Spring User Group Meeting

Keith Perkins, CPA 318.213.0375 x106 keith@ascgllc.com



UGM-Topics

- Review Changes from last UGM
- Sage Product rebranding and where ASCG
- New Features in Mas v4.5/Abra Update
- Demonstrate SageCRM integration with Mas
- Utilities, Document Management, and paperless



User Group Meeting From Last Changes Review



Magnetic Media for LA SUTA:

Commission is requiring electronic filing for employers with > 100 EE's after 01/01/2012. The Louisiana Workforce

Starting in 2014, ALL employers are required to file electronically.



New Health Care Law

- Code DD was added last year to W-2 Box 12.
- Sage has no plans to currently to make any other changes regarding this.
- Pending before the Supreme Court and a ruling is expected in June.



and where ASCG fits into Sage Product Rebranding the products



Product Rebranding-most popular

Old Name

New Name

Sage 100 Standard ERP

Sage 100 Advanced ERP

Mas 200

Mas 90

Sage 100 Premium ERP

Sage HRMS Mas 200 SQL

Abra HRMS

Sage Fixed Assets **FAS Fixed Assets**

Sage CRM SageCRM Accounting
Systems
Consulting
Group, LLC

Sage MAS 90 & 200 User Group Meeting 05.08.2012

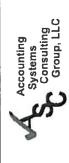
Where does ASCG fit?

- All of the products on the rebranding slide are primary products we carry,
- We do have access to the entire Sage product line though,
- non-Sage products (ex: TimeStar T&A) and services (ex: Credit card processing) and We also represent a number of Sage all are listed on our website.



New Features Mas v4.5/Abra Update

- National Accounts Feature
- options and rules + Earnings button New payroll deduction calculation
- Price level by customer and product ine
- Auto create PO from SO Entry-Control with auto generate defaults



Mas 4.5

- Split commission by salespersons
- Lot/Serial allocation in SO Entry
- Flexible unit pricing
- Enhanced Job Cost/Sales Order integration
- **CRM** improvements



And for Sage Abra HRMS

- Current version is 9.1
- www.sagesource.com
- SSN masking is now in place for all reports and queries
- view current benefits, pay history, Time homepage updated and employee can off summary, and recent messages. Employee Self Service (ESS)



Demonstration Sage CRM integrated with Mas



- Key data integration points between SageCRM and Sage MAS 90 and 200 include:
- Customer profile information (ship to/bill to address, email, phone, status, etc)
- Key contact profile information
- Item and pricing information
- Quote and order information
- Account history (orders, invoices, credit history)



- Visibility into Account History
- The ability to view Sage MAS 90 customer account history including orders, invoices, credit history, etc.
- Insights Explorer which provides ability to - Leverages Sage MAS 90 v4.x Business navigate, sort, query and drill down
- Back office data available to front office workers



- Real-time Pricing and Inventory Availability
- prospects and customers using the Sage Manage the opportunity pipeline for both MAS 90 and 200 Sales Order module to generate quotes and orders
- sales user is placing the quote or order for inventory availability in real-time as the Accurate pricing and visibility into the customer



- Seamless Prospect to Customer Processing
- promoted to a customer at the same time closes, they officially become a customer that the quote is promoted to an order in in the SageCRM system and they are When an opportunity for a prospect the Sage MAS 90 or 200 system.
- streamlines the new customer process Eliminates dual data entry and

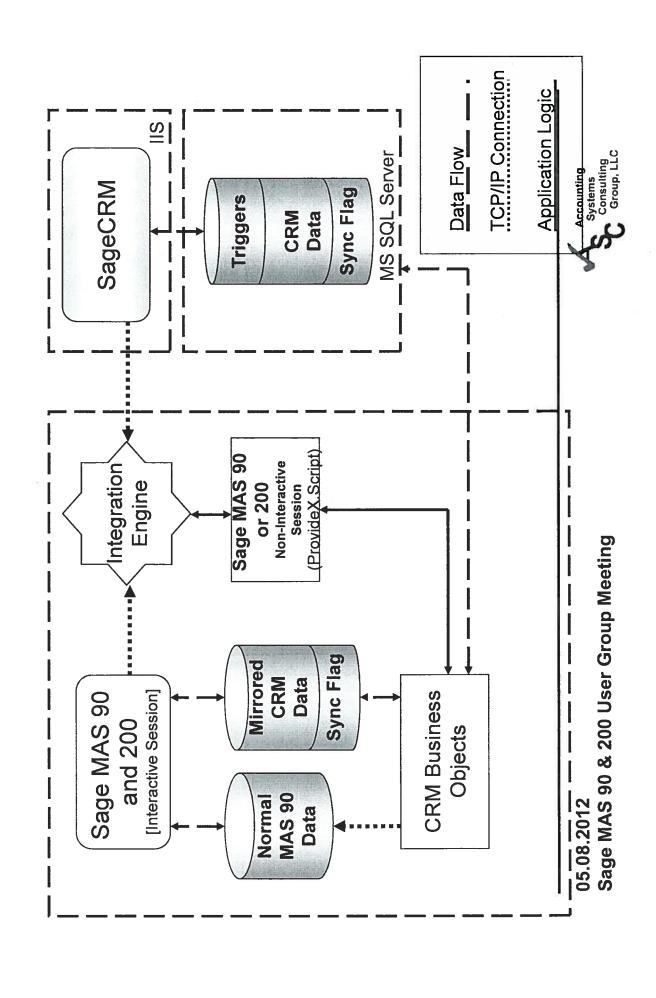


- Synchronization of Information Real-time Bi-directional
- information is synchronized between the - Whenever a change is made, the two systems in real time
- The bi-directional synchronization is configurable at the system level



- Sage CRM has mobile functionality
- Sage CRM has social media functionality
- Visibility throughout the organization as opposed to everyone using their own interpretation of a CRM.





Utilities, Document Management, and Paperless

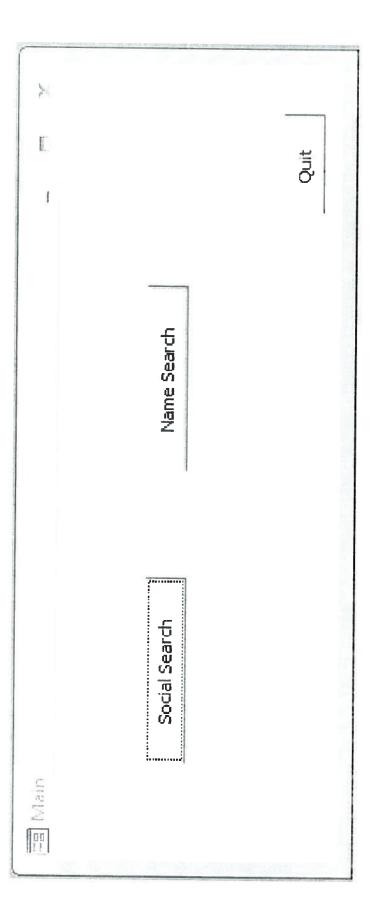
- Shane employee search from archive
- Acom's EZCabinet for Mas document management solution
- Paperless Office is native in Mas.
- APACH and PR direct deposit.



Employee Search

- terminated employees after year close. MAS will remove the name from
- Makes it difficult for companies with high turnover.
- What about those calls for employee history?
- information on a particular employee? Which archive company contains the







34 Quit E Search 666666666 Enter Social Security Number (no dashes) Back To Main



01/01/2012 John Doe Record: M 1 of 1 99999999

02/01/2012 Stealing office Supplies

Reason

HireDate → Termination →

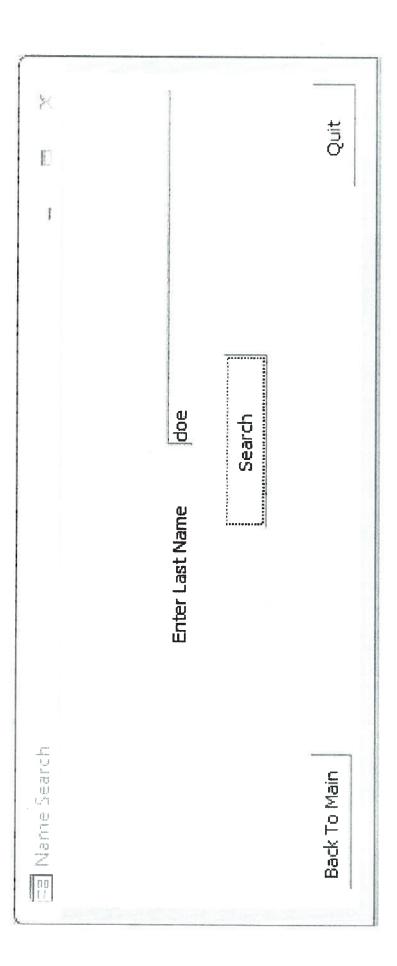
SocialSecuri - LastName - FirstName -

The Social Search

Accounting Systems Consulting Group, LLC

Sage MAS 90 & 200 User Group Meeting 05.08.2012

& All Files Search





1 01/01/2012 02/01/2012 Stealing office Supplies Reason HireDate • Termination • FirstName • SocialSecuri • Search 99999999 ALIE ALIE _ _____ John LastiName • 1 of 1 Thamesearch Record: 14 Doe



Services We Provide Continued

Services we provide:

Integrations and workflow management Operational support and consulting Training and User Group Meetings Merchant Services (Credit Cards) Technical support and upgrades Payroll Paycards



Questions? User Group Meeting Suggestions?





Sage MAS 90 and MAS 200 User Group Meeting

May 08, 2012 Spring User Group Meeting

- 1. Registration 11:45 12:00
- 2. Presentation 12:00 1:30

 Presenter: Keith Perkins, CPA **ASC Group**
 - Review changes from December UGM
 - Sage product rebranding and where ASCG fits in
 - New features in Mas version 4.5 and Abra update
 - Demonstrate SageCRM integration with Mas
 - Utilities, document management, and paperless

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Required Electronic Filing and Possible Penalties

R.S. 23:1531.1, effective June 22, 2007, requires employers to file wage and tax reports electronically. Employers reporting 100 or more employers MUST file electronically after Jan. 31, 2012. ALL employers will be required to file electronically for reports due after Jan. 31, 2014. An employer may apply for a waiver from online filing with the LWC executive director.

Wage reports submitted in an improper format and/or missing Social Security numbers are not acceptable. R.S.23:1538(A) authorizes the LWC to assess penalties for failure to submit timely, accurate and complete quarterly wage and tax reports in the manner approved by the Program Administrator. Penalties start at 5 percent of the total amount due for the quarter or \$25, whichever is greater, if the failure is for 30 days or less. For each additional 30-day period that the failure continues, an additional penalty will be assessed equaling 5 percent of the total amount due for the quarter or \$25, whichever is greater. Total penalty cannot exceed 25 percent of the amount due for the quarter or \$125, whichever is greater.

External links open new windows not controlled by the Louisiana Workforce Commission. Contact us at (225) 342-3111 | TDD (800) 259-5154 | SITE COMMENTS Equal Opportunity Employer/Program | Auxiliary and and services are available upon request to individuals with disabilities. This page was last updated on January 11, 2012.











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HRIS News & Blog / Payroll News / Human Resources (HR) News / Time & Attendance News / Outsourcing vs. In House: News & Information / Optimum News / Government Compliance Regulations / Reporting Employer-Sponsored Health Coverage on Form W-2: Interim Guidance from the IRS

REPORTING EMPLOYER-SPONSORED HEALTH COVERAGE ON FORM W-2: INTERIM GUIDANCE FROM THE IRS

April 7 2011

It was announced March 30, 2011 that the IRS issued Notice 2011-28 giving interim guidance on reporting employer-sponsored health coverage on Form W-2. On March 23, 2010, the Patient Protection & Affordable Care Act of 2010 was enacted that will require employers to report the aggregate cost of health plans. This was to be effective for the calendar year 2011 reported in 2012, but was delayed. Employers were still given the option to begin reporting the coverage at this time, although it was not required, however it will be required beginning calendar year 2012 reported in 2013.

The Form W-2 added a new box code DD for box 12 for reporting the employer-sponsored healthcare costs. This coverage amount is not taxable to the employee but is only reported on Form W-2 for information to the employee. The IRS has provided valuable information in a question and answer format. View the Employer-Provided Flealth Coverage Informational Reporting Requirements: Frequently Asked Questions on the IRS website.

To determine what must be reported on the form W-2, we need to understand the definitions of the coverage to be considered, what is to be included and how to calculate the amounts.

First, let's determine what coverage is to be reported in box 12. The coverage is for group health coverage that is offered by an employer to its employees. The coverage will include both the employee and employer contributions. This may be either pre-tax or after tax.

What Should NOT be included as Health Coverage

The following are not considered health coverage and should not be included:

- Employee flex spending account (FSA) contributions
- Amounts contributed to an Archer or HSA account
- Accident or Disability Insurance
- Supplemental liability insurance
- General liability or automobile liability insurance
- Workers compensation or similar insurance coverage
- Automobile medical payment insurance
- Credit only insurance
- ... Long term care coverage
- Government provided coverage
- Dental or vision that is not part of a group health plan

What Should be included as Health Coverage

The following itmes should be considered in reporting employer-sponsored group health coverage:

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TIME & ATTENDANCE NEWS

OUTSOURCING VS. IN HOUSE: NEWS & INFORMATION

OPTIMUM NEWS

GOVERNMENT COMPLIANCE REGULATIONS

- FSA or HSA match from the employer
- FSA amounts that are greater than the federal limit for the plan year

Who's Excluded From Reporting on the Form W-2?

Those groups or individuals that would be excluded from reporting the health coverage on the Form W-2 include:

- Employers who filed less than 250 Form W-2's the prior year
- Self insured employers that are not subject to the COBRA continuation
- On W-2 for employees that terminate before the end of the calendar year and request their W-2 early
- Related companies that fall under a common paymaster. The common Paymaster would be required to report this information
- Those who do not normally receive a W-2 For example: Retirees

The next item to be considered is how to calculate the amount to be reported on the Form W-2 in box 12 with code DD. Self insured employers can use either the actuarial method or the past cost method for the 12 month calendar year, as long as the calculation used is consistent for all employees and uses a calculation that shows

The coverage to be reported should include both the employee and employer premium amounts for the full calendar year. This is not the health premium year of the employer-sponsored plan.

Methods of Payment

There are several methods of payment:

Premium charge method

reasonability

This would be the full premium amount charged by the insurer for the full 12 month period for each employee. If an employee is only with the company a portion of the year, it would be for that number of months.

Modified COBRA Premium method

- 1. The employer subsidized COBRA cost only report the insured's cost
- 2. The amount cannot exceed the actual coverage amount per month For example if an employee has self coverage for \$350 per month and the employer charges the additional 2% (\$350 * 102% = \$357) the employee amount to be reported would be \$350
- When determining the amount to report remember it is a good faith estimate that would calculated the same for each employee
 - For example self coverage is \$500 per month and the employee is only charged \$350, the full \$500 must be reported

Composite Rate Calculation

- If all employees are charged the same premium regardless of the number of dependents covered, the amount reported can be one rate for all employees
- If the health plan has different types of coverage for the same amount, charge the same amount per coverage type

For example, self-coverage is \$350, family is \$500, then charge \$350 for all self-coverage and \$500 for all family coverage

Other considerations to be aware of include increases or decreases in the premium amounts within a year. For example:

If the first 6 months is \$350 and the last 6 months is \$400, then the reported amount would be \$350 * 6 + \$400 * 6 = \$4,500

Also, if an employee changes from single to family coverage, the reportable amount would be the single rate for the number of months at that rate plus the family rate for the remaining months in the

year, or the old rate could be used for the entire year or the new rate for the entire year, just be consistent.

The bottom line is to always treat each individual the same and make a good faith effort to be reasonable with the way the amounts are calculated for reporting.

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IRS Issues Interim Guidance on Informational Reporting of Employer-Sponsored Health Coverage

Reporting is Voluntary for All Employers for 2011 and Small Employers for 2012

IR-2011-31, March 29, 2011

WASHINGTON — The Internal Revenue Service today issued interim quidance to employers on informational reporting on each employee's annual Form W-2 of the cost of the health insurance coverage they sponsor for employees. The IRS is also requesting comments on this interim guidance. The IRS emphasized that this new reporting to employees is for their information only, to inform them of the cost of their health coverage, and does not cause excludable employer-provided health coverage to become taxable; employer-provided health coverage continues to be excludable from an employee's income, and is not taxable.

The Affordable Care Act provides that employers are required to report the cost of employer-provided health care coverage on the Form W-2. Notice 2010-69, Issued last fall, made this requirement optional for all employers for the 2011 Forms W-2 (generally furnished to employees in January 2012). In today's guidance, the IRS provided further relief for smaller employers (those filing fewer than 250 W-2 forms) by making this requirement optional for them at least for 2012 (i.e., for 2012 Forms W-2 that generally would be furnished to employees in January 2013) and continuing this optional treatment for smaller employers until further guidance is issued.

Using a question-and-answer format, Notice 2011-28 also provides guidance for employers that are subject to this requirement for the 2012 Forms W-2 and those that choose to voluntarily comply with it for either 2011 or 2012. The notice Includes information on how to report, what coverage to include and how to determine the cost of the coverage.

The 2011 Form W-2, prior IRS Notice 2010-69 deterring the reporting requirement for 2011, and Notice 2011-28 containing the new guidance are available on IRS.gov.

Related Items:

- Employer Provided Health Coverage Informational Reporting Requirements. Frequently Asked Questions
- YouTube Video: Health Care: W-2 Health Insurance Reporting: English

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Page Last Reviewed or Updated: May 01, 2012

CRM = Customer

Relationship Management

- Personal Workspace
- Contact Management
- Companies
- Persons
- Contact information
- Other details
- Sales Force Automation
- Opportunity Management
- Forecasting
- Team Management
- Marketing Automation
- Campaign Management
- ROI Analysis

- **Customer Care Automation**
- Customer Service
- Technical Support
- Case Management
- Knowledge Base
- Interaction Management
- Multi-channel communications
- Business Process Automation
- Workflow
- Alerts, notifications
- Reports / BI



Deduction Code Maintenance - Fields

Home | FAQs & Troubleshooting

> Deduction Code Maintenance

■ Show/Hide All

Deduction Code

Enter the deduction code representing the deduction type you want to add or maintain, or click the Lookup button to list all deduction codes.

Deduction code 01 must be used for Tips Reported. This is a permanent record and cannot be deleted. If your payroll requires tip reporting, see Allocating Tips.

Deduction code FB is a permanent record and cannot be deleted. For more information, see Fringe Benefits.

When an earnings code with a fringe earnings type is entered in Payroll Data Entry, an offsetting line with an FB deduction code is created automatically to deduct the line amount from the net check amount. The fringe benefit information will be printed in the box labeled "Benefits included in Box 1" on your W-2 forms.

Description

Type a description for the deduction (credit union, insurance, etc.).

Deduction Type

Select the deduction type to use for this deduction code.

Employer contributions are entered as deductions in this task and are entered in Payroll Data Entry using the normal deduction procedures. The contribution amount, however, is not subtracted from the employee's check. Instead, the amount is debited to the contribution expense account and credited to the deduction accrual account.

The amount deducted from either the pension plan or cafeteria plan can reduce the employee's taxable wages based on the tax information specified at this field.

After deductions have been posted for a deduction code, the code cannot be deleted until year-end processing has been completed.



Calculation Method

Select the calculation method to indicate how this deduction should be calculated.

- Select Fixed Amount to enter a flat dollar amount. If you select this method, enter the dollar amount at the Standard Amount/Rate field.
- Select Percentage of Gross to calculate a percentage of gross wages. Enter the percentage rate at the Standard Amount/Rate field.
 - Example

The employee earns 500.00 in gross wages. You enter 5.00 at the Standard Amount/Rate field. The deduction will calculate as follows:

$$.05 * 500.00 = 25.00$$

- Select Based on Reg Hrs Worked to calculate a deduction amount by multiplying an amount by the number of regular hours worked. Enter the amount at the Standard Amount/Rate field.
 - Example

The employee works 40 regular hours, and you enter 2.00 at the Standard Amount/Rate field. The deduction will calculate as follows:

2 * 40 = 80.00

Select Based on Total Hrs Worked to calculate a deduction amount by multiplying an amount by the
total number of hours, including regular, overtime, sick, vacation, and so forth. Enter the amount at the
Standard Amount/Rate field.

Example

The employee worked 32 regular hours and has 8 sick hours and 40 vacation hours. You enter .75 at the Standard Amount/Rate field. The deduction will calculate as follows:

$$(32 + 8 + 40) * .75 = 60$$

 Select Percentage of Net Wages to calculate the percentage of net wages (gross wages minus all tax deductions). If you select this method, enter the percentage rate at the Standard Amount/Rate field. This method is useful for calculating garnishment deductions. This method is not available for pension plan and cafeteria plan deduction types.

Note When a deduction calculated using this method causes the check amount to be negative, the deduction amount will be adjusted so that the check amount is zero.

Example

The employee earns 300.00 in net wages. You enter 5.00 at the Standard Amount/Rate field. The deduction will calculate as follows:

$$.05 * 300 = 15$$

Select Equal to Earnings Code(s) to calculate a deduction amount equal to the earnings amount for up
to three specified earnings codes. This method should be used only if you do not want to include certain
earnings amounts on the paycheck. If you select this method, enter up to three earnings codes at the
Equal to Earnings Code fields.

■ Example

Earnings code 09 (Meals) is used to record employee meal earnings for tax calculation purposes, and you do not want the meal amounts to add into the employee's net pay amount. Automatically deduct the meal allowance by establishing a deduction using this calculation method, and enter 09 at the Equal to Earnings Code field.

 Select Based on Reg + OT Hrs to calculate a deduction amount by multiplying an amount by the number of regular hours worked plus the number of overtime hours worked. Enter the amount at the Standard Amount/Rate field.

■ Example

The employee works 40 regular hours and 10 overtime hours, and you enter 2.00 at the Standard Amount/Rate field. The deduction will calculate as follows:

$$(40 + 10) * 2 = 100.00$$

Select Based on Paid Hrs to calculate a deduction amount by multiplying the number of hours by the
pay rate multiplier entered in <u>Earnings Code Maintenance</u> and then multiplying the total by the amount
entered at the Standard Amount/Rate field.

Example

The employee has 40 regular hours with a multiplier of 1, 10 overtime hours with a multiplier of 1.5, and 1 double-time hour with a multiplier of 2. You enter 3 at the Standard Amount/Rate field. The deduction will calculate as follows:

$$((40 * 1) + (10 * 1.5) + (1 * 2)) * 3 = 171.00$$

Select Percentage of Total Hrs to calculate a deduction amount by multiplying a percentage rate by pay
rate 1 entered in <u>Employee Maintenance</u> and then multiplying that amount by the total hours worked.
Enter the percentage rate at the Standard Amount/Rate field.

■ Example

The employee has 46 total hours with a pay rate 1 of 25.00. You enter 5.00 at the Standard Amount/Rate field. The deduction will calculate as follows:

$$(.05 * 25) * 46 = 57.50$$

 Select Based on Pay Rate to calculate a deduction amount by multiplying an amount by either pay rate 1 or pay rate 2. Enter the amount at the Standard Amount/Rate field, and select the pay rate at the Pay Rate to Use field.

Example

The employee's pay rate 2 is 10.00. You select Pay Rate 2 at the Pay Rate to Use field and enter 2.50 at the Standard Amount/Rate field. The deduction will calculate as follows:

 Select Percentage of Deduction to calculate a deduction amount by multiplying a percentage rate by another deduction amount. Enter the percentage rate at the Standard Amount/Rate field, and select the deduction code to be used in the calculation at the Deduction Code to Use field. This method is available only if Employer Contribution is selected at the Deduction Type field.

Example

The employee has a deduction amount of \$100 using deduction code 06 in Payroll Data Entry. You enter 5.00 at the Standard Amount/Rate field and enter deduction code 06 at the Deduction Code to Use field. The deduction will calculate as follows:

$$.05 * 100 = 5.00$$

When you print the Deduction Code Listing, the following codes will print on the listing to show which calculation method is selected for each deduction:

Calculation Method	Code
Fixed Amount	Α
Percentage of Gross	Р
Based on Reg Hrs Worked	R
Based on Total Hrs Worked	Н
Percent of Net Wages	N
Equal to Earnings Code(s)	Е
Based on Reg + OT Hrs	S
Based on Paid Hrs	1
Percentage of Total Hrs	Т
Based on Pay Rate	Υ
Percentage of Deduction	D

Standard Amount/Rate

If there is a standard deduction amount or rate, use the following table to determine the amount or rate to be entered based on your selection at the Calculation Method field.

Calculation Method	Standard Amount/Rate
Fixed Amount	Enter the fixed dollar amount.
Percentage of Gross	Enter the percentage of gross wages $(1.000 = 1\%, 1.500 = 1.5\%, etc.)$.
Based on Reg Hrs Worked	Enter the amount to be multiplied by the number of regular hours.
Based on Total Hrs Worked	Enter the amount to be multiplied by the total number of hours worked.
Percent of Net Wages	Enter the percentage of net wages (1.000 = 1%, 1.500 = 1.5%, etc.).
Equal to Earnings Code (s)	This field is not available if this calculation method was selected.
Based on Reg + OT Hrs	Enter the amount to be multiplied by the total of

regular and overtime hours.

Based on Paid Hrs Enter the amount to be multiplied by the product of

the total hours worked and the pay-rate multiplier.

Percentage of Total Hrs Enter the percentage rate to be multiplied by the

total hours (1.000 = 1%, 1.500 = 1.5%, etc.).

Based on Pay Rate Enter the amount to be multiplied by the selected

pay rate.

deduction amount (1.000 = 1%, 1.500 = 1.5%,

etc.).

If there is no standard deduction, enter 0. The amount (or rate) entered establishes the default deduction amount displayed when this deduction code is entered in an employee record or in <u>Payroll Data Entry</u>. The default amount can be changed at that time. This field is useful if all (or the majority) of employees have the same amount deducted for this deduction type (for example, insurance).

Standard Limit

Type a standard deduction limit, in terms of the dollar amount, for all employee records using this deduction code. The limit entered establishes the default deduction goal displayed when this deduction is entered in an employee record. Entering an amount of 0.00 assumes no dollar limit.

Reset Balance at Year End

Select this check box to retain employee deduction records, regardless of whether or not the limit is reached for the deduction code. The amount at the Ded. Balance field is reset to the amount at the Ded. Goal field in the <u>Voluntary Deduction Maintenance</u> window accessed in <u>Employee Maintenance</u>. Clear this check box if you do not want to reset the deduction balance at year end. This field is available only for pension plan deduction types that have a limit entered at the Standard Limit field.

W2 - Box 12 Code

Type the Box 12 code that applies to this deduction. Elective deferred compensation and other reported contributions must be printed in Box 12 on W-2 forms by using the one-character code or two-character code defined by the IRS for this deduction. For more information about current Box 12 codes, refer to the W-2 form instructions provided by the IRS.

Note When printing W-2 forms, you can select up to four Box 12 codes to be printed.

Deduction Code to Use

Enter the deduction code to use for the Percentage of Deduction calculation method, or click the Lookup button to list all deduction codes. This field is available only if Percentage of Deduction is selected at the Calculation Method field.

Note You cannot select a deduction code that uses the Percentage of Net Wages calculation method.

Pay Rate to Use

Select which pay rate to use for this deduction code. This field is available only if Based on Pay Rate is selected at the Calculation Method field.

Equal to Earnings Code

Enter up to three earnings codes for this deduction code, or click the Lookup button to list all earnings codes. These fields are available only if Equal to Earnings Code(s) is selected at the Calculation Method field.

Frequency of Deduction

Select the check box assigned to the pay period(s) of each month in which this deduction is to be applied automatically. For example, if a deduction is taken automatically every pay period, select the Every Pay Period check box. If the deduction is taken only when the deduction period specified in <u>Payroll Data Entry</u>

is 1 or 3, select the Pay Period 1 and Pay Period 3 check boxes. If the deduction is always entered manually during Payroll Data Entry, clear all check boxes.

The pay period(s) selected are matched with the period specified in Payroll Data Entry, and deduction entries are automatically generated for employees with this deduction code. A deduction can be entered manually in Payroll Data Entry for periods not selected for automatic deduction.

Automatically Apply Deduction to Earnings Code

Enter the earnings code that will be increased by the amount equal to the deduction amount when this deduction is applied. Click the Lookup button to list all earnings codes. The earnings code must have Fixed Amount selected at the Method of Entry field in Earnings Code Maintenance. Leave this field blank if you do not want any automatic earnings applied.

To apply a deduction amount to an earnings code, the deduction code must be set up as an automatic deduction in the employee record if you use the Automatic Payment Entry feature. If you enter payroll data manually, the Auto Ded check box must be selected in Payroll Data Entry.

This field is not available if Equal to Earnings Code(s) is selected at the Calculation Method field.

Example

Deduction Accrual Account

Enter the general ledger account number for posting amounts for this deduction code, or click the Lookup button to list all general ledger accounts.

If the account number is longer than the field, use the left and right arrow keys to view the entire account number.

Accounts can be created at this field if the appropriate settings are defined at the Auto Create when all Segments are Valid field in <u>General Ledger Options</u>.

Contribution Expense Account

Enter the general ledger contribution expense account number from the chart of accounts, or click the Lookup button to list all general ledger account numbers. This field is available only if Employer Contribution is selected at the Deduction Type field.

If the account number is longer than the field, use the left and right arrow keys to view the entire account number.

Accounts can be created at this field if the appropriate settings are defined at the Auto Create when all Segments are Valid field in <u>General Ledger Options</u>.

The Record Retention Guide





Prepared by . . .
The Massachusetts Society of
Certified Public Accountants, Inc.
Federal Taxation Committee

The Record Retention Guide

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The Record Retention Guide

INTRODUCTION

Businesses must maintain book and records so that an accounting of the business activities may be performed. Whether it be for an audited financial report, a compilation, a review, a tax return, or a specific management report, businesses must gather, summarize and analyze facts and figures to support reports, tax returns and conclusions. After the report is issued and/or the tax return is filed, the next important question is just how long must these business records be retained.

This handbook offers some guidance by providing a suggested time-frame to maintain records. It has been assimilated from several sources, including the basic IRS Regulation - 26 CFR 1. 6001-1, The Guide of Record Retention Requirements in the Code of Federal Regulations, as well as by reviewing and analyzing numerous record retention schedules.

Before finalizing an entity's record retention procedures, it is recommended that the IRS regulations, state and local government retention requirements and the AICPA's Filing and Record Retention Procedures Guide be reviewed.

Please note: The suggested retention periods shown are not offered as final authority, but as guideposts against which to compare your needs. There may be several situations, for historical or reference purposes, for example, that necessitate longer periods than legally required.

In addition, many specific industries require retention periods that are different than rated here for specific terms. In most cases, the period of retention listed in this guide provides a more conservative retention period.

Additionally, in all circumstances, be aware that the Materiality Rule under Treas. Reg. 1.6001-1, governs that all books and records must be maintained so long as they remain material in the computation of any tax.

Finally, if you are subject to the new rules promulgated by The Sarbanes – Oxley Act, SEC 17CFR, pay careful attention to section 210.2-06 which requires that work papers and other documents that form the basis of an audit or review, including memos, correspondence and email which contain opinions, analysis or financial data, including those that are inconsistent with the auditor's final opinion, be retained for a period of 7 years.

The reader should consult with more authoritative guidance when specific questions need answering.

Note: Please keep in mind that documentation may include all electronic files and memos. This can include, but is not limited to such items as emails, tax software files, general ledger files, ".pdf" files or any other form of information retention that is created and/or stored electronically.

Record Retention Guide for Business

ACCOUNTING SYSTEMS	SUGGESTED RETENTION PERIOD
Accounts Payable Ledger	7
Accounts Receivable Aging Reports	7
Accounts Receivable Ledger	7
Accounts Receivable Invoices	7
Accounts Written-off	7
Authorization - Accounting	5
Balance Sheets	P
Bank Reconciliations	7
Bank Statements	7
Bank Deposit Slips	3
Budgets	3
Canceled Checks	10
Cancelled Dividend Checks	P
Cash Book	P
Cash Disbursement & Receipt Record	P
Cash Sales Slips	7
Charge Slips	7
Charts of Accounts	P
Check Register	P
Expense Reports	7
Financial Statements	P
General Ledger	P
Investment - Sales/Purchases	P
Journal Entries	P
Petty Cash Records	7
Profit/Loss Statements	P
Purchase Order	7
Subsidiary Ledger	P
Trial Balance	P
Vendor Invoices	7
Voucher Check Copies	7
CORPORATE RECORDS	SUGGESTED RETENTION PERIOD
Amendments	P
Annual Reports	P
Articles of Incorporation	P
Audit Reports - Public	P
Audit - Internal	6
Board of Directors - Committee	P
Board of Directors - Minute Book	P
Bylaws	P
Capital Stock Certificates	P

CORPORATE RECORDS CONTINUED	SUGGESTED RETENTION PERIOD
Capital Stock Ledger	P
Capital Stock Transactions	P
Charter	P
Contracts - After Termination	P
Contributions	7
Correspondence - Accounting	5
Correspondence - General	P
Dividend Register and Cancelled Dividend Checks	P/155
Election Records	P
Financial Statements	P
Organizational Charts	P
Partnership Agreement	P
Stock Transfer Records	P
Stockholders - Minute Book	P
FIXED ASSETS	SUGGESTED RETENTION PERIOD
Depreciation Schedule	P/148 &155
Inventory Records	P
Plans and Blueprints	P/148
Plant Cost Ledger	P/148
_	P/148
Property Appraisals	P/148
Property Register Records for Property Subject to Depletion	P/152
ACCOUNTING FIRMS	SUGGESTED RETENTION PERIOD
Tax Return Preparers	4/157
Tax Returns Prepared	4/158
HUMAN RESOURCES	SUGGESTED RETENTION PERIOD
Accident Reports - Settled	7
Attendance Records	7
Dental Benefits	5
Disability Benefits - After Expiration/Settlement	7
Employee Medical History	7
Employment Application - Not Hired	3
Garnishments	5
Life Insurance Benefits	5
Medical Benefits	7
Pension Plan Agreement	P
Performance Record - After Termination	7
Personnel File - After Termination	7
Personnel Files - Current Employees	P
Profit Sharing Agreement	P
Safety Reports	5/193

HUMAN RESOURCES CONTINUED	SUGGESTED RETENTION PERIOD
Vacation Files	4/158
Workers' Compensation Benefits	10
Sick Pay	4/158
Family & Medical Leave	3/189-190
INSURANCE	SUGGESTED RETENTION PERIOD
Automobile Insurance Claims	10
Disability Insurance Claims - After Termination	7
Expired Insurance Policies	10
Fire Inspection Reports	6
Insurance Appraisals	6
Safety Records	6
Foreign Insurance Policies	3/163
LEGAL	SUGGESTED RETENTION PERIOD
Bill of Sale	P
Business Permits	P
Claims and Litigation Concerning Torts and Breach of	P
Contract	
Contracts - Employees	P
Contracts - Government	P
Contracts - Labor Union	P
Contracts - Special	P
Copyrights	P
Correspondence - Legal	P
Deeds/Titles	P
Leases/Canceled	10
Licenses	P
Mortgages	P
Notes Receivable - Canceled	10
Patents	P
Stock and Bond Record	P
Trademarks - Registered	P 149
PAYROLL	SUGGESTED RETENTION PERIOD
Contractors	3 years from date of completion of contract
Charles Barrell	385 & 182
Checks - Payroll	7
Commission Reports - Salesperson	6
Employee Withholding Exemption Certificates	10
Payroll Register	4/158
Payroll Records - After Termination	10
Salary History	8
Time Reports	7

PAYROLL CONTINUED	SUGGESTED RETENTION PERIOD
W-2 Forms	P
Vacation/Sick Pay	4/158
Large Food or Beverage Establishment Reporting Tips	
Employee Tip Substantiation	3, ***/160
SECURITY	SUGGESTED RETENTION PERIOD
Classified Material Violations	P
Visitor Clearance	2
TAXATION	SUGGESTED RETENTION PERIOD
Tax Free Reorganization	P
338 Election	7 years/150
Canceled Checks - Tax Payments	P
Correspondence - Tax	P
Depreciation Schedules	P
Income Tax Returns	P
Inventory Reports	P
FUTA/FICA/Income Tax Withholding	4
Payroll Tax Returns	P
Revenue Agent Reports	P
Sale: Tax Returns	P
NOL Company	**
AMT NOL Company	**
Transfer Pricing	4/155
MISCELLANEOUS	SUGGESTED RETENTION PERIOD
Receiving Documents	10
Title Papers	P
Vehicle Operating and Maintenance	2
Telecommunication Copies	1
Prepaid Dues Income	4/151
Financial Institution Loan Loss Reserves	P/151
Mutual Savings Bank bad Debt Reserve	P/151

Record Retention Guide for Individuals

INDIVIDAUL RECORDS	SUGGESTED RETENTION PERIOD
Tax Return Copies	P
Medical Receipts	7
Forms 1099 Received	7
Forms W2 Received	P
401 K/Keogh Statements	7*
IRA Statements (deductible & nondeductible)	7/P
Loan Records / Forms 1098	7*
Annuity Year End Statements	7*
Insurance Policies – Life	P
Insurance Policies – Other	7
Major Purchase Receipts	7
Year-end Brokerage Statements/Trade Confirmations	7*
Certificates of Deposit Statements	7
Schedule K-1's from Partnership or S Corporation	7*
House Records (cancelled checks for purchase of	
major improvements and maintenance)	P
Birth and Death Certificates	P
Medical Records	P
Wills	P
Trust Agreements	P
Detailed List of Financial Assets Held	P
Alimony, Custody or Prenuptial Agreements	P
Military Papers	P
Photos or Videotape of Valuables	P

P = Permanent records.

Numeric = Suggested retention period in years.

Character/ Numeric = First Character is record retention period. Number is reference to page number in Record Retention Requirements.
*7 years following disposition, termination or payoff.

^{**}Maintain permanent records of all the facts necessary for the first taxable year and each succeeding year in which there is a NOL or NOL Carryover. This includes records necessary to determine the identity of 5% shareholders, the percentage of it stock owned be each 5% shareholder and whether IRC Section 382 is

^{***}As long as the contents there-of may become material in the administration of any Internal Revenue Law.

How To Prove Certain Business Expenses

IF you have			ents:	
expenses for:	Amount	Time	Place or Description	Business Purpose and Business Relationship
Travel	Cost of each separate expense for travel, lodging and meals. Incidental expenses may be totaled in reasonable categories such as taxis, daily meals for traveler, etc.	Dates you left and returned for each trip and number of days spent on business	Destination or area of you travel (name of city, town, or other designation).	Purpose: Business purpose for the expense of the business benefit gained or expected to be gained. Relationship: N/A
Entertainment	Cost of each separate expense. Incidental expense such as taxis, telephones, etc., may be totaled on a daily basis.	Date of entertainment. (Also see Business Purpose.)	Name and address of location of place of entertainment. Type of entertainment if not otherwise apparent. (Also see Business Purpose.)	Purpose: Business purpose for the expense of the business benefit gained or expected to be gained. For entertainment, the nature of the business discussion or activity. If the entertainment was directly before or after a business discussion: the date, place, nature, and duration of the business discussion and the
Gifts	Cost of the Gift Fair Market Value as of Date of Gift.	Date of the Gift	Description of the Gift	identities of the persons who took part in both the business discussion and the entertainment activity. Relationship: Occupations or other information (such as names, titles, or other designations) about the recipients that shows their business relationship to you. For entertainment, you must also prove that you or your employee was present if the entertainment was a business meal.
Transportation	Cost of each separate expense. For car expense, the cost of the car and any improvement, the date you started using it for business, the mileage for each business use and the total miles for the year.	Date of the expense. For car expense, the date of the use of the car.	Your business destination.	Purpose: Business purpose for the expense. Relationship: N/A

Substantiation for Charitable Deductions

IF you have charitabl	e deductions, then you must keep records that show details of the following elements:
Amount	Substantiation
Less than \$250	In writing by receipt or by pay stub for P/R deduction
More than \$250	As above, plus contemporaneous written acknowledgement of cash amount or description of goods donated, and statement of goods or services received in exchange. Manner of acquisition and cost basis.
More than \$5,000	As above, and needs written appraisal.



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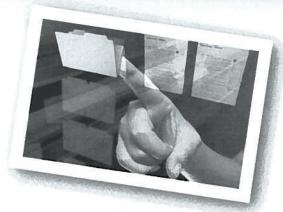
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Retrieval	
Electronic and Paper Capture/Store in Original File Format	\checkmark
Intelligent Linking of Documents, Files and Information	1
Collaboration Share Calendars,	-/
Forums, Chats	•
Check-in/Check-out Version Control	1
Document Mark-up	./
Annotation and Preview	V
Secure ACOM	/
Web Browser Access	V
Expandable to include	_/
Enterprise-wide Users	•
Administration Control, Audit and Reporting	1
Compilance Ready	./
Feature/Functionality	V

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