

Speaker 1:

Welcome to PayTalk, the podcast for payroll professionals with your host Nina Talley. In the podcast, we explore the human side of payroll by speaking with global industry leaders who provide their unique insights to help listeners better understand the issues important to them and their careers.

Nina Talley:

Hey, everyone. Thanks for joining us for PayTalk, the podcast that brings you payroll's human side. I'm your host, Nina Talley. And today, we're joined by Jim Medlock, CPP, former director of education and training at the American Payroll Association and by Tricia Richardson, CPP, a human resources consultant for Human Capital Management Services Group at RKL LLP. Thanks both of you so much for joining us today.

Tricia Richardson:

Thank you. Happy to be here.

Jim Medlock:

Excited to be able to be in PayTalk.

Nina Talley:

We're excited to have you and our listeners are definitely going to learn so much and I'm really excited to dive into that. But Tricia, why don't you give our listeners a little bit of background on your expertise.

Tricia Richardson:

Sure. So I've worked in payroll for almost 25 years. I've worked in-house, I worked for a payroll service bureau and probably for the last 10 years, I've done more consulting work and that's by far my favorite, get to learn different business types, collaborate with different folks and just learn the different issues across the spectrum and then adding HR issues as well, so the holistic human capital management approach.

Nina Talley:

Sounds so interesting. And I think that consulting is really one of those things where you can learn a lot of different things from different companies, but also you can sort of see where the same habits and issues are repeating. So I think that that's a really interesting background. Thanks so much for sharing that with us, Tricia.

Tricia Richardson:

Yeah, absolutely. Thanks.

Nina Talley:

And Jim, so you've worked with the APA for more than 25 years. Can you fill us in a little bit about how you helped shaped the organization in that time?

Jim Medlock:

Well, Nina, I was hired originally by Dan Maddox. And I like to say, "He made me an offer, I couldn't refuse to develop APA's training center in that time just in San Antonio. Eventually we added our APA's training center in Las Vegas. We present week-long classes in, but that wasn't the only piece of APA's educational curriculum that I have had involvement in. I think I touched almost every one of the classes in one way or another that APA presented in the 25 years that I was on APA staff whether it was developing the course material, advising it, editing it or actually teaching it. I still have the opportunity to teach some APA classes. So that's been a lot of fun after I've retired.

Nina Talley:

That does sound like a lot of fun and I know that if I was preparing to take some APA coursework, I would want you as my teacher. It sounds like you have a really strong understanding of every aspect of the beast and I'm so happy to have you here and share that expertise with our listeners.

Jim Medlock:

I think the beast is a really good description whether it's federal, state, or local rules not to mention the international for our GPMI friends.

Nina Talley:

That's very true. And the beast acts differently depending on the venue you unleash it into.

Jim Medlock:

Absolutely, correct.

Tricia Richardson:

I love these analogies. Beast, that's so great. I'm using that one.

Nina Talley:

Go for it. You have my permission. Trademark PayTalk 2020.

Tricia Richardson:

Perfect.

Nina Talley:

So as we're all well aware, 2020 is finally creeping to a close. It seems like it has taken forever and yet at the same time, March was only yesterday. Time has no real meaning anymore, I think we all know. But that doesn't mean that we don't have to wrap up at the end of the year even if time has no meaning for us. It still does for payroll. And the end of the year is one of the busiest quarters for payroll professionals. Jim and Tricia are ready to share their hard-earned knowledge to help our listeners emerge triumphant at the end of the quarter and at the beginning of the next. So let's start with the basics, the end of the year communications. What type of year-end information is important to provide to your employees?

Tricia Richardson:

I think probably the best information is to let them know what they're going to see on their W-2. What all those boxes mean, when they're going to get it, even though you can say no later than January 31st, they're still going to ask you, but it helps a little and just what does this mean. I think the two biggest topics I see are what do these box codes mean, box 12 codes and why doesn't my box 1 match my gross wages?

Jim Medlock:

I agree entirely. But the W-2 is the key because I like to think of it as the summary of the entire year. Everything that the employee has been paid and all of their compensation during the year all comes together on the W-2. But it's not just what the employees are receiving, it's what we have to provide to the IRS and to the state governments and some local governments because we have to make sure we're meeting all of their requirements as well as making sure that we've got it within their time frames, because they're all a little bit different.

Nina Talley:

That's very true and I also know that getting your employees to actually engage with it and respond to your quest can be a little difficult. So do you have any advice on how to engage with your employees and get that information back?

Tricia Richardson:

For the French benefit reporting, for information that we need, I think it's just constant communication. The key is not to wait until the end of the year to try to educate folks on what you need as the year goes through. So a lot of times, we ask for things in payroll, but we don't tell people why we need them. So as Jim mentioned, this is why we need this because we filed this. There's an effect for each of those. So I think that's a really good way to help them understand why you need it.

Jim Medlock:

And I think what Tricia mentioned earlier, the difference between what their salary is and what they see on their W-2 is very important. I think making sure that we have that reported to them not just on the W-2, but reporting their taxable wages to them on their pay statements so that they can see there is a difference all year long. Whether or not they look at them, that's one thing. Making sure that they have it because then it comes back to explaining to them, "Well, let's take a look at one of your pay statements and you'll see what that is."

Nina Talley:

That makes a lot of sense and it makes me think given that most of us are remote at this point still, would there be any value in a payroll professional, maybe putting together some type of Zoom call or something like that so that employees could answer questions or ask questions?

Jim Medlock:

I know a lot of payroll professionals that not only have done Zoom calls, they've actually done YouTube recordings if they have posted on their payroll FAQs, on their company's internal internet. Some cases it's even on a public website that employees can look at from home to get that kind of information. And I think having it recorded then makes it available to the employee at all times and they don't have to try to schedule it within when the payroll department might be putting something out in a Zoom call.

Nina Talley:

I think that's an excellent idea and I work with my own internal payroll team and I still have questions, but I do think that having some type of recording that could maybe just live and exist so that I could turn to that for my questions instead of turning to a human being who's got to answer those questions 100 times an exciting option.

Jim Medlock:

Actually, we found that as a very valuable way not only for payroll to provide to the employees, but APA's on-demand webinars are actually more popular than the live webinars because they can be viewed at any time. I know the preparing for year-end is always the absolutely most popular of all of APA's webinars. When we first started doing the on-demand ones, I was so surprised to see that we had more people watching the on-demand than came to the live webinars. Then I figured out, they can view it at any point in time.

Tricia Richardson:

So as Jim mentioned, I think the other great thing about the on-demand is that you can stop it, take a note and then go back. So you have a lot more control over looking at the information. We did that recently with a W-4 webinar. It took about 15 minutes and we walked through filling out the new W-4 and employees go there to look at how to do it. So that I think is incredibly valuable, those recorded Zooms or whatever platform.

Nina Talley:

I think that's very true and I think that I would encourage our listeners to make that available. I think that although there is a little bit of upfront time need to record it and put it together, I think that in the end you saved so much time during this period where all payroll professionals need a little more time. One thing that I know that I'm a little confused about all the time is withholding. So can you talk a little bit about how important it is to remind employees to check their withholding and how they can do that?

Tricia Richardson:

It's just key to especially this year with the new W-4 and to understand that this is not just you. This is your family situation. So that IRS withholding estimator, that's a really good tool. You can sit down and look through your whole family situation. We've had a lot of folks on unemployment. There's taxable implications to that. So just to kind of educate again and remind them, "Here's what will impact your tax return. Do this and it will give you what you should do on your W-4 because it's very confusing and we can't really offer guidance, so you give them a tool.

Nina Talley:

That's an excellent point. You give them the tools that you can but your hands are tied a little bit. You cannot offer too much guidance on that. That's an excellent, excellent point.

Jim Medlock:

And one thing the withholding calculator does is actually attempts to get your withholding much closer to your actual tax liability. So one, there's not any big surprises come April. When you've completed your tax return or I know some people would like to get that big refund, but why give the federal government

a free loan without getting any money back from them, any interest? So even though interest rates are really low right now, they can make a little money on the money and that's always important.

Nina Talley:

It's very true. Because of how 2020 has unfurled in front of us, I think it's safe to say that most payroll professionals are distributing forms electronically this year. So let's dive into that a little bit. For a payroll professional who's mostly done in-person distribution. Let's give them a background. How can forms like W-2's be distributed to employees electronically?

Jim Medlock:

Unfortunately, the IRS doesn't just let us send the information to the employees so that they can download their W-2's from self-service. IRS requirements say that the employee has to consent to getting their forms electronically. So this is one of the things I think in talking to payroll professionals that we don't think of enough. We just only think of it at the end of the year is to promote this all year long.

Jim Medlock:

Especially with newly hired employees when they're signing up for direct deposit, have them sign up to receive their W-2 electronically as well. And for those employees who may not have chosen to consent in the past, let them know that they can get their W-2 as soon as we have completed it and posted on self-service. But if they're not going to receive it electronically, we're going to mail them on January the 31st, which we are allowed to do by the IRS.

Nina Talley:

You have to provide some type of incentivization. And it can seem at times like we would all just want it to be electronically distributed because then our lives are easier. But I do also know a lot of people are distrustful of electronic communications, and I think that advocating for it as you hire somebody and helping them understand that it's going to get you your W-2 earlier, which means that you're going to get your tax return earlier, that is a good incentive, and that's a very good point.

Nina Talley:

I hadn't thought about how it has to be an opt-in and that you have to convince people to opt-in. So it seems as if that should sort of be built into your payroll onboarding and trying to just make sure that that's a priority. Let's talk a little bit about... So say they have opted in, how does an employee obtain their W-2 form electronically and how do they fill it out?

Jim Medlock:

Again, it goes back to our friends at the IRS. They always have their own requirements. So if we're going to put it in self-service, which is absolutely the most secure location because employees will be accessing self-service to do their time entry, see their pay statements to make benefit enrollments. So employees are used to getting into self-service. But getting their W-2, they need to be notified and that's another one of the IRS requirements.

Jim Medlock:

So we can send them an email saying their W-2 is available, providing a link to self-service in it, but we definitely do not want to attach W-2's to an email. The IRS hasn't. They ever allow that, but even now, that's not a very good practice because of the issue with people catching others emails and phishing and identity theft, making sure that we've done it in the most secure manner.

Jim Medlock:

I'm seeing more and more self-service applications where they're not only requiring you to have your user ID and password, but also using a multi-factor identification. Now, I know when I'm going to go on to check something online, I've got to have my phone ready so that I can get that text with that code that I need to have to be able to do that third part of that log on. I'm hearing more and more employers are putting that multi-factor identification into their logon for self-service.

Nina Talley:

Good. That's excellent. I am a big proponent of multi-factor authentication. I think that that's one of the biggest ways to protect you and your personal information and all of your online data. It should be on everything. So that's excellent, excellent, excellent to hear. So is there any differences in how employees, once they get their electronic W-2 from the IRS, is there any difference in how long they have to fill it out or anything like that?

Jim Medlock:

The employee still has the April 15th deadline to do their income tax return or some who might file for extensions actually have until October the 15th. Not many of our employees probably do that, but they still have that capability, which is why the IRS requires us to have the W-2 online until October the 15th of the following year.

Jim Medlock:

Now, I know most employers when they have self-service, they're going to make sure that their W-2s are kept online for much, much, much longer. I know when I was doing APA's payroll and we had RW2s online, I wanted to make sure that they were online as long as possible so that when somebody needed it for a mortgage application or some kind of a credit application, they could get that without having to come to me and having a copy printed for them. So keeping it online is a great resource to the employee, and it makes it easier for the payroll professional as well.

Nina Talley:

That's very true and I'm constantly trying to find silver linings to 2020 and the COVID-19 pandemic, and I think that that might be one of them is that there is a larger shift into remote accessibility, and I think that that's the great shift that can only make the lives of employees and also payroll professionals just so much easier. And as hard as this has all been, it's exciting to see those changes come forward.

Jim Medlock:

The last thing I think that having them online is that it may reduce the number of requests for duplicate W-2's. I remember, "Oh, in the past you send out paper W-2s and in the three or four weeks before April the 15th, I get so many requests for replacement W-2 forms, and I always wondered where did they put that in their shoe box when they were gathering up and now they can't find it when they go to their tax return preparer.

Tricia Richardson:

I'm shaking my head up and down at Jim. The other part that's great about having them online, when you go to apply for a mortgage, you need to go back several years. So it's right there. Let them do it. I love it when they're at their accountant's office and call and say, "Can you fax me my W-2?" "Okay." So it makes it much easier definitely.

Nina Talley:

That's true. Homeowners, I have never thought about how much easier that would make that process and it's really intriguing to me how payroll proliferates out and touches so many different aspects of your life that you don't necessarily think about and that's an incredible example of how pushing for payroll to advance and evolve and sort of go digital, it will always need to be physical as well, but to have a little bit more digital acceptance I think can really change all of our lives in meaningful and impactful ways. I really appreciate you pointing that out to me. I know that I'll want my W-2's online after that.

Tricia Richardson:

Yep.

Nina Talley:

So 2020 as we've said has brought many unexpected hurdles and the largest of which was obviously COVID-19. That brought a lot of physical as well as legislative changes to the payroll field, so I'd like to touch on that a little bit as we wrap up the year. So let's talk about how has the COVID-19 legislation impacted your year-end process?

Jim Medlock:

I think the biggest issue is the reconciliation because with the Families First Coronavirus Response Act and it added two new tax credits that employers can obtain when they are making emergency sick leave and emergency family leave payments to their employees. Those have to be tracked through the 941. They have to balance to the 941. They are extremely complex and how they're to be handled. Some employers are not required to provide them, but they still may be making those payments so they are not eligible for the tax credits. But keeping track of all of that and making sure that it's reported correctly and balanced to the end of the year because the IRS is going to come back and check.

Jim Medlock:

But as well in the CARES Act with the credit for the employee retention as well as the ability to defer the employer portion of the social security tax to the end of 2021 and the end of 2022, keeping track of those, making sure that those payments in the future are made timely. And then most recently with the presidential memorandum where some employers are allowing employees to defer their employee portion of the social security tax for the remainder of the year, and that's going to have to be recollected by April the 30th of next year.

Jim Medlock:

There are all kinds of issues and keeping track of what we've done so that we can make sure that we're handling them correctly and not incurring any additional liabilities for our employer, because if we don't do something correctly, it's going to come back on the employer to pay them.

Nina Talley:

That's a very good point and reconciliations is probably the biggest year-end cloud hanging over payroll professionals heads. So do you have any tips or advice on how to keep track of it all and make sure that it's all sorted and filed appropriately?

Tricia Richardson:

Well, find out how your payroll provider is handling this for you. I think that that's a key first step how are they reporting it, do they have reports available. And then I hate to tell folks to keep an Excel spreadsheet and keep something on the side, but I think in this time as Jim mentioned, it's critical to know what the payroll records look like because that's the facts and then what your records look like that you might need to adjust the facts to be.

Tricia Richardson:

So many, especially with that employee social security deferral, I think understanding that COVID is not going to end December 31st. That if you allowed that deferral is going to carry on into the next year. So just keep your ducks in a row now. Have that happening every payroll.

Jim Medlock:

I agree entirely with Tricia about keeping that spreadsheet of tracking all of that information. I think the most important place to keep it is to keep it with every payroll. So rather than waiting until the end of the quarter and then trying to figure out what we did during the quarter or heaven forbid, waiting until December, early January and trying to figure out what we did for the entire year, each payroll, we've complete and our processing for that payroll is to complete that reconciliation to make sure everything is imbalanced at that point in time because it may take a little bit more time on the front end, but it's going to save much more time than that on the backend, when we have so many deadlines the end of December, the 1st of January.

Jim Medlock:

When we're getting ready for new payroll processing, new tax tables, new limits for 401ks and social security wage bases, having that reconciliation kept up to date all through the year will really make life a lot easier at that point in time.

Nina Talley:

That makes a lot of sense and I think we all know that Excel spreadsheets are both our best friend and our worst enemy.

Tricia Richardson:

Definitely. They are a beast. How's that? We'll use that again.

Nina Talley:

They are a beast of their own making. So say that you've posted year-end filings and a government agency has issued a notice about it, what is the best way to answer that notice?

Jim Medlock:

Honestly.

Nina Talley:

Honestly?

Tricia Richardson:

Yeah.

Jim Medlock:

Honestly. If you've identified something that was done wrong, tell them that you did this wrong. But we've corrected our procedures so that we're not going to do it wrong in the future. Now, I can honestly admit I've done that a couple of times in my payroll career, and when doing it that way, I've gotten the penalties to be abated. They've taken the penalties off. Now, they may have still charged this interest if the money came in later than it should have been, but it's really the penalties that assess that are the big pieces that we want to make sure that we avoid.

Nina Talley:

That makes sense. And it's face your mistakes. Face your mistakes and be honest and upfront about them, and people will help you. It's amazing. That's excellent advice. And also thank you for sharing that anecdote. It's always good to know that not only is this your suggestion, but you've tried it and it's worked so thank you so much for that.

Nina Talley:

Today's episode is sponsored by Rapid, a leading provider for PayCard, OnDemand pay and disbursements. Knowing what comes next in today's world is more uncertain than ever. What is certain however is that COVID-19 has changed the way we prepare for the unexpected. Developing a disaster plan to ensure that essential operations including payroll continue during catastrophic conditions has moved from, "Yeah, we'll get to that to the top of executive agendas.

Nina Talley:

Rapid can implement measures to ensure your payroll department is fully prepared should a second wave of COVID or any other health or natural disaster occur. How? The Rapid PayCard will come to your rescue in times of crisis by eliminating the need for in-person check disbursements and check mailing, enabling automatic electronic payment for employees not on direct deposit including the unbanked and making contactless delivery of pay possible. With Rapid PayCard, all employees can receive their pay without disruption critical for those who are living on the financial edge. Visit rapidpaycard.com to learn more about our best practices for payroll in a crisis.

Nina Talley:

Let's talk a little bit about those year-end payroll projects. It's definitely hovering over a few of our listeners heads at this point. So when would you recommend a year-end project beginning?

Tricia Richardson:

January 1st. Well, I say that because you want to... As Jim mentioned, each payroll look at that, make sure that that's in a good spot. Start planning what you want that year to look like, do a swot analysis of

what happened last year and how you can improve upon that, but the meat and potatoes I recommend not getting any later than October 1st, getting started there. Jim, I don't know if you have sort of a different timeline.

Jim Medlock:

No, I agree. January 1st is when to start, but that's also year-end, I like to think of as a year-long project because there are things like promoting the electronic receipt of W-2 forms that we can do that all year long rather than just waiting until the end of the year. So it's something that we want to keep in mind as Tricia mentioned. We want to look to see that those things that didn't go well in the last year's year-end, do we need to change procedures? Do we have new projects we have to do in place? And with this year, there are some new reporting requirements.

Jim Medlock:

Again, that Families First Coronavirus Response Act does require employers that took the tax credits for the emergency sick in the emergency family leave to report those payments on the W-2. Tricia mentioned earlier, the box 12 codes. For some reason the IRS decided not to have those go into the box 12 codes. They want it in the miscellaneous box on the W-2. So there's lots of different options and this actually may be a good opportunity especially for those of us that are going to be using self-service to issue our W-2s to use what the IRS calls substitute forms where we can actually provide a little bit more information on the W-2.

Jim Medlock:

So for example with the box 12 codes, we could provide them the code. We could provide them a short description of what that code may be. So 401k deferral, well, rather than having to have them figure out well what does that code D mean? Well, that's 401k and that can provide them a little bit more information, which can also reduce those phone calls we get as payroll professionals. And looking at how we can make those adjustments during the year, putting projects in place so that they're in place at the end of the year. And I agree entirely with Tricia that year end is not just beginning in October, November project. It's an all year long project.

Nina Talley:

Very true. I think that a lot of what we're talking about in this episode is year-end is all year actually. If year-end is when it all comes together, but you should have been doing it all year and just keeping tabs on things so that you can save yourself the time and the headache because we know that when January 1st rolls around as a payroll professional, you're inundated. You have so much work. So I think that that's an excellent way to look at it. So what would you recommend would be the primary objective of a year-end project.

Jim Medlock:

My primary objective was never have to work any overtime. I'm not kidding there.

Tricia Richardson:

I'm sorry, Jim. That makes me laugh. Has that ever worked? I'm just curious.

Jim Medlock:

By having reconciliations all in place by making sure that I have all of those fringe benefits. I like to think of accounts payable where they're paying many of the items that we all have to include working with HR to make sure that we understand all of the different benefits maybe with the executive offices on the contracts the executives may have for different kinds of fringe benefits. Knowing what those are and working on them all year long can really then move that work so that it's not all year.

Jim Medlock:

I really like to use what the IRS calls a special accounting rule for those non-cash items. So rather than having to calculate and determine what those values are right up until midnight on December the 31st, we can use a tax year cut off for non-cash fringe benefits of October the 31st. That gives us two months to find out all that they are, make the calculations, get them imputed into the employee's income. So then when we're at December 31st, we've really got everything in place.

Nina Talley:

True, true. So with these year-end projects, no man is an island. Who needs to be involved? Who do you need to get buy-in from to make these projects sale smoothly?

Tricia Richardson:

Definitely the accounting department, accounts payable. As Jim mentioned, those checks that go to employees that we may not know about and why. So accounts payable and definitely HR, definitely accounting. It really is a holistic human capital management approach. You need to bring all those folks. Anything that relates to an employee and any department that had any oversight of that or hands in that is involved in that process.

Nina Talley:

And would you recommend getting them involved as soon as possible as well?

Tricia Richardson:

January 1, definitely.

Nina Talley:

January 1.

Tricia Richardson:

Yes, absolutely.

Nina Talley:

[inaudible 00:31:31]

Tricia Richardson:

I tell folks the really nice thing about this, about involving the other departments is you are able to show them the value and the complexities of payroll. And I think some of that is missed by other departments because the trains just run on time, right? But to show them HR's policy on maybe gift cards, that that's

going to be a nightmare on the payroll side and explain why. So I think it does a lot for our profession as well as employees in the company as a whole.

Nina Talley:

I would completely agree with that. It's easy to want to just cut the path yourself, but getting the buy-in is just so much more helpful. I completely agree.

Jim Medlock:

I'm going to add one more department to what Tricia said.

Nina Talley:

Yes.

Jim Medlock:

And that's the mail room.

Tricia Richardson:

Oh, yes.

Jim Medlock:

Even though we're going to be trying to get as many electronic W-2's distributed, there's always going to be some that are going to have to be mailed and making sure... I had a friend many years ago who forgot to tell the mail room that he was going to be bringing W-2's to them on January the 30th. They didn't have enough postage in the postage machines to get them out on January the 31st. So giving them at least an idea as to how many are coming and when they're coming, so that the mail room is ready to get those out on time.

Tricia Richardson:

So smart.

Nina Talley:

That's an excellent point. I would have never thought of that. And we're going to use that as a pivot to our next section of the podcast, which we call payroll nightmares. So usually for payroll nightmares, we ask our listeners to send us their payroll nightmares to podcasts at americanpayroll.org or leave us a comment on the APA's Facebook page. But for this episode, Jim and Trish have both brought their own nightmares. So Jim, why don't you go ahead and tell us a little bit about yours.

Jim Medlock:

One of the things that we want to do with our payroll processing especially for that first payroll of the year is being able to check to make sure that those new limits are in place as well as what the new federal and state income tax withholding calculations may be in place, but they're correct. Well, a number of years ago, I had a payroll system that didn't give me the ability to make those kinds of checks when new amounts had been loaded into the system and the new tables had been loaded in the system.

Jim Medlock:

The only way I could check was at the preview payroll process which is always our last step before we finalize payroll. I knew I didn't have the capability of checking ahead of time so I wanted to make sure I gave myself just a little bit more time in this process because believe it or not when I got to calculate, I started sitting down with a few employees and one trick to the calculation to making sure that the withholding is being calculated correctly is to look at least two employees. I always looked at the employee who is claiming married with the highest level of income and the employee who is claiming single with the highest level of income because of the way the income tax withholding tables are built.

Jim Medlock:

If those are calculating correctly, everybody else will calculate. And I could not for the life of me do the calculations that the system had calculated. So getting frustrated, I went back to the prior years IRS publication 15 with that year's tax tables. And believe it or not, the system even though they told me that they had updated the tables, it was still using the previous year's tables. Well, immediately I was on the phone and within a couple of hours, they had sent me a new file that I was able to install into the system, run the preview payroll again and met the deadlines for direct deposit to make sure that everybody was paid timely. But that's always a place that I like to make sure that I plan ahead of time and prepare for that situation.

Nina Talley:

Yeah. That sounds a little bit like a heart attack. It's very exciting to hear something that massive very similar to what we said before. You just face it head on. Although, this wasn't necessarily your mistake. All you can do is fix it and move forward with it. So thank you so much for that story. And Tricia, do you have a nightmare to share with us as well?

Jim Medlock:

I do. So I think the biggest nightmare I've ever faced when I've worked in-house in payroll as well as working with clients is those last minute fringe benefit reporting, which is why starting in January is so great training folks throughout the year, but the gift cards. Oh, by the way, we gave hundreds of dollars worth of gift cards throughout the year. Auto fringe, the S corp shareholder insurance piece, tuition reimbursement, over those limits, the federal limits, moving expenses that folks are still paying even though it's taxable. And then group term life taxation at the end of the year.

Jim Medlock:

So the problem becomes when you don't get this information until January 5th or 6th is that all of these have taxable implications. And then you as the employer are going to have to pay those taxes. So it really costs you money to not get these things in sooner. And you don't want to ding employees for taxes in December. That's holiday shopping time. So that's a big part. The fringe benefit reporting can really delay your year-end process and then on top of that you have to do so many extra payrolls to get those in. So that's probably the biggest nightmare I have faced with year-end.

Nina Talley:

Would you say the best way to circumvent it is to just open up an Excel spreadsheet and keep track of it as you go?

Tricia Richardson:

That's definitely one way. I think that the best way is to say nothing happens to an employee that doesn't run through payroll at the moment it happens. So tuition reimbursement, run it through payroll. Gift cards, just give them a bonus. So they thought I know gift cards it's like such an issue. That's a beast. But if you have that thought and get buy-in from the other leadership that look, whatever you want to do, that's great but here's the implications and let us do it, so the information's already there.

Nina Talley:

That makes a lot of sense and it just seems like you need to carve out a place for payroll at the decision-making table. I don't think that necessarily a lot of C-level officers who are looking to reward their employees are thinking of the tax ramifications when you give them a \$100 amazon gift card.

Tricia Richardson:

Agreed. And I think everybody listening has probably knocked their headsets off by nodding their heads yes. So I'm just estimating that that has happened.

Nina Talley:

Well, I think that the takeaway from these nightmares is to face things head-on, face them head-on and have a voice. Don't be afraid. As a payroll professional, you know the most about taxes. So carve out a place at the table for yourself and make sure that you're advocating for yourself and your employees. You're the only one who can.

Tricia Richardson:

Absolutely.

Nina Talley:

And don't forget everyone, if you'd like to be included in our payroll nightmares, you can send an email to podcasts@americanpayroll.org or leave us a comment on the APA's Facebook page. And we don't really like to leave things on a negative note with our nightmares, so I have one more question for the both of you and that is what is the best piece of payroll advice you have ever been given or what is the best piece of advice that you wish someone had given? And Trish, we're going to start with you.

Tricia Richardson:

Checklist. I think the best thing for each payroll process and then year-end is to have checklists. We do a lot of work in the payroll department. We track a lot of data, a lot of information. We get a lot of interruptions and checklists... I mean, it might just be because I'm kind of old, but I like checklists and I was given one early in my payroll career and thought, "Oh, this is just the most amazing thing." So you don't forget anything.

Nina Talley:

I am also an advocate for checklists. I recently bought multicolored gel pen so that I could write my checklist in different colors. It's magnificent. And Jim, what advice do you have?

Jim Medlock:

Oh, my advice is to keep being educated. That's one of the things that I have wanted to do since I graduated from college 45 years ago is to keep on learning. And especially for those who may be new to payroll, APA is preparing for year-end seminar, which is now both interactive, virtual classroom, webinar, and on-demand is a great way to have a refresher or learn some new items. Plus, that checklist that Tricia talked about, that course book does have a great checklist in it of things that can be done at different times of the year to make sure that the year-end process works well.

Nina Talley:

I agree with that. So everybody write out a checklist for your year-end and then right at the end put continuing education. It's very, very important. And make sure to check out the APA. As Jim said there's a lot of webinars and there's an incredible year-end webinar that will help prepare you. So Jim and Tricia, I just want to say that I really appreciate you taking the time to share your expertise with us today. Wrapping up the year right is at the top of all of our minds right now and I know you've given our listeners and myself some really good food for thought.

Nina Talley:

I also want to say thanks to our listeners. Without you, PayTalk wouldn't be possible. Make sure you like and subscribe to us on your preferred podcast streaming service. That is the best way to support this podcast and ensure that we can continue to bring you the human stories that make payroll so personal. Until next time, folks, this has been your host, Nina Talley with PayTalk.

Speaker 1:

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