

Welcome to our Twenty Sixth 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)

**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.

- ▶ 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>.

▶ June 5<sup>th</sup> is on a Monday. If you normally date your checks on the 5<sup>th</sup> and you have direct deposit, we will need your payroll information by 2:00 pm on Thursday, June 1<sup>st</sup>.

▶ June 20<sup>th</sup> is on a Tuesday. If you normally date your checks on the 20<sup>th</sup> and you have direct deposit, we will need your payroll information by 2:00 pm on Friday, June 16<sup>th</sup>.

▶ **June 30<sup>th</sup> marks the end of the Second Quarter.** Any payroll adjustments that you want reflected in your Second Quarter payroll reports must be reported to us on, or before, Thursday, June 29<sup>th</sup>.

▶ July 1<sup>st</sup> is on a Saturday, so your check date has rolled backwards to Friday, June 30<sup>th</sup>. If you normally date your checks on the 1<sup>st</sup> and you have direct deposit, we will need your payroll information by 2:00 pm on Wednesday, June 28<sup>th</sup>.

▶ **Tuesday, July 4<sup>th</sup>, is Independence Day. This is a national holiday and a non-banking day. Pay-Net will be closed that day. Please take this into account as you prepare your payroll information.**

**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

**Record Retention Service:** Please be sure to read the notice of our Record Retention Service that was included in your payroll package. This is a voluntary service, that is, it is your decision whether to participate or not. If you choose to **NOT** participate, we need your signed response declining this service before June 1<sup>st</sup>. If you choose to participate, you do not need to respond. Any clients that started processing payrolls in 2006 are not eligible for the Record Retention Service. If you have any questions, please call, or email, our office.

**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. We will keep you informed on the progress of this proposal as well as other proposals regarding the validation of individual's right to work.

**Dept of Labor Rulings on Exempt Employees:** Recently, the US Department of Labor issued two "opinion" letters.

In the first letter, the DOL said employers could insist that exempt employees work more than 40 hours per week and require them to make up any lost time. The DOL added, however, that employers could not impose a disciplinary suspension of one day or more for such an infraction.

In the second letter, the DOL stated that an employer could not impose a fine on exempt employees who damage equipment that they use in performance of their job, such as cell phones or laptop computers.

How, and if, these new rulings will affect employers in California is up to the California Labor Board.

**Payroll Puzzler:** The law that governs payroll, from a federal perspective, is called the Fair Labor Standards Act (FLSA). Starting with the FLSA requirements, state governments can pass laws that are more restrictive than the FLSA. Here is a simple True/False test on the provisions of the FLSA. The answers can be found on the last page:

True    False

- 1. When an employee is subject to both state and federal minimum wage laws, the employee is entitled to the higher of the two minimum wages.
- 2. The FLSA requires employers to provide pay stubs.
- 3. Employers may change an employee's work hours without giving prior notice or obtaining the employee's consent.
- 4. The FLSA does not limit the number of hours per day or per week that employees aged 16 years and older can be required to work.
- 5. Temporary employees are exempt from the FLSA.
- 6. Federal law requires paid vacation, holidays and sick leave.
- 7. Employers must pay nonexempt employees for time spent changing into or out of work gear before and after a work shift.
- 8. The FLSA requires covered, nonexempt employees be paid time and a half their regular rates for time worked over 30 hours in a workweek.
- 9. Employers are required to give meal and rest breaks to employees under the FLSA.
- 10. The FLSA does not require extra pay for weekend or night work.
- 11. Employees may volunteer to work extra hours without overtime pay.

True    False

12. All employees paid hourly must receive overtime compensation.
13. The salaries on exempt employees may be reduced for disciplinary suspensions of a full day or more for infractions of workplace conduct rules.
14. There is no requirement in the FLSA for severance pay.
15. The FLSA does not cover part-time employees.
16. To be exempt from the FLSA, an employee generally must be paid a salary of at least \$455 per week.
17. Job titles determine whether employees are exempt or not exempt from the FLSA.

**Changes in States' Minimum Wage Laws:** The following states have changed their minimum wage:

Arkansas has increased to \$6.15 effective October 1, 2006. Maine has increased to \$6.75 effective October 1, 2006. A proposal in Pennsylvania would increase the minimum wage to \$6.25 effective July 1, 2006, and \$7.15 a year later. West Virginia has increased to \$ 6.55 effective July 1, 2007, and \$7.25 a year later.

**Answers to the Payroll Puzzler:**

(1) T, (2) F, (3) T, (4) T, (5) F, (6) F, (7) T, (8) F, (9) F, (10) T, (11) F, (12) F, (13) T, (14) T, (15) F, (16) T, (17) F

## *A Note from Wayne*



It seems that our government continually adds tasks to employers without any consideration of the amount of time and/or money it takes a business to stay in compliance with the rules and regulations. In regards to payroll, one of the newest burdens on employers is the issue of “right to work” or as otherwise known, “immigration status”. Recent developments in this country have caused Washington to propose a variety of remedies, all of which will provide an additional burden to companies. Based on last year’s W-2 filings for our clients, approximately 1 to 2% of the W-2’s were reported back to Pay-Net as having inconsistencies

between the name on the W-2 and the name on file with the Social Security Administration. Several years ago, Pay-Net instituted our EVS Service (Electronic Verification Service) where, for a very small fee, we performed a once a year verification on our clients’ employees, comparing the name on our payroll records versus the name on the SSA’s data base. Now, it appears that once a year will not be enough! It is my promise to you, our clients, that Pay-Net will continue to provide services designed to assist you in maintaining compliance with any new governmental rules and regulations. We obviously do not know when these new rules and regulations will appear, but it is my promise that we will endeavor to develop services that will help your company stay in compliance.

*Wayne*