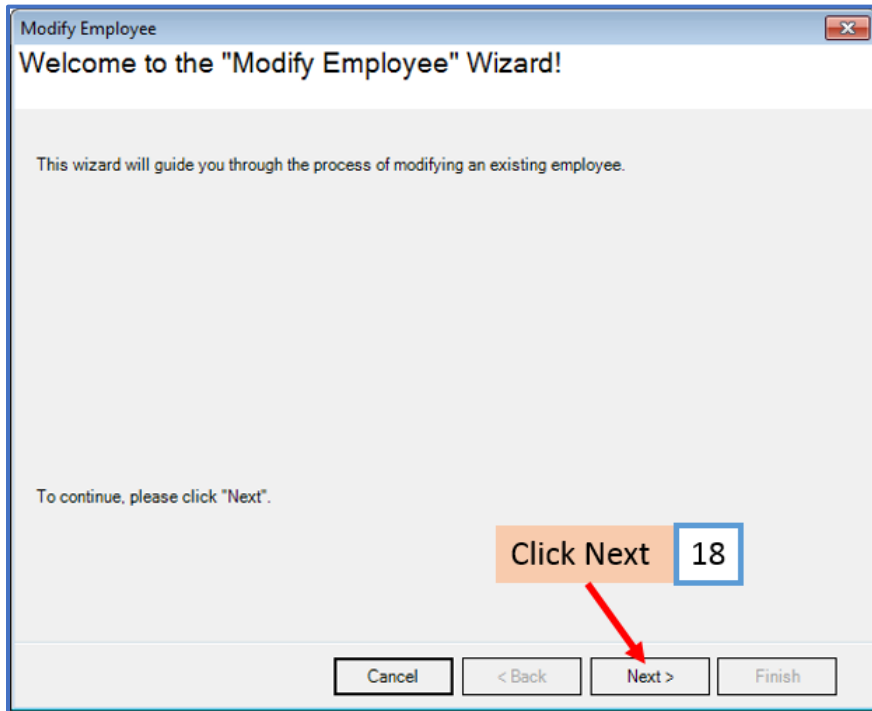
16. Select an employee from the list of employee's names

17. Click Edit

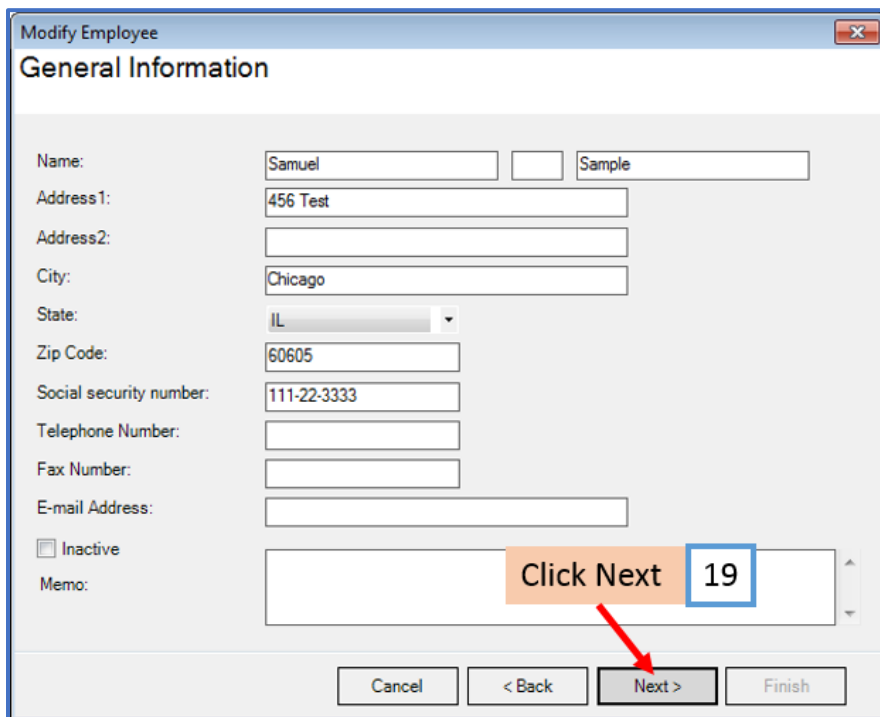


The Modify Employee Wizard will appear on the screen

18. Click Next



19. Click Next



20. Click Next

Modify Employee

Tax Setup

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 20

Cancel < Back Next > Finish

21. Click Next

Modify Employee

Incomes

<input checked="" type="checkbox"/> Regular Hourly Pay	[Per Hour]	23.0000
<input type="checkbox"/> Overtime Hourly Pay	[Per Hour]	0.00
<input type="checkbox"/> Yearly Salary	[Per Year]	0.00
<input type="checkbox"/> Double-Time	[Per Hour]	0.00
<input type="checkbox"/> Mileage	[Per Mile]	0.00
<input type="checkbox"/> Piece Work	[Per Piece]	0.00
<input type="checkbox"/> Fringe Benefits	[Fixed]	0.00
<input type="checkbox"/> Vacation Pay Hourly	[Per Hour]	0.00
<input type="checkbox"/> Sick Pay Hourly	[Per Hour]	0.00
<input type="checkbox"/> Holiday Pay	[Per Hour]	0.00
<input type="checkbox"/> Bonus	[Variable]	
<input type="checkbox"/> Tips Received Directly by Employee	[Variable]	
<input type="checkbox"/> Tips Paid by Employer	[Variable]	

Click Next 21

Cancel < Back Next > Finish

22. Click Next

Modify Employee

Taxes

- Federal Income Tax
- Social Security (Employee)
- Social Security (Employer)
- Medicare (Employee)
- Medicare (Employer)
- Fed Unemployment (Employer)
- State Income Tax
- State Unemployment (Employer)
- Local Income Tax
- State Disability Insurance (Employee)
- State Disability Insurance (Employer)
- NY Disability [Percentage]
- Chicago City Tax [Percentage]

Click Next 22

Cancel < Back Next > Finish

23. Checkmark to select Health HSA and enter deduction amount

24. Click Next

Modify Employee

Deductions

<input type="checkbox"/> 401K (Employee)	[Percentage]	0.00
<input type="checkbox"/> 401K (Employer)	[Percentage]	0.00
<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 checked="" type="checkbox"/> Health Saving Acct HSA	[Fixed]	20.000000

Checkmark Health HSA and enter amount 23

Click Next 24

Cancel < Back Next > Finish

25. Click Next

Modify Employee

Direct Deposit

Include in Direct Deposit Process

Banking Information

Account Type:

Bank Routing Number:

Account Number:

Click Next 25

Cancel < Back Next > Finish

26. 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:

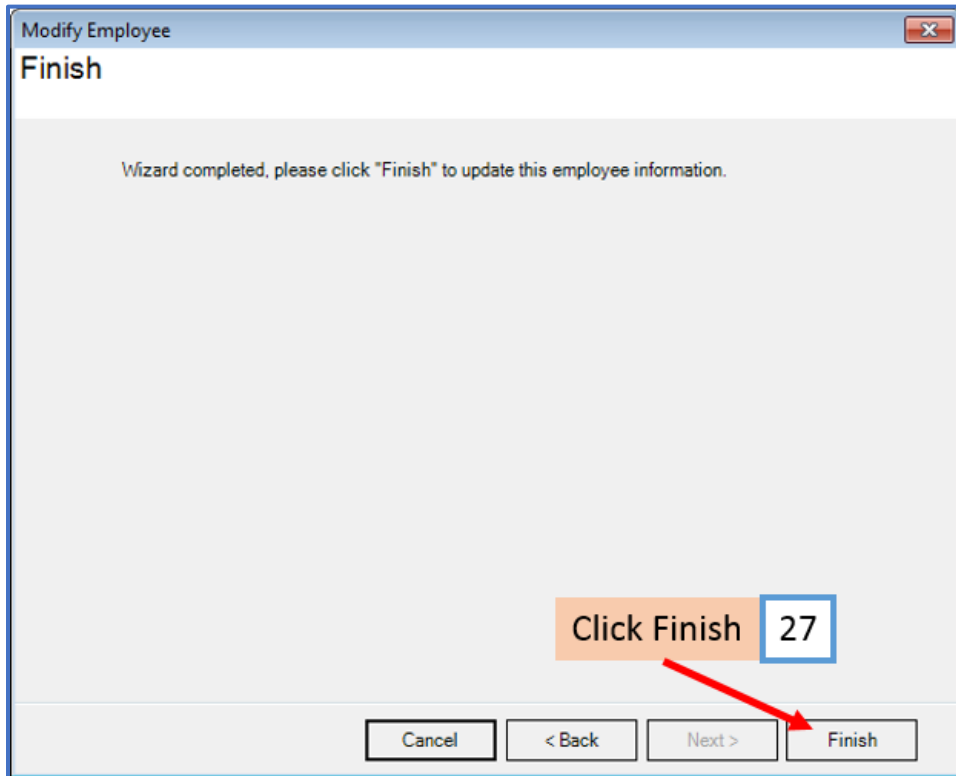
Maximum Sick Hours Earned Per Year: Keep blank for unlimited hours per year; fill with 0.00 for zero hours per year

Click Next 26

Cancel < Back Next > Finish

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

Check Details

General Information Pay Frequency: Weekly (52 Pay Periods)

Employee: Sample, Samuel Begin Date: May 23, 2018

Check #: 10 Pay Date: May 23, 2018 End Date: May 23, 2018

Recalculate

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	Health Saving Acct HSA	20.00	20.00
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			

Deduction 28

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	20.00	604.93
Weeks Worked	0.00	3.00	YTD: 3634.00	295.07	20.00	3318.93

MEMO:

OK Cancel