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In observance of Labor Day, PenSoft will be closed Monday, September 7th.

In observance of Thanksgiving Day, PenSoft will be closed Thursday & Friday, November 26th & 27th.



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## Reduce the Confusion

### Learn More About FUTA and Credit Reductions

The first official government unemployment program was established through the Social Security Act in 1935. The program spans the federal and state governments. These organizations work together to provide unemployment assistance to all qualified out of work

Americans. The Federal Unemployment Tax Act (FUTA) imposes a federal tax used to fund the administrative costs of individual state workforce agencies. In addition, the federal portion of extended benefits is paid. In the event of a high unemployment situation, the states can use extended benefit funds. Loans to insolvent unemployment trust funds are also paid.

### FUTA Reporting

Employers report FUTA tax annually using Federal Form 940, available for printing in PenSoft Payroll. Every qualifying employer is subject to a payroll tax based on a specified percentage of the first \$7000 of wages per employee each calendar year. The 2009 tax rate is 6.2%. This

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**FUTA**  
FUTA provides for payments of unemployment compensation to workers who have lost their jobs.

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tax can be reduced by a credit for the amount the employer has paid for state unemployment taxes. As long as the taxes paid to both the State Unemployment Tax Agency (SUTA) and FUTA were paid timely and in full, the 2009 FUTA tax credit is 5.4%. This results in a taxable rate of .8% for the first \$7000 of wages per employee.

See **FUTA**, page 3

## EEOC

The Equal Employment Opportunity Commission (EEOC) reports the largest annual increase in claims since their inception in 1985. Could your company be at risk?

Compliance with government agencies & regulations is not what most employers prefer to focus their time and money on. But, non-compliance and failure to report accordingly can be more costly than the tools you can purchase to streamline the process. If you should have any doubts regarding the cost of non-compliance, we suggest you review the list of recent fines and settlements published by the EEOC.

A notice of an audit or review can be a hardship on your company especially if your organization has not effectively kept up with records of applicants relative to minority or veteran status, and the hires for these various groups, including the reasons for the hires.

### Employment Information Report (EEO-1)

The EEO-1 Report is filed annually with the U.S. Equal Employment Opportunity Commission's EEO-1 Joint Reporting Committee. It provides a breakdown of the employer's work force by race and gender. The filing deadline for the 2009 EEO-1 Survey is September 30, 2009.

Small employers are not required to file EEO-1 reports unless they:

- employ 100 or more employees
- employ 50 or more employees and have Federal contracts totalling \$50,000 or more.

Visit [www.eeoc.gov](http://www.eeoc.gov) to see if you have to comply. The EEOC provides information on the federal laws, regulations and guidelines for small businesses.

PenSoft Employee Tracker™ will help you manage your hiring process while automatically collecting

See **EEOC**, page 4



Leroy Newman  
President & CEO

## President's Corner

### PenSoft Shopping Cart

Resulting in a better online order process, we recently released a major upgrade to our website. Customers can now choose multiple products on a single order. Because we fully integrated the shopping cart with our customer database, when registered users enter, it will be preloaded with suggested renewal products. For example if a registered user had the 2009 PenSoft Payroll Professional edition for 51 to 100 employees, the cart would suggest the same product and employee level for the 2010 renewal. Additionally, comparable 2010 Employee Tracker software and 2009 tax forms are suggested. Of course the suggestions can be changed and/or removed by the user. We hope this provides a better online shopping experience for our customers.

### 2010 Software

As we develop 2010 PenSoft Payroll and 2010 PenSoft Employee Tracker we are mindful of customer suggestions as well as the new functionality needed for integration with future PenSoft products. We are working on a number of projects to enhance our customers' payroll and business management processes and will keep you posted as these projects are completed.

### Address Corrections

If you have moved since ordering 2010 PenSoft Payroll, 2010 PenSoft Employee Tracker or 2009 W-2 or 1099 forms, please be sure we have your new address prior to the respective shipping dates. Updating your address with us will avoid shipping delays and get these time sensitive products to you on time.

### Form 940 Credit Reduction

Due to current high unemployment rates some states will be assessed a FUTA credit reduction this year resulting in higher FUTA taxes on employers in those states. The 2009 PenSoft Payroll Form 940 will be updated and distributed later this year with the state specific calculations included. Be sure to install all quarterly updates when notified to ensure you have the latest information.

### CONGRATULATIONS!!!!

After recently becoming Certified Payroll Professionals (CPP) both Reshaud Anthony and Andrea Mitchell sat for and passed our Level II Support exam and have been promoted to Level II Program Consultants.

Our longest term Program Consultant, Jillian Robinson a CPP and Level II Program Consultant, sat for and passed our Level III Support exam and has been promoted to a Level III Program Consultant.

We applaud the dedication of these employees and their efforts to improve themselves and their expertise in supporting our customers.

### Employee Milestones

Debbe Taylor reached the five-year milestone with PenSoft. A professional and dedicated programmer, she is responsible for the development and maintenance of our customer database. Thanks Debbe! We look forward to many more years.

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## Year-End Webinars

PenSoft Year-End webinars qualify for continuing professional education with the Department of Treasury-IRS. Earn two credit hours of CPE.

The Year-End Webinar will be held at 2:00 pm Eastern Time on the following dates:

- November 3rd
- November 5th
- November 10th
- November 12th
- November 17th
- November 19th
- November 24th
- December 1st

**HURRY!** Space is limited, and seats fill up quickly. Call 888-PENSOFT(888-736-7638) to sign up. Training is only \$99 per phone connection!

## Don't Miss Out on Quarterly Training!

Dates are still available:

- September 14-15
- December 7-8

Register TODAY! Register online at [www.pensoft.com/training/payrolltraining\\_registration.aspx](http://www.pensoft.com/training/payrolltraining_registration.aspx) or call 888-PENSOFT (888-736-7638).

Considering training for 2010? Look for 2010 training dates in the Winter Newsletter!

### Tips

#### Employee Tracker™

PenSoft's new employee management software, Employee Tracker, provides users the ability to generate multiple government reports including the New Hire Report, Form W-4, and Form I-9.

#### COBRA

Employer COBRA payments can be entered directly onto the Form 941. Generate the Form 941 for the quarter, click Setup, and click COBRA Payments. Payment information entered will appear on Line 12a as a credit.

#### Consolidated Reporting

Do you have multiple companies with a single federal ID number and need to combine payroll data into a single federal or state quarterly report? PenSoft Payroll offers Consolidated Reports in the Platinum and Accounting Editions.

#### Electronic Forms

PenSoft Payroll Professional Edition and higher offer the ability to electronically file Forms W-2 with the Social Security Administration. Use the 4-Up W-2 forms for the employee copy of the Form W-2. The 4-Up forms save time and money during the year-end processing.

#### Business Services Online

The Social Security Administration requires Business Services Online (BSO) users to register for a User ID and password. The registration information no longer needs to be renewed every year, but the SSA will reset the password after 90 days of inactivity.

### FUTA, continued from page 1

During stable economic times, the State Unemployment Insurance (SUI) taxes collected are larger amounts than what is distributed to unemployed individuals. This is due in part to lowered unemployment statistics. A resulting surplus occurs, and the money is set aside for use during a recession. Occasionally, however, an economy can fall into an extended or slightly more severe recession. In this case, the state's surplus funds may be depleted before the economy has righted itself. The federal government can then provide funds to the state in the form of a loan to continue to support the unemployment needs of the people.

### Increased FUTA Tax

These loans are regulated by FUTA. There are certain requirements and rules applied to the federal loans all states must follow. The repayment period is generally two years, with the cutoff date in November of the designated year. If the loan has not been paid in full before the grace period ends, the state is assessed a FUTA Tax Credit reduction. This goes against the 5.4% credit currently in force causing an increased tax liability for each employer in the state. The reduction amount will depend on circumstances including amounts already paid, the good faith effort to pay the remainder of the loan, and other factors. This reduction will appear on line 10 of Form 940, and the additionally assessed amount will be payable with the annual payroll liabilities.

PenSoft strives to ensure the latest tax advisories and updates are implemented in the payroll software as they are released. Research is regularly performed to maintain the integrity and accuracy of the software. PenSoft is also a member in good standing of the National Association of Computerized Tax Processors (NACTP). When the state agencies scheduled for a FUTA tax credit reduction are announced, the software programmers update the Form 940.

FUTA Tax Credit reduction amounts may be small, but they are no small matter. Usually this is an indicator of a bigger problem brewing in the economy. Time and effort are needed to ensure the state is correctly added to the FUTA Form and the Schedule A, and the calculations for the additional liability are accurate. PenSoft takes the guesswork and the additional work out of the equation. With sophisticated formulas and true to life reproductions of the tax forms, companies turn to PenSoft during the threat of a FUTA Tax Credit Reduction for all their payroll and tax form preparation needs.

**Q.** Why am I always being asked to verify my name and company information when I call for Support?

**A.** PenSoft takes privacy and security of our customers seriously. Payroll data contains sensitive information and it is our objective to take steps to ensure it does not fall into the wrong hands. Verifying contact information helps in protecting our customers from unauthorized users obtaining support in accessing information from within the payroll software.

**Q.** Do I need to record my tax deposit payments in PenSoft Payroll?

**A.** Yes. Deposits recorded in PenSoft Payroll are applied to the specific reports designed to aid the user in reconciliation, quarterly report preparation, and general record keeping.

**Q.** How do I temporarily provide a physical check for an employee who normally receives direct deposit payments?

**A.** When processing the employee's payroll record mark the record to be removed from the direct deposit file.

- Enter the employee's payroll data.
- Click Direct Deposit on the payroll screen.
- Click Remove.
- Click Yes to confirm the removal of the payroll record from the direct deposit file.
- Click OK or Save & Next to save the record.

**Q.** Must a payroll record be deleted and re-entered to reprint a check destroyed by the printer?

**A.** No, payroll records are not affected by printing or re-printing checks in PenSoft Payroll. If not using preprinted stock, users can reset the original check number in the Next Check Number field and click Print again. Otherwise continue with the next check number.

**Q.** When can I modify a payroll record?

**A.** Payroll records can be modified at any time. Subsequent payroll records will be affected and will require a records repair to ensure the accuracy of tax reports and liability amounts. If you have already filed your tax reports, rerun the reports to determine if you will need to file any amended returns.

**Q.** Since the minimum wage increased on July 24, 2009 to \$7.25, does this mean the tip rate should also increase?

**A.** The wage rate for tipped employees did not increase as a result of the increased minimum wage rate. Employers are still required to pay tipped employees minimum wage, so if the employee's tips plus the hourly rate does not meet minimum wage, the employer must pay the difference. The new tip credit as of 7/24/09 is \$5.12 (\$7.25-\$2.13).

## EEOC, continued from page 1

EEOC data from your applicants so you can effortlessly prepare the EEO-1 Report and VETS-100 Report. It will streamline recordkeeping for employment decisions such as hiring, promotions, transfers, raises, and terminations.

Register for a 30 day free trial of PenSoft Employee Tracker and see how we can help your organization collect EEOC data and comply with EEO -1 Reporting requirements.

## 2010 Software Renewals & Tax Forms

Don't forget to renew for 2010 to have access to the software as soon as it is available. Prepaid 2010 software orders ship December 14, 2009 via UPS Next Day Air Saver.

### NEW FOR 2010!

We now are offering a \$0 shipping option for 2010 renewals! Download the 2010 product and all updates.

Use your enclosed renewal notice to renew **TODAY!**

### Tax Forms

Be ready for year-end by ordering your tax forms, too! Prepaid 2009 forms ship on or before November 16, 2009 via UPS Ground. Look on the back of your renewal notice for the full offering of tax forms we have available.

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