

Welcome to our Twenty Fifth Edition of Pay-Net's E-Newsletter. Previous editions of our E-Newsletter are available on our web site, [www.pay-net.net](http://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: [operations@pay-net.net](mailto:operations@pay-net.net)

### *We Are Moving*

On April 1, 2006, Pay-Net will be moving. No Fooling! We will remain in the same building, we are just moving to a new suite. Our phone numbers, fax numbers, etc. will not change, only our suite number. Please make a note of our new address:

Pay-Net  
5125 Convoy St Ste 204  
San Diego, CA 92111

If you have a chance, stop by and we will give you the VIP tour!

**Please 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](mailto: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.

Wayne Lee (Owner):	<a href="mailto:wayne@pay-net.net">wayne@pay-net.net</a>
Hollis (Operations):	<a href="mailto:hlee@pay-net.net">hlee@pay-net.net</a>
Gloria (Operations):	<a href="mailto:gbal@pay-net.net">gbal@pay-net.net</a>
Christina (Operations):	<a href="mailto:cjackson@pay-net.net">cjackson@pay-net.net</a>
Dan (Operations):	<a href="mailto:danr@pay-net.net">danr@pay-net.net</a>
Anna (Taxes):	<a href="mailto:atudor@pay-net.net">atudor@pay-net.net</a>
Bruce (Technical):	<a href="mailto:bsims@pay-net.net">bsims@pay-net.net</a>
General Communication:	<a href="mailto:operations@pay-net.net">operations@pay-net.net</a> (this will be forwarded to the appropriate person)
Debbie (Sales):	<a href="mailto:dwillett@pay-net.net">dwillett@pay-net.net</a>

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](http://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](mailto: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.

**"Challenging" Payroll Dates:** Please take notice of the following dates as you prepare your payroll information.

▶ April 1<sup>st</sup> is on Saturday. If you normally date your checks for the 1<sup>st</sup> of the month, your check date probably rolled back to Friday, March 31<sup>st</sup>. If you normally date your checks for the 1<sup>st</sup> and you have direct deposit, we will need your payroll information by 2:00 pm on Wednesday, March 29<sup>th</sup>.

▶ April 15<sup>th</sup> is on Saturday. If you normally date your checks for the 15<sup>th</sup> of the month, your check date probably rolled back to Friday, April 14<sup>th</sup>. If you normally date your checks for the 15<sup>th</sup> and you have direct deposit, we will need your payroll information by 2:00 pm on Wednesday, April 12<sup>th</sup>.

▶ April 30<sup>th</sup> is on Sunday. If you normally date your checks for the End of the Month, your check date probably rolled back to Friday, April 28<sup>th</sup>. 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, April 26<sup>th</sup>.

▶ May 1<sup>st</sup> is on Monday. If you normally date your checks for the 1<sup>st</sup> and you have direct deposit, we will need your payroll information by 2:00 pm on Thursday, April 27<sup>th</sup>.

▶ May 15<sup>th</sup> is on Monday. If you normally date your checks for the 15<sup>th</sup> and you have direct deposit, we will need your payroll information by 2:00 pm on Thursday, May 11<sup>th</sup>.

▶ May 20<sup>th</sup> is on Saturday. If you normally date your checks for the 20<sup>th</sup>, your check date has rolled back to Friday, May 19<sup>th</sup>. As a result, if you normally date your checks for the 20<sup>th</sup> and you have direct deposit, we will need your payroll information by 2:00 pm on Wednesday, May 17<sup>th</sup>.

▶ **Monday, May 29<sup>th</sup> is Memorial Day. This is a national holiday and a non-banking day. Pay-Net will be closed that day also. Please take this into account as you prepare your payroll information.**

▶ May 31<sup>st</sup> is on a Wednesday. Since Monday, May 29<sup>th</sup> is a holiday, if you normally date your checks on the end of the month, or on a Wednesday, and you have direct deposit, we will need your payroll information by 2:00 pm on Friday, May 26<sup>th</sup>.

#### **2006 Tax Changes:**

▶ 2006 Social Security: The wage limit for Social Security will be increased from \$90,000 to \$94,200. The employee rate of 6.2% will remain unchanged. The maximum Social Security tax withheld from employees will be \$ 5,840.40.

▶ 2006 Medicare: There will be no change in Medicare tax withheld for next year. The employee rate of 1.45% of all wages will remain in effect.

▶ 401(k) Limit: The 2006 limit for employee 401(k) deductions will raise from \$14,000 per year to \$15,000.

▶ 401(k) Catch-up Limit: The 2006 limit will be raised to \$5,000 from the \$4,000 limit in 2005.

- ▶ SIMPLE IRA deductions: The \$10,000 limit will remain unchanged from 2005.
- ▶ The qualified transportation fringe benefit amount for parking in 2006 increases to \$205 per month, up from \$200 per month in 2005, while the transit pass exclusion will remain at \$105 per month.
- ▶ California's SDI rate will rise to 0.8% but the taxable wage base will stay the same as 2005 at \$79,418.00, for a total employee deduction of \$635.34.
- ▶ California's SUI wage base will remain at \$7,000 for 2006.
- ▶ The following states have increased their SUI wage base for 2006: Alaska (\$28,700), Illinois (\$11,000), Iowa (\$21,300), Idaho (\$29,200), Minnesota (\$24,000), Montana (\$21,600), Nebraska (\$8,000), Nevada (\$24,000), New Jersey (\$25,800), New Mexico (\$17,900), North Carolina (\$17,300), North Dakota (\$20,300), Oregon (\$28,000), Utah (\$24,000), Washington (\$30,900) and Wyoming (\$17,100).
- ▶ Standard Business Mileage Rate will *reduce* to 44.5 cents per mile effective 01/01/2006, down from the 48.5 cents per mile for 2005. The mileage rate for medical or moving purposes will be 18 cents per mile for 2006. And, the charitable organization mileage rate will be 14 cents.

**2006 Holiday Schedule:** The following remaining holidays are in effect for 2006. The official "bank holidays" are marked with an "\*"

- ▶ \* Monday, May 29, 2006 – Memorial Day – Pay-Net will be closed
- ▶ \* Tuesday, July 4, 2006 – Independence Day – Pay-Net will be closed
- ▶ \* Monday, September 4, 2006 – Labor Day – Pay-Net will be closed
- ▶ \* Monday, October 9, 2006 – Columbus Day
- ▶ \* Thursday, November 23, 2006 – Thanksgiving Day – Pay-Net will be closed
- ▶ Friday, November 24, 2006 – Day after Thanksgiving – Pay-Net will be closed
- ▶ \* Monday, December 25, 2006 – Christmas Day – Pay-Net will be closed
- ▶ \* Monday, January 1, 2006 – New Year's Day – Pay-Net will be closed

**Minimum Wage Increase for California?** Governor Schwarzenegger has proposed a \$1.00 increase in the minimum wage over 18 months. Under his plan, the current minimum wage of \$6.75 per hour would increase to \$7.25 per hour in September 2006, and to \$7.75 per hour in July, 2007. A couple of bills have been introduced by Democrats that not only mirror Governor Schwarzenegger's proposal, but will also tie the minimum wage to the cost of living index.

**Meal Break Regulations:** Due to public input, the California Division of Labor Standards will re-examine the regulations on lunch breaks for workers. Currently, the regulations specify a 30 minute meal break after the fifth hour worked. The Division of Labor Standards proposed regulations would require a 30 minute meal break prior to, and including, five hours on the job. The Division of Labor Standards will solicit input from the public prior to making a decision on implementing, or changing, the new regulations.

**Electronic Employment Verification:** Under a Senate proposal, employers would be required to electronically submit new hire's names, Social Security numbers, and/or other identification numbers directly to a nationwide online database within 3 days of hire. The Electronic Employment Verification System would be separate from the current new hire reporting requirements and would be jointly run by the Department of Homeland Security and Social Security Administration.



## *A Note from Wayne*

On occasions, clients have questioned me about our “cut off times”. The reason for these guidelines is fairly simple... If clients send in their payroll information very late in the day, our computer system will still need to process the information and print out the checks and reports. Then, the payroll needs to be checked, packaged and prepared for delivery. If this total processing time requires that our employees work overtime, then our costs will increase, which would result in some type of price adjustments, and nobody

likes that! On the other hand, our “cut off times” are merely guidelines. Many times we have worked late into the evening because a client has had a problem with their computer system causing a delay in payroll submission. If you ever have problems with your payroll submission, just give us a call. We will try to work with you to find an agreeable solution for both companies. After all, customer service is Pay-Net’s most important product.

*Wayne*