


**DECEASED EMPLOYEE
FINAL PAYMENT PROCESSING and W-2/1099 REPORTING
IF PAYMENT IS MADE IN THE SAME CALENDAR YEAR AS DEATH**

Employee: DURFEE, THE ESTATE OF CHRISTINA 102234 Active Full Time 1 - Hourly-TE Required F 26PAYS SEP-AUG



Demographics

Payroll HR REP Retirement

Name

First: THE ESTATE OF Middle: CHRISTINA Last: DURFEE

Suffix: [] Title: []

Address

Address 1: 6063 PHEASANT RIDGE DR

Address 2: []

City: FOWLERVILLE State: Michigan Zp Code: 48836

Country: United States

Work Email: []

Payroll

Check Location: 043 FRESHMAN CAMPUS Union: TA TCHR ASSISTANTS

HR Location: 043 FRESHMAN CAMPUS Pay Code: Hourly-TE Required

Department: (None) Workers Comp: []

DEMOGRAPHICS Screen

Changes:

Name Fields=

First: THE ESTATE OF

Middle: FIRST NAME SPACE MIDDLE NAME OR INITIAL

Last: (No change – this field stays the same)

Payment Type = HOURLY-TE REQUIRED (takes the employee off of CONBAL)

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Federal Tax Withholding Method = NO TAX; NO WAGES

State Tax Withholding Method = NO TAX; NO WAGES

FICA and MEDI-HI are processed as normal for payments made in the same year as death

You will need to add a new Pay Item to process special tax withholding rules:

GO TO PAY ITEM MGR.

Pay Item Configuration

Action – Add Earning Code

Adding Pay Item 0210 (NO FIT, SIT, BUT SUBJECT TO RETIRE)

Code	Description	Supple
0010	REGULAR PAY	
0020	FUTURE RAISE	
0030	OVERTIME PAY	
0040	RESERVED	
0050	CONTRACT PAY	
0060	RESERVED	
0070	CONTR PAY DOCK	
0080	RESERVED	
0090	CONTRACT RETRO	
0100	HOURLY PAY DOCK	
0110	RESERVED	
0120	RESERVED	
0130	RESERVED	
0140	RESERVED	
0150	**CONTRACT-FYTD	
0160	PYR CONTRACT	
0170	CONTRACT ADJUSTMENT	
0200	CONVERSN MISC	
0260	RETRO PAY HRLY	
0270	ABS W/O PAY HRL	
0280	EXTRA PAY	
0290	LONGEVITY	
0300	EVALUATIONS	
0310	HONORARIUM	
0320	SICK POOL	
0330	SUMMER PAY	
0331	SUMMER PAY - AIDE SCI	
0332	SUMMER PAY - AIDE CI	
0333	SUMMER PAY - SPEECH	

Code	0210	Description	deceased-no FIT and SIT (subject to retirement)
Earning Type:	(NONE)		
Supplemental Pay	<input type="checkbox"/>		
Include in A000	<input checked="" type="checkbox"/>		
Include in Detail4 Gross	<input checked="" type="checkbox"/>		
Include in MESC	<input checked="" type="checkbox"/>		
Add back to Net Pay	<input type="checkbox"/>		
	Wages Exempt	Withholding Exempt	
Federal	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
FICA	<input type="checkbox"/>	<input type="checkbox"/>	
State	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

Record Count: 256

ngs Deductions Accumulators

OK Cancel

DECEASED EMPLOYEE FINAL PAYMENT PROCESSING and W-2/1099 REPORTING IF PAYMENT IS MADE IN THE SAME CALENDAR YEAR AS DEATH

Earning Code: 0210 Description: deceased -no FIT and SIT Supplemental Pay

Calc Method: Fixed Amount Frequency: First Pay Second Pay Third Pay Off Cycle

Calc Amount:

Credit Account: *****

Debit Account:

GL Class Code:

EarningType: (NONE)

Include in A000

Include in Detail4 Gross

Include in MESC

Add back to Net Pay

	Wages Exempt	Withholding Exempt
Federal	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
FICA	<input type="checkbox"/>	<input type="checkbox"/>
State	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Paired Deduction:

One caveat if it's subject to retirement and you have ORS tax deferred deductions, your federal and state taxable wages will come out as a negative for the amount of the ORS deductions.

/ Item Employee: DURFEE, THE ESTATE OF CHRIST Pay Code Location

Location	Pay Item	Pay Item Desc	Emp #	Employee Name	Earnings/Wages	Deduction/Tax	Hours
I3	0210	DECEASED EE PAY	102234	DURFEE, THE ESTATE OF C	\$1,735.36	\$0.00	0.00
I3	5300	ORS Employer Cost	102234	DURFEE, THE ESTATE OF C	\$0.00	\$417.01	0.00
I3	5310	ORS MIP+/PENS+	102234	DURFEE, THE ESTATE OF C	\$0.00	\$52.06	0.00
I3	5380	ORS EE DC	102234	DURFEE, THE ESTATE OF C	\$0.00	\$69.41	0.00
I3	5390	ORS ER DC	102234	DURFEE, THE ESTATE OF C	\$0.00	\$17.35	0.00
I3	5430	ORS EE PHF	102234	DURFEE, THE ESTATE OF C	\$0.00	\$34.71	0.00
I3	5440	ORS ER PHF	102234	DURFEE, THE ESTATE OF C	\$0.00	\$34.71	0.00
I3	9990	NET PAY	102234	DURFEE, THE ESTATE OF C	\$0.00	\$1,446.43	0.00
I3	A000	TOTAL PAY	102234	DURFEE, THE ESTATE OF C	\$1,735.36	\$0.00	0.00
I3	A299	**RETIREMENT GROS	102234	DURFEE, THE ESTATE OF C	\$1,735.36	\$0.00	0.00
I3	J101	FICA	102234	DURFEE, THE ESTATE OF C	\$1,735.36	\$107.59	0.00
I3	J101ER	FICA	102234	DURFEE, THE ESTATE OF C	\$1,735.36	\$107.59	0.00
I3	J102	FEDERAL TAX	102234	DURFEE, THE ESTATE OF C	(\$156.18)	\$0.00	0.00
I3	J103	FICA / MEDICARE	102234	DURFEE, THE ESTATE OF C	\$1,735.36	\$25.16	0.00
I3	J103ER	FICA / MEDICARE	102234	DURFEE, THE ESTATE OF C	\$1,735.36	\$25.16	0.00
I3	J2MI	MICHIGAN STATE TAX	102234	DURFEE, THE ESTATE OF C	(\$156.18)	\$0.00	0.00
I3	0170	CONTRACT ADJUSTMENT	102234	DURFEE, THE ESTATE OF C	\$0.00	\$0.00	0.00
I3	3240	NR ITO UNUSED	102234	DURFEE, THE ESTATE OF C	\$0.00	\$0.00	0.00
I3	0010	REGULAR PAY	102234	DURFEE, THE ESTATE OF C	\$0.00	\$0.00	0.00
I3	6100	EE UNUM LTD	102234	DURFEE, THE ESTATE OF C	\$0.00	\$0.00	0.00
I3	3220	NR CASH HEALTH	102234	DURFEE, THE ESTATE OF C	\$0.00	\$0.00	0.00
I3	3310	NR LTD	102234	DURFEE, THE ESTATE OF C	\$0.00	\$0.00	0.00
I3	0280	EXTRA PAY	102234	DURFEE, THE ESTATE OF C	\$0.00	\$0.00	0.00
I3	6150	EE LTD INS	102234	DURFEE, THE ESTATE OF C	\$0.00	\$0.00	0.00

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MISCELLANEOUS PAY

Check for Auto Paid Miscellaneous Pay and inactivate any misc. pay or change:

One Time Rule: to 'Stop Norm; Pay/Refund this', if it should be paid in final check.

Calculate misc. pay/vacation pay/etc. owed to employee (if applicable) and pay in time entry on the flat rate tab.

REGULAR PAY

Calculate the regular pay owed to the employee. Enter this amount in Time Entry on the flat rate tab along with retirement hours owed (if applicable) to the pay Item added in Pay Item Mgr.

DEDUCTIONS:

Stop voluntary deductions. If employee has direct deposit, it's up to the district to leave direct deposit on or turn off direct deposit and produce a paper check. Check for partial direct deposits and inactivate if necessary.

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PAY EXECUTE:

Make sure to check this employee is in the 'Get employees list'

*Payable name reads: To the Estate of....

*NO Federal Tax is being withheld

*NO State Tax is being withheld

*FICA OASDI and Medicare are being withheld

*Gross Pay is correct

*No Voluntary deductions are active

*Employee is receiving a check and not a direct deposit voucher (if applicable)

3 and 2 WAY BALANCING REMINDER!

Remember when you are completing the 3 way balancing spreadsheet - The gross pay for this employee is not included in the Federal or State taxable earnings. These wages will be added to the list based on what you did in pay item manager on a separate line in the balancing worksheet for Federal Taxable Gross.

AFTER THE FINAL PAYMENT IS ISSUED:

- ▶ Keep screen print of final check in a 'Tickler' Folder for W2/1099 Purposes
- ▶ Enter in a Termination date and reason in the EMPLOYEE LIFE CYCLE

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Per IRS Publication

Instructions for Forms W-2 and W-3:

Deceased employee's wages. If an employee dies during the year, you must report the accrued wages, vacation pay, and other compensation paid after the date of death. Follow the instructions below even if you reissued the deceased employee's uncashed paycheck in the name of his or her estate or beneficiary

If you made the **payment in the same year that the employee died**, you must withhold social security and Medicare taxes on the payment and report the payment on the employee's Form W-2 only as social security and Medicare wages to ensure proper social security and Medicare credit is received.

On the employee's Form W-2, show the payment as social security wages (box 3) and Medicare wages and tips (box 5) and the social security and Medicare taxes withheld in boxes 4 and 6. **Do not show the payment in box 1.**

If you made the **payment after the year of death**, do not report it on Form W-2, and do not withhold social security and Medicare taxes.

Whether the payment is made in the year of death or after the year of death, you also must report it in box 3 of Form 1099-MISC, Miscellaneous Income, for the payment to the estate or beneficiary. Use the name and taxpayer identification number (TIN) of the payment recipient on Form 1099-MISC.

Example. Before Employee A's death on June 15, 2011, A was employed by Employer X and received \$10,000 in wages on which federal income tax of \$1,500 was withheld. When A died, X owed A \$2,000 in wages and \$1,000 in accrued vacation pay. The total of \$3,000 (less the social security and Medicare taxes withheld) was paid to A's estate on July 20, 2011. Because X made the payment during the year of death, X must withhold social security and Medicare taxes on the \$3,000 payment and **must complete Form W-2 as follows:**

Box A: Employee A's SS#

Box B: Employee A's Name

Box F: Employee A's Address

Box 1: 10000.00 (Does not include the \$3,000 wages and accrued vacation pay)

Box 2: 1500.00

Box 3: 13000.00 (Includes the \$3,000 wages and accrued vacation pay)

Box 4: 806.00 (6.2% of the amount in Box 3)

Box 5: 13000.00 (includes the \$3,000 wages and accrued vacation pay)

Box 6: 188.50 (1.45% of the amount in Box 5)

• Employer X also must complete Form 1099-MISC as follows:

Box for: Recipient's Name

Box for: Recipient's Address

Box for: Recipient's TIN

Box for: The Estate's Name

Box for: The Estate's Address

Box for: The Estate's TIN

Box 3: 3000.00 (Even though amounts were withheld for social security and Medicare taxes, the taxable gross amount is reported here (if there are ORS deductions, the gross is different than the taxable gross pay).