

Welcome to our Eighteenth Edition of Pay-Net's E-Newsletter. Previous editions of our E-Newsletter are available on our web site, www.pay-net.net, under the "Employer Resources – Newsletter" section. We want to welcome all of our new clients that started processing with us this month. Our E-Newsletter is published about 10 times per year. If any other people in your organization would like a copy of our E-Newsletter, please send an email request to: enews@pay-net.net

Keep Your E-Mail Addresses Current When you have personnel changes, remember to send us any e-mail address changes. You can send these to email@pay-net.net. This way our list will remain current.

Pay-Net E-Mail Addresses: If you need to communicate with us, we recommend that you send us an email. This practice will provide you, and us, a hard copy of the communication. Here are Pay-Net's current email accounts. We regret that Joshua is no longer with us, but at the same time, we want to welcome back Agnes!

Don Fallon (Owner):	don@pay-net.net
Wayne Lee (Owner):	wayne@pay-net.net
Hollis (Operations):	hlee@pay-net.net
Gloria (Operations):	gbal@pay-net.net
Christina (Operations):	cjackson@pay-net.net
Anna (Taxes):	atudor@pay-net.net
Agnes (Taxes):	ayoung@pay-net.net
Philip (Technical):	psloss@pay-net.net
General Communication:	operations@pay-net.net (this will be forwarded to the appropriate person)
Debbie (Sales):	dwillett@pay-net.net

Of course, if you need to talk with us immediately, we do answer the phones with *live* people, not voice mail. If you happen to get into our voice mail system, be assured that all of us are on the phone when you called.

Pay-Net web site: We have completely changed our web site: www.pay-net.net. If you have the opportunity, please visit the site and let us know what you think about it. Send your responses to website@pay-net.net. The information is identical as before, we have just placed it in different categories and had a professional design team help with the development. Now, we have a special section for our clients called "Employer Resources" that contain all the information you need to assist your company.

Important Notice – Change in Cutoff Times:

Effective in March, the following rules will be added to Pay-Net's cutoff times. The reason for this change is the dramatic increase in the number of bounced (NSF) tax drafts from our clients:

- (1) If your check date is on a Friday, and your company is a semi-weekly filer under IRS rules, and your company does not have direct deposit, we must have your payroll information before 2:00 pm on Thursday. If Friday is a non-banking day, we must have your payroll information before 2:00 pm on Wednesday.

- (2) If your check date is on a Tuesday, and your company is a semi-weekly filer under IRS rules, and your company does not have direct deposit, we must have your payroll information before 2:00 pm on Monday. If Tuesday is a non-banking day, we must have your payroll information before 2:00 pm on Friday.

Our cutoff times remain unchanged for clients with direct deposit (2:00 pm two days before check date). Occasional business circumstances will arise such that your company may not be able to adhere to these new cutoff rules. If this happens, please give us a call so we can discuss the alternatives with you.

While we understand that business conditions may mean that your company does not have funds to cover your tax obligations, Pay-Net cannot be expected to function as a banking entity and advance funds to your company. These cutoff times are necessary to ensure that we receive good funds for your tax obligations under the existing NACHA rules and regulations, and with enough time to deposit these funds with the appropriate taxing authorities.

“Challenging” Payroll Dates: Please take notice of the following dates as you prepare your payroll information:

▶ May 1st is on Sunday, so your check date will roll back to Friday, April 29th. If you normally date your checks on the 1st of a month and you have direct deposit, we will need your payroll information by 2:00 pm on Wednesday, April 27th.

▶ May 15th is on Sunday, so your check date will roll back to Friday, May 13th. If you normally date your checks on the 15th and you have direct deposit, we will need your payroll information by 2:00 pm on Wednesday, May 11th.

▶ **Monday, May 30th is the Memorial Day Holiday. The banks and Pay-Net will be closed that day. If you normally date your checks on the 31st and you have direct deposit, we will need your payroll information by 2:00 pm on Thursday, May 26th. If you date your checks on the 1st and you have direct deposit, we will need your payroll information by 2:00 pm on Friday, May 27th.**

▶ June 1st is on Wednesday this year. With the Memorial Day Holiday, if you normally date your checks on the 1st and you have direct deposit, we will need your payroll information by 2:00 pm on Friday, May 27th.

▶ June 5th is on Sunday, so your check date will roll back to Friday, the 3rd. If you normally date your checks on the 5th and you have direct deposit, we will need your payroll information by 2:00 pm on Wednesday, June 1st.

▶ June 20th is on Monday. If you normally date your checks on the 20th and you have direct deposit, we will need your payroll information by 2:00 pm on Thursday, June 16th.

▶ **Monday, July 4th is Independence Day, a banking and Pay-Net holiday. Please take this day into account as you prepare your payroll information. If you normally date your checks on the 5th and you have direct deposit, we will need your payroll information by 2:00 pm on Thursday, June 30th! If you want to roll your check date ahead to the 6th, please contact us to adjust your payroll calendar.**

▶ July 31st is on Sunday. If you normally date your checks for the end of the month, and you have direct deposit, we will need your payroll information by 2:00 pm on Wednesday, July 27th.

▶ August 1st is on Monday. If you normally date your checks for the 1st and you have direct deposit, we will need your payroll information by 2:00 pm on Thursday, July 28th.

2005 Rates:

- ▶ Social Security rate of 6.2% for employees and employers will remain the same, but the wage base will increase to \$90,000. Maximum amount to withhold from employees is \$5,580.00
- ▶ Medicare rate will remain at 1.45% for all subject wages
- ▶ Net FUTA rate will remain at 0.8% and the wage base of \$7,000 will remain the same
- ▶ California SUI rate will remain based on Schedule F+ which includes the 15% emergency surcharge that was implemented for 2004. The rates will range from 1.5% to 6.2% based on a company's experience rate.
- ▶ California ETT rate will remain a 0.1%
- ▶ California SDI rate will lower to 1.08% but the wage base increases to \$79,418. The 1.08% figure includes the 0.08% for Paid Family Leave. The maximum amount to withhold is \$857.71
- ▶ Federal and State Withholdings will be indexed for the cost of living.

Holiday Schedule for 2005:

This is Pay-Net's 2005 Holiday Schedule - please note that the official bank holidays are marked with an "*". Please keep these days in mind as you prepare your payroll information.

- ▶ * Monday, January 17, 2005 - Martin Luther King Day - Pay-Net will be open
- ▶ * Monday, February 21, 2005 - President's Day - Pay-Net will be open
- ▶ * Monday, May 30, 2005 - Memorial Day - Pay-Net will be closed
- ▶ * Monday, July 4, 2005 - Independence Day - Pay-Net will be closed
- ▶ * Monday, September 5, 2005 - Labor Day - Pay-Net will be closed
- ▶ * Monday, October 10, 2005 - Columbus Day - Pay-Net will be open
- ▶ * Friday, November 11, 2005 - Veterans' Day - Pay-Net will be open
- ▶ * Thursday, November 24, 2005 - Thanksgiving Day - Pay-Net will be closed
- ▶ Friday, November 25, 2004 - Day After Thanksgiving - Pay-Net will be closed
- ▶ Monday, December 26, 2005 - Christmas Day (observed) - Pay-Net will be closed
- ▶ Monday, January 2, 2006 - New Years Day (observed) - Pay-Net will be closed

Record Retention:

In June of every year, Pay-Net cleans out all the data from the previous year. It is very important that you review the notice that will be included with your May payrolls.