

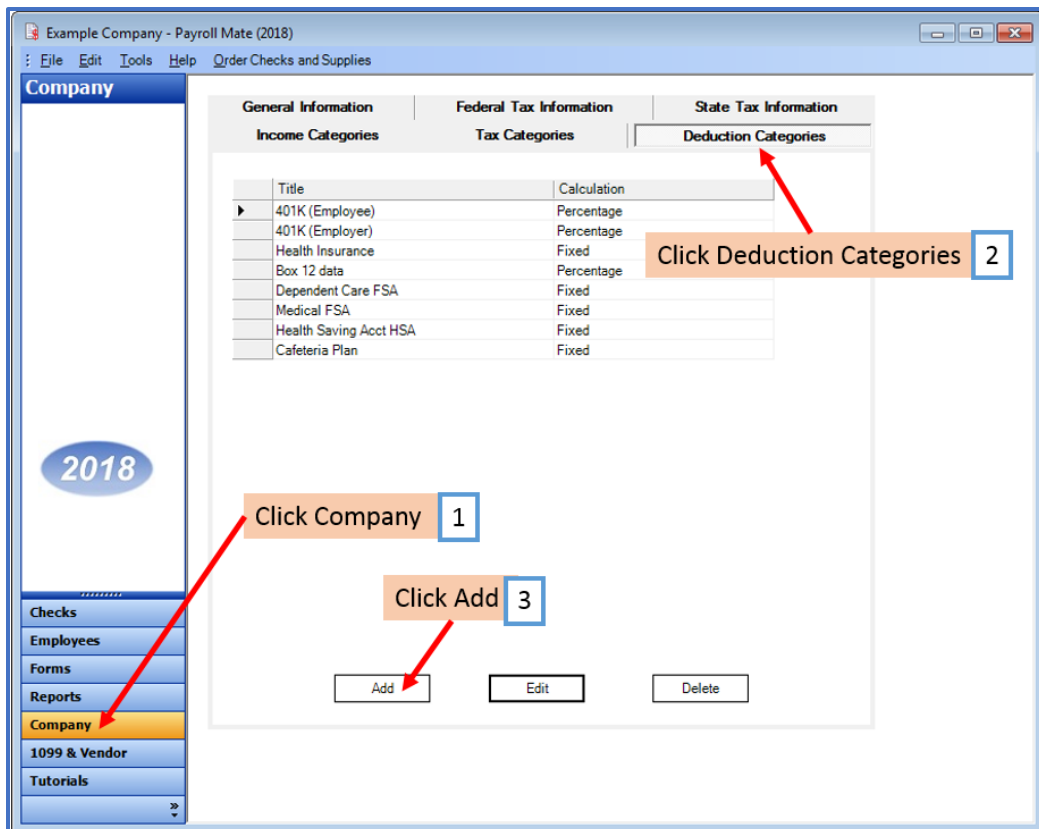
# How to Set Up Simple IRA Deduction inside Payroll Mate

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 SIMPLE IRA plan account is an IRA and follows the same investment, distribution and rollover rules as traditional IRAs. <https://www.irs.gov/retirement-plans/retirement-plans-faqs-regarding-simple-ira-plans>

## To add an Employee Deduction

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 (fields cannot be blank) and Cutoff as applicable

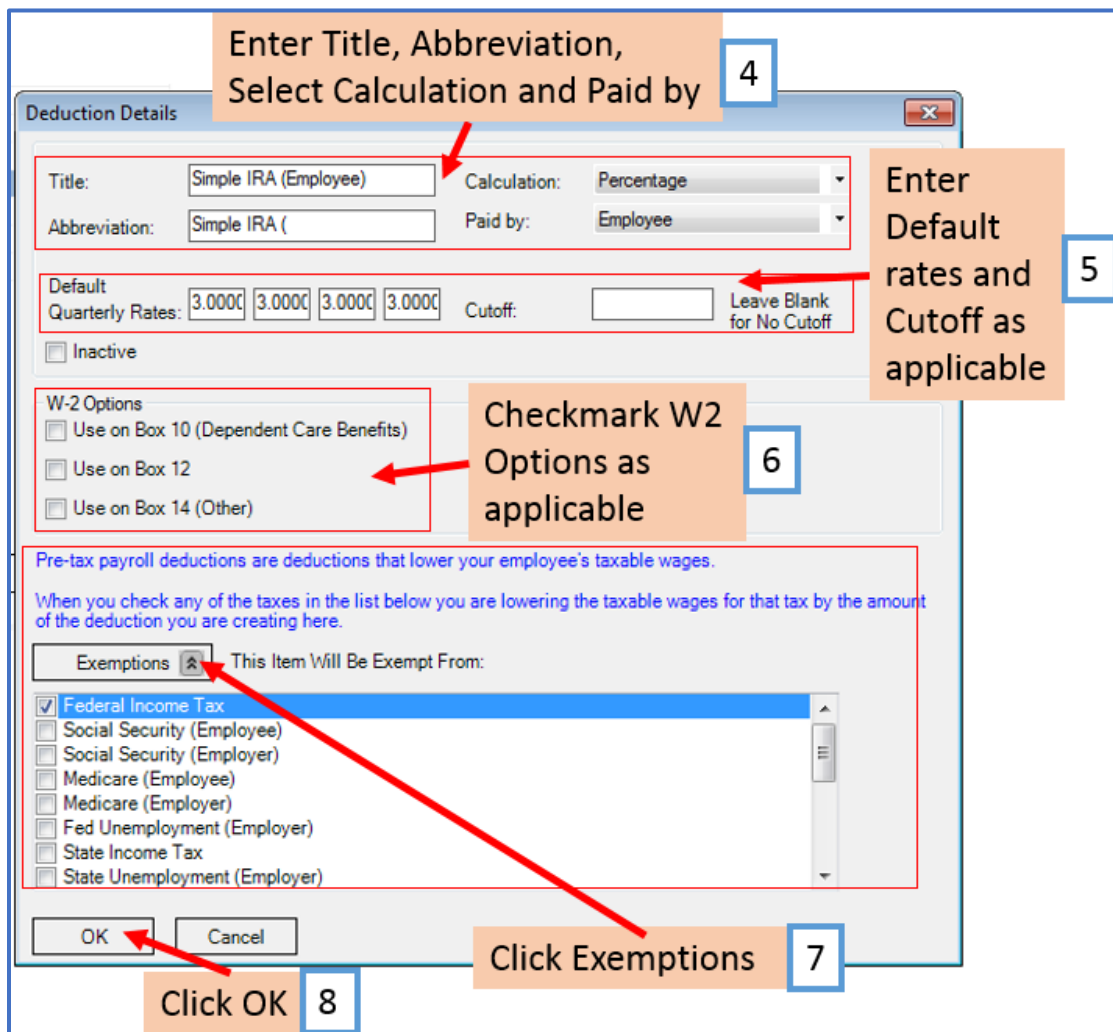
6. Checkmark the W2 Options as applicable

7. Click Exemptions and checkmark Federal Income Tax

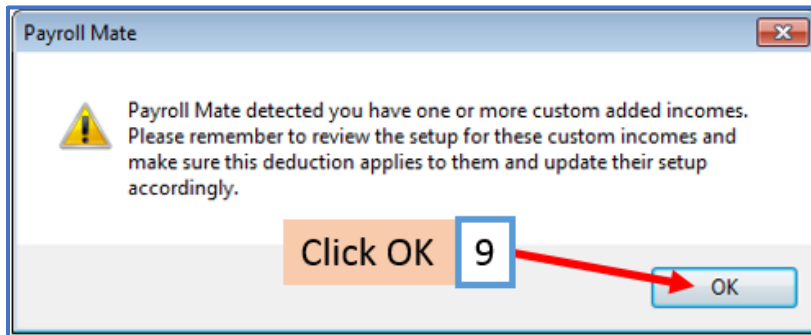
Note: This tutorial assumes that the Simple IRA employee contribution payroll item is exempt from federal tax withholding. You cannot rely on this tutorial for tax advice and will need to consult a tax professional if you are unsure how Simple IRA deductions should be set up.

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

8. Click OK



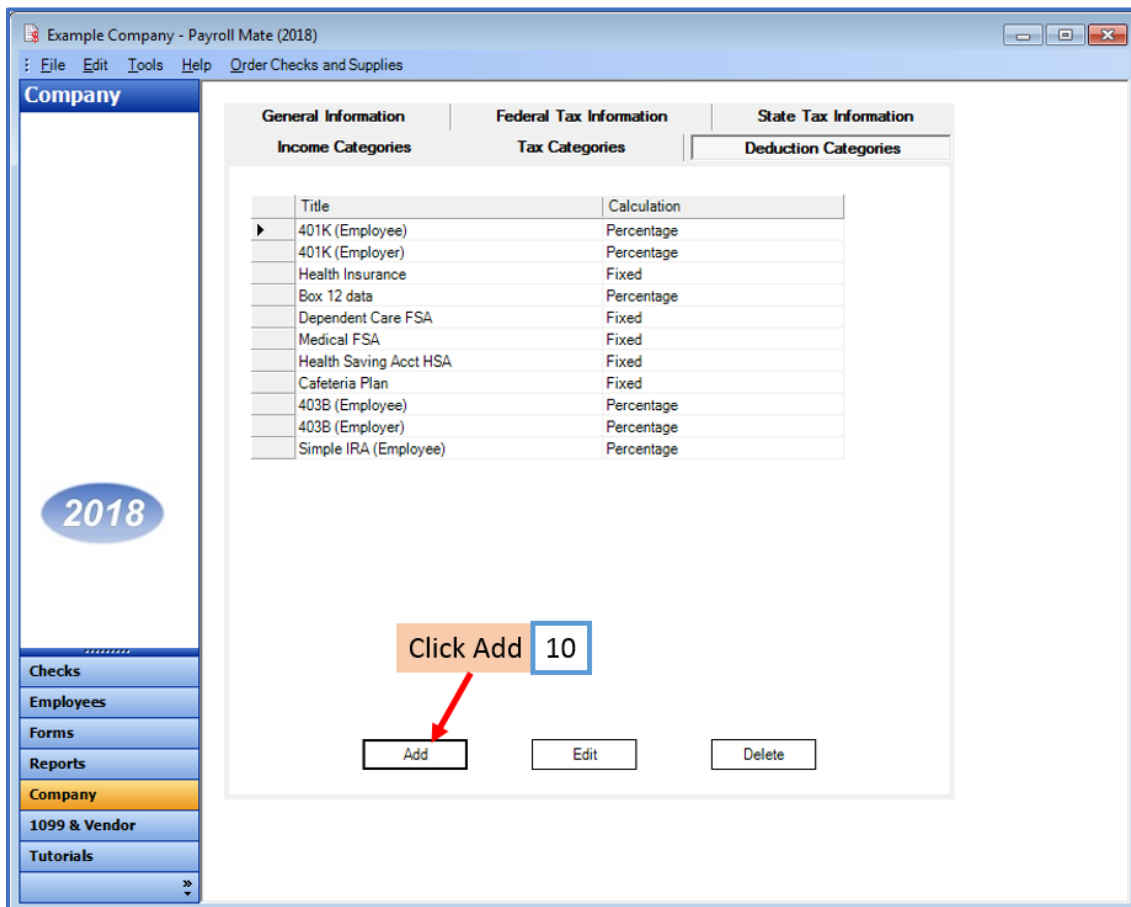
Note: If you have any custom incomes, you will receive the following notice  
9. Click OK



You will be back on the Company Deduction Categories tab

### To add an Employer Deduction

10. Click Add



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

12. Enter Default rates (can modify at employee level) and Cutoff as applicable

13. Do not checkmark taxes under Exemptions

Note: This tutorial assumes that the Simple IRA employer contribution payroll item is NOT exempt from tax withholding. You cannot rely on this tutorial for tax advice and will need to consult a tax professional if you are unsure how Simple IRA deductions should be set up.

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

14. Click OK

The image shows a screenshot of the 'Deduction Details' dialog box in a payroll software application. The dialog box is titled 'Deduction Details' and contains several sections. At the top, there are fields for 'Title' (Simple IRA (Employer)), 'Abbreviation' (Simple IRA ()), 'Calculation' (Percentage), and 'Paid by' (Employer). Below these are 'Default Quarterly Rates' (four boxes, each containing 3.0000) and a 'Cutoff' field (empty). There is an 'Inactive' checkbox. Under 'W-2 Options', there are three checkboxes: 'Use on Box 10 (Dependent Care Benefits)', 'Use on Box 12', and 'Use on Box 14 (Other)'. A section titled 'Pre-tax payroll deductions are deductions that lower your employee's taxable wages.' contains a note and an 'Exemptions' dropdown menu. At the bottom are 'OK' and 'Cancel' buttons. Numbered callouts are present: '11' points to the Title, Abbreviation, Calculation, and Paid by fields; '12' points to the Default Quarterly Rates and Cutoff fields; '13' points to the Exemptions dropdown; and '14' points to the OK button.

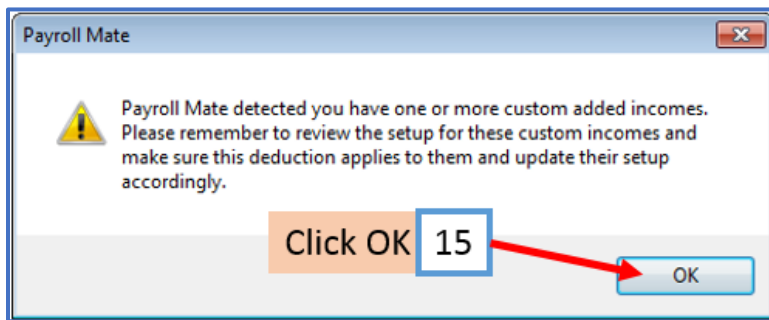
Enter Title, Abbreviation, Select Calculation and Paid by 11

Enter Default rates and Cutoff as applicable 12

Do NOT check any exemptions 13

Click OK 14

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



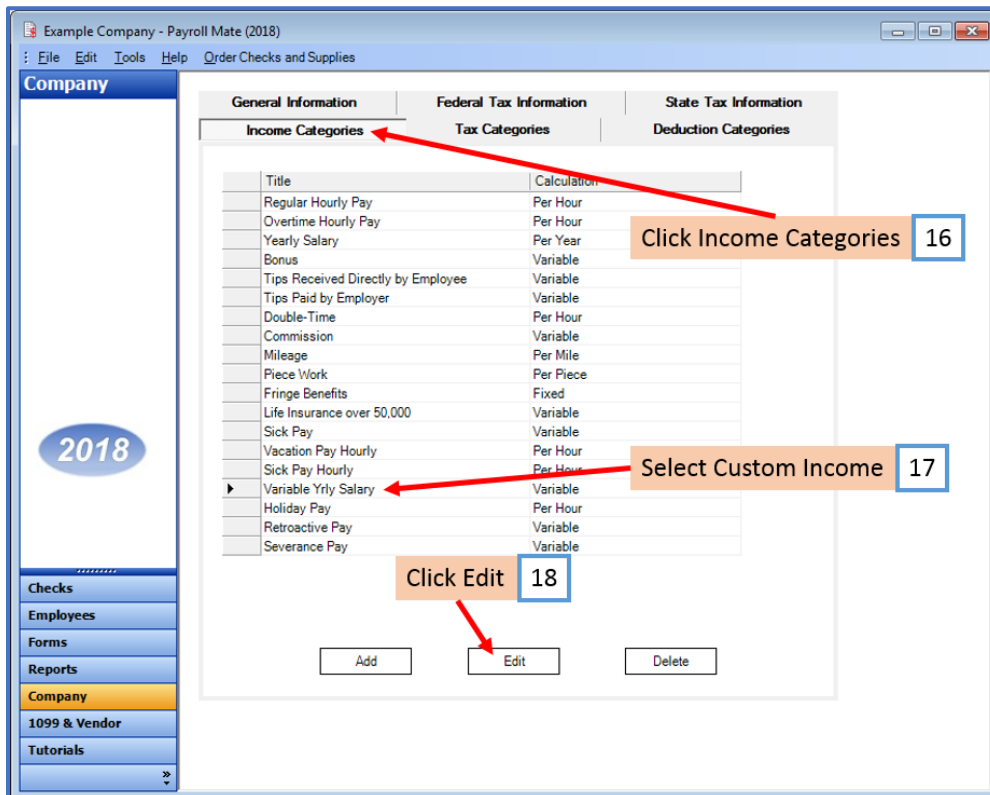
Note: If you need to update custom income categories to apply the Simple IRA deduction(s) refer to steps 16-20. If this does not apply to you, please proceed to step 21.

### To update custom income categories

16. Click Income Categories

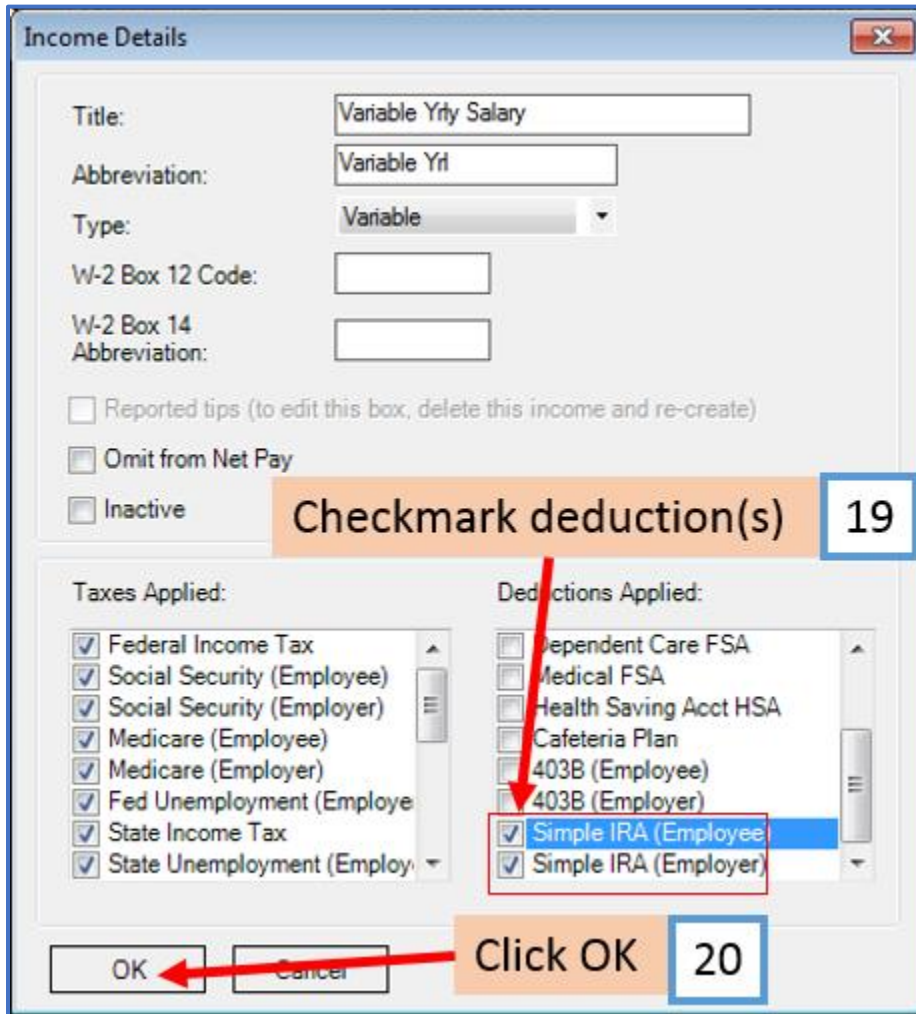
17. Select the custom income

18. Click Edit



19. Checkmark to apply new deduction to this income

20. Click OK

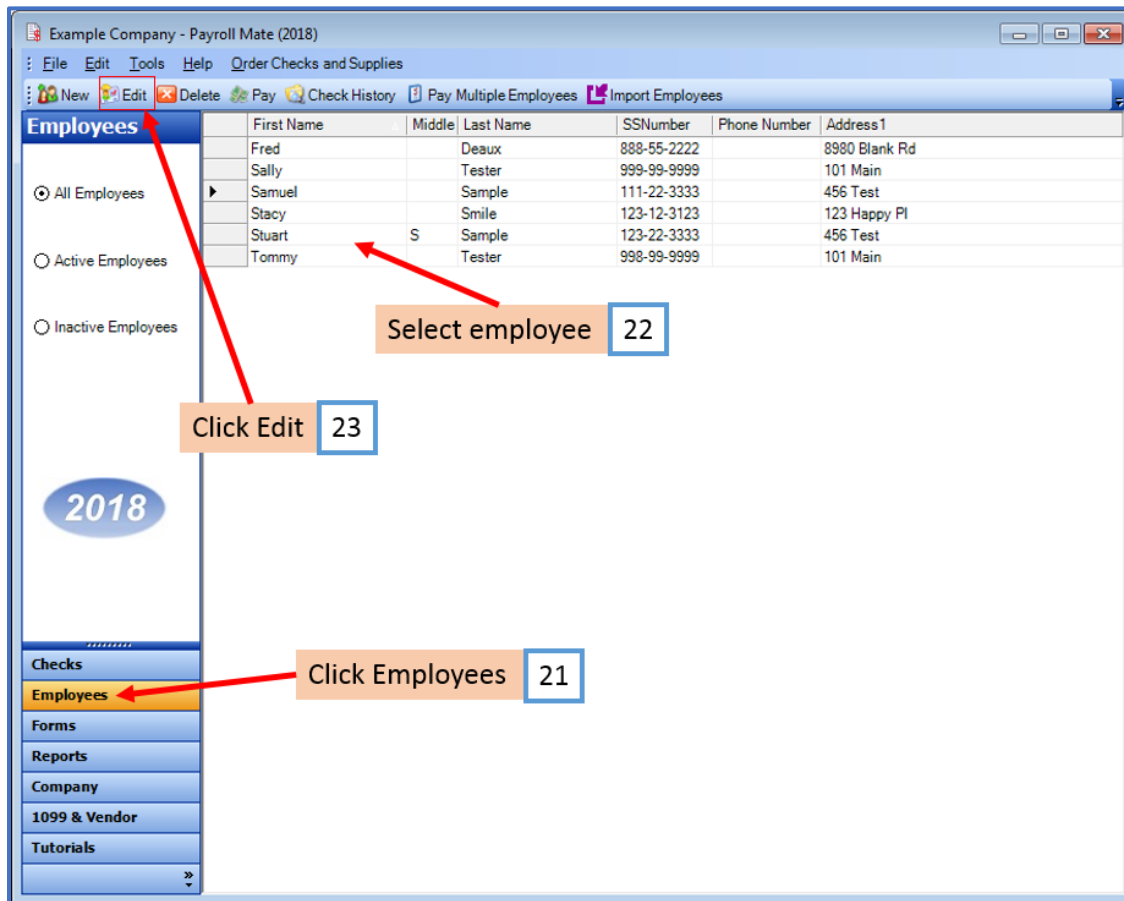


You will need to repeat steps 16 through 20 for each custom income category

You will apply the Simple IRA deduction(s) to each employee as needed

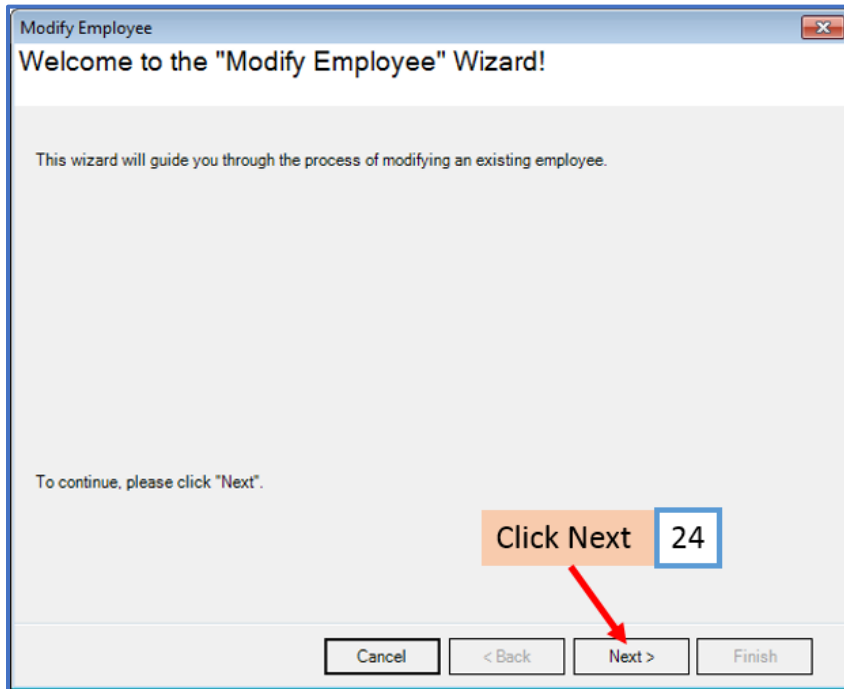
### To update employees to apply the Simple IRA Deduction(s)

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

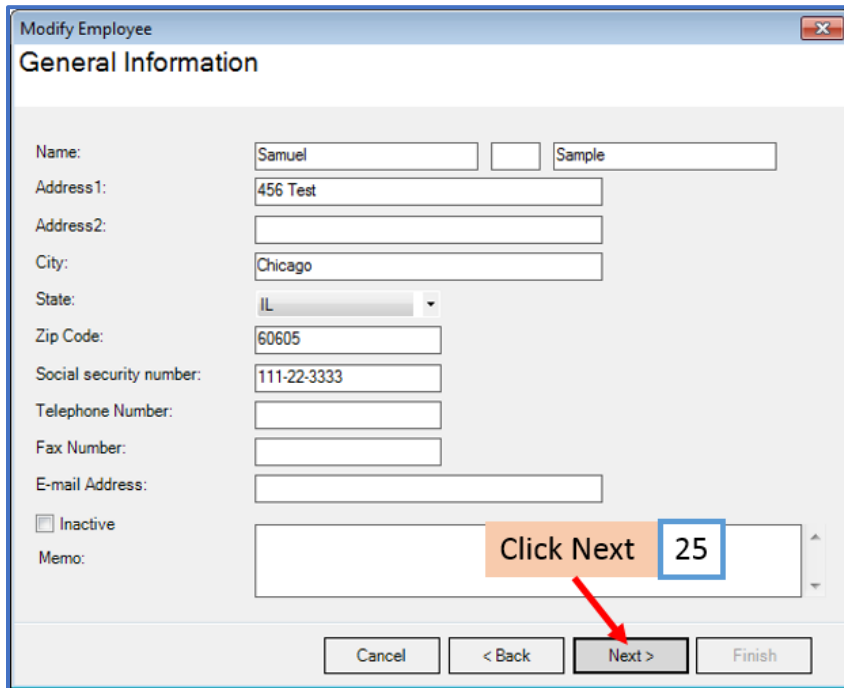


The Modify Employee Wizard will appear on the screen

#### 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 types is shown, all with checked boxes. At the bottom, the 'Next >' button is highlighted with a red arrow and a callout box containing the number 29.

Tax Type	Percentage
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]

30. Checkmark to select Simple IRA (Employee) and enter Percentage

31. Checkmark to select Simple IRA (Employer) and enter Percentage

32. Click Next

The screenshot shows the 'Modify Employee' window with the 'Deductions' section. A list of deduction types is shown with checkboxes and input fields. The 'Simple IRA (Employee)' and 'Simple IRA (Employer)' rows are highlighted with a red box. At the bottom, the 'Next >' button is highlighted with a red arrow and a callout box containing the number 32.

Deduction Type	Type	Percentage
401K (Employee)	[Percentage]	2.000000
401K (Employer)	[Percentage]	1.000000
Health Insurance	[Fixed]	0.00
Box 12 data	[Percentage]	1.500000
Dependent Care FSA	[Fixed]	20.000000
Medical FSA	[Fixed]	25.000000
Health Saving Acct HSA	[Fixed]	20.000000
Cafeteria Plan	[Fixed]	25.000000
403B (Employee)	[Percentage]	1.000000
403B (Employer)	[Percentage]	0.500000
Simple IRA (Employee)	[Percentage]	3.000000
Simple IRA (Employer)	[Percentage]	3.000000

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:

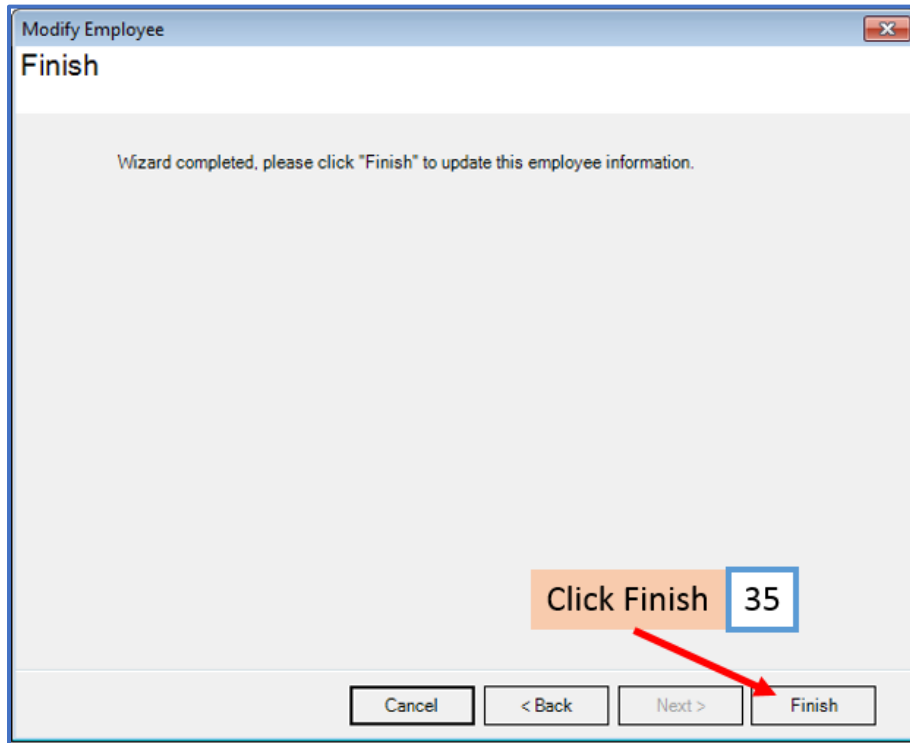
Maximum Sick Hours Earned Per Year:  Keep blank for unlimited hours per year; fill with 0.00 for zero hours per year

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 Simple IRA deduction categories will be visible

Check Details

General Information Pay Frequency: Weekly (52 Pay Periods)

Employee: Sample, Samuel Begin Date: May 17, 2018

Check #: 10 Pay Date: May 17, 2018 End Date: May 17, 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
						Vac. hours used	0.00
						Sick hours earned	1.00
						Sick hours used	0.00

Tax Details			Deduction Details		
Tax:	Amount:	YTD:	Deduction:	Amount:	YTD:
Social Security (Employee)	57.04	57.04	Simple IRA (Employee)	27.60	27.60
Medicare (Employee)	13.34	13.34	Simple IRA (Employer)	27.60	27.60
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	27.60	597.33
Weeks Worked	0.00	3.00	YTD: 3634.00	295.07	27.60	3311.33

MEMO:

OK Cancel