SEMI-MONTHLY PAYROLL

P1. Can you provide additional information to explain why I will have 12 ½ months of taxable earnings in 2010?

The transition from monthly to semi-monthly pay periods in 2010 will result in a one-time reflection of 12 ½ months of taxable earnings reported to the Internal Revenue Service and the State Franchise Tax Board on employee W-2 Forms for the 2010 tax year (distributed in January 2011).

This is caused by inclusion of the first half of December 2009 earnings in the January 15, 2010 pay check. After 2010, the push of the first half of December earnings will cease. After 2010, a January 15^{th} pay day will reflect only earnings for the second half of the preceding December for a total of 12 months of taxable earnings reported for each year. While annual taxable earnings reported for each employee will increase for 2010, the amount of monthly earnings for these periods does not change.

The example below demonstrates an employee paid $10,000 for three full-month pay periods in 2010 through the current payroll system (CWPAY), and $5,000 for nineteen half-month pay periods (or 9 ½ months) through the new eHR payroll system totaling 12 ½ months of pay recorded for the 2010 calendar year. In 2011, the employee will have $5,000 in pay recorded for twenty-four semi monthly pay periods (12 months).

Example: See next page.

CHANGE IN TAXABLE EARNINGS REPORTED ON 2010 W-2

2010

PAY PERIOD	PAYDAY	Taxable Wages On W-2
Dec.1-31, 2009	Jan.15, 2010	**$10,000**
Jan. 1-31, 2010	Advance Feb. 15, 2010	$10,000
Feb.1-28, 2010	Advance Mar.15, 2010	$10,000
Mar. 1-31, 2010	Advance Apr.15, 2010	$10,000
Apr. 15, 2010	Apr. 30, 2010	$5,000
Apr. 30, 2010	May 15, 2010	$5,000
May 15, 2010	May 30, 2010	$5,000
May 31, 2010	Jun.15, 2010	$5,000
Jun. 15, 2010	Jun. 30, 2010	$5,000
Jun. 30, 2010	Jul.15, 2010	$5,000
Jul. 15, 2010	Jul. 30, 2010	$5,000
Jul. 31, 2010	Aug.15, 2010	$5,000
Aug. 15, 2010	Aug. 30, 2010	$5,000
Aug. 31, 2010	Sept. 15, 2010	$5,000
Sept. 15, 2010	Sept. 30, 2010	$5,000
Sept. 30, 2010	Oct.15, 2010	$5,000
Oct. 15, 2010	Oct. 30, 2010	$5,000
Oct. 31, 2010	Nov. 15, 2010	$5,000
Nov. 15, 2010	Nov. 30, 2010	$5,000
Nov. 30, 2010	Dec. 15, 2010	$5,000
Dec. 1-15, 2010	Dec. 30, 2010	$5,000
TOTAL	**12 ½ Mo. Of Taxable Earnings**	**$125,000**

2011

PAY PERIOD	PAYDAY	Taxable Wages On W-2
Dec. 16-31, 2010	Jan. 15, 2011	**$5,000**
Jan. 15, 2011	Jan. 30, 2011	$5,000
Jan.31, 2011	Feb. 15, 2011	$5,000
Feb. 15, 2011	Feb. 28, 2011	$5,000
Feb. 28, 2011	Mar. 15, 2011	$5,000
Mar. 15, 2011	Mar. 30, 2011	$5,000
Mar. 31, 2011	Apr.15, 2011	$5,000
Apr.15, 2011	Apr. 30, 2011	$5,000
Apr.30, 2011	May 15, 2011	$5,000
May 15, 2011	May 30, 2011	$5,000
May 31, 2011	Jun.15, 2011	$5,000
Jun.15, 2011	Jun. 30, 2011	$5,000
Jun. 30, 2011	Jul. 15, 2011	$5,000
Jul. 15, 2011	Jul. 30, 2011	$5,000
Jul. 31, 2011	Aug. 15, 2011	$5,000
Aug. 15, 2011	Aug. 30, 2011	$5,000
Aug. 31, 2011	Sept. 15, 2011	$5,000
Sept. 15, 2011	Sept. 30, 2011	$5,000
Sept. 30, 2011	Oct. 15, 2011	$5,000
Oct.15, 2011	Oct. 30, 2011	$5,000
Oct. 31, 2011	Nov. 15, 2011	$5,000
Nov.15, 2011	Nov. 30, 2011	$5,000
Nov. 30, 2011	Dec. 15, 2011	$5,000
Dec. 15, 2011	Dec. 30, 2011	$5,000
TOTAL	**12 Mo. of Taxable Earnings**	**$120,000**

P2. Will the extra ½ month of taxable earnings require me to change my tax withholdings to prevent taxes from being under withheld?

Depending on your personal situation, you may need to have additional taxes withheld. If you are uncertain, you may wish to consult with a tax specialist.

P3. Why is my 15th paycheck decreasing and my 30th paycheck increasing?

Currently, when calculating an employee's pay advance received on the 30th payday, items such as cafeteria plan taxable cash and traffic mitigation allowance are not factored in. This results in less net pay on the 30th payday.

In the new payroll system most employees will be paid regularly scheduled earnings (e.g.: salary, cafeteria plan taxable cash, traffic mitigation allowance, bilingual bonus) and have most payroll deductions (e.g.: retirement, credit union payment, union dues) spread evenly between each semi-monthly pay period.

An exception to this will occur when processing employee CIGNA life insurance. All of CIGNA life insurance premium will be taken only on the 15th payday of the month, decreasing net pay on the 15th.

P4. Will employees not paid through direct deposit continue to be paid once a month?

No. All employees will be paid twice a month on or around the 15th and 30th of each month.

P5. Why will I have fees withheld twice a month for Garnishment and Child Support withholding?

State law permits the assessment of a processing fee for levies (federal taxes), garnishments (i.e.: court judgments, state taxes, student loans, etc.) and wage assignments (child support and spousal support assignments).

Currently, full-time permanent employees have any/all garnishments processed once a month on the monthly pay cycle. In 2010, garnishments will be processed twice a month on the new semi-monthly pay cycle and the associated processing fee will be charged each pay cycle.

P6. **<u>How are salaries calculated for 9/80 and 5/40 scheduled employees?</u>**

There are no changes on how salaries are calculated; pay will remain the same.

BENEFITS – RETIREMENT, DEFERRED PLANS, CAFETERIA PLANS, ETC.

B1. What are the changes affecting the employee contribution amounts for the Horizons and Savings deferred compensation plans and what do I need to do to maintain this amount?

Eligible Earnings are the basis of an employee's deferral. Your contribution percentage is applied against Eligible Earnings to determine your deferred plan contribution amount. With the implementation of eHR, Eligible Earnings will include an employee's actual Cafeteria Plan taxable cash rather than the amount of Cafeteria Plan contributions the employee could receive as taxable cash. This change will reduce your Eligible Earnings, and if you do nothing, reduce your contribution amount.

The example below 1) compares the current and new methods of calculating Eligible Earnings using information from a current pay statement (pre eHR), 2) demonstrates what the contribution amount will be if the employee keeps the same contribution percentage, and 3) shows how to calculate a new percentage to keep the same deduction amount.

B1. Example

1) COMPARISON OF CURRENT AND NEW METHOD OF CALCULATING ELIGIBLE EARNINGS

	CURRENT DEDUCTION BASE	**CURRENT PRACTICE Example**	EHR DEDUCTION BASE	**NEW PRACTICE Example**
STEP 1 No Change	GROSS TAXABLE WAGES Using a **pay statement**, add the amount in the "**Current Earnings**" box, plus the amount in the "**Imputed Income**" box.	$5,055.90	GROSS TAXABLE WAGES Using a **pay statement**, add the amount in the "**Current Earnings**" box, plus the amount in the "**Imputed Income**" box.	$5,055.90
STEP 2 **Change**	**ADD** THE AMOUNT OF CAFETERIA PLAN CONTRIBUTION THE EMPLOYEE COULD RECEIVE AS TAXABLE CASH. For Choices participants, this amount is $244.00 less the applicable administration fee. For Options participants, this amount is $228 less the $3.78 administration fee. For MegaFlex or Flex participants, use the amount listed as "CTY-ALLOW" shown under the County Flexible Benefit Program section less the $5 administration fee. If the employee is subject to a taxable cash limit, use the lower of the above amount or the taxable cash limit shown under employee information in your 2010 MegaFlex/Flex Personalized Enrollment Worksheet.	$224.22	N/A with EHR. (In the new system the Cafeteria Plan Taxable Cash Benefit is already included from Step 1.)	
STEP 3 **Change**	**SUBTRACT**, THE AMOUNT OF CAFETERIA PLAN TAXABLE CASH. (Current Earnings for Code 036 from the pay statement.)	$115.76	N/A with EHR.	$0.00
STEP 4 No Change	**SUBTRACT** ANY EARNINGS REPORTED BUT NOT SUBJECT TO WITHHOLDINGS. Codes 021, 022, 031 and 062.	$0.00	**SUBTRACT** ANY EARNINGS REPORTED BUT NOT SUBJECT TO WITHHOLDINGS. Codes 021, 022, 031 and 062.	
STEP 5 No Change	**SUBTRACT** PRETAX DEDUCTIONS TO EITHER LACERA OR THE JUDGES RETIREMENT PLANS. Deferred Retirement (codes 180, 182, 184, 190, 192, 194, 196, 212, 213, and 214).	$419.92	**SUBTRACT** PRETAX DEDUCTIONS TO EITHER LACERA OR THE JUDGES RETIREMENT PLANS. Deferred Retirement (codes 180, 182, 184, 190, 192, 194, 196, 212, 213, and 214).	$419.92
STEP 6 No Change	**ADD** ANY METLIFE LIFE INSURANCE COUNTY SUBSIDY. Codes 800 through 844.	$0.00	**ADD** ANY METLIFE LIFE INSURANCE COUNTY SUBSIDY. Codes 800 through 844.	$0.00
STEP 7	TOTAL OF ABOVE.	$4,744.44	TOTAL OF ABOVE.	$4,635.98

2) COMPARISON OF CONTRIBUTION AMOUNT IF AN EMPLOYEE KEEPS THE SAME CONTRIBUTION PERCENTATE (RATE)

STEP 8	**MUTIPLY** BY EMPLOYEE CONTRIBUTION	4.00%	**MUTIPLY** BY EMPLOYEE CONTRIBUTION	4.00%
STEP 9 RESULT	EMPLOYEE CONTRIBUTION AMOUNT	$189.78	EMPLOYEE CONTRIBUTION AMOUNT	$185.44

3) HOW TO DETERMINE NEW EHR CONTRIBUTION PERCENTAGE (RATE) TO KEEP THE SAME CONTRIBUTION DOLLAR AMOUNT

To maintain approximately the same contribution amount, you will need to increase the contribution percentage (See Step 8). In this example the new percentage can be calculated as follows:

STEP 9 RESULT - CURRENT PRACTICE	$189.78
DIVIDE BY STEP 7 - NEW EHR PRACTICE	$4,635.98
NEW CONTRIBUTION PERCENTAGE (ROUNDED TO 1 DECIMAL PLACE)	4.1%

The employee's new contribution amount will be calculated as follows:

STEP 7 RESULT - NEW EHR PRACTICE	$4,635.98
MULITIPLY BY NEW CONTRIBUTION RATE	4.1%
NEW CONTRIBUTION AMOUNT	190.08

*****See Additional BENEFITS - RETIREMENT AND DEFERRED PLAN FAQS on the next page*****

B2. When and how do I make changes to my current Horizons and Savings deferred compensation plan contribution rates?

The Plan quarterly newsletter will provide more details, but in general, changes made during the month of March 2010 will be reflected on the April 30, 2010 payday. You can make changes online by going to the plan website at www.countyla.com and clicking on the "Change Account" tab OR call KeyTalk at (800) 947-0845 to use the voice response system or speak directly with a client service representative.

B3. Does the explanation in P2 regarding 12 ½ months of taxable earnings in 2010, also mean that I will have the equivalent of 12 ½ month of Pensionable Earnings for retirement calculations in 2010?

No. Unlike taxable earnings where your earnings are reported in the year paid, pensionable earnings are reflected for the month earned.

With our Current monthly payroll, the pensionable earnings paid on the April 15th, 2010 payday are for work performed during the month (1st - 31st) of March 2010. Likewise, the April 15, 2010 payday will reflect pensionable earnings for the entire month of March 2010. This will be the last 15th payday that reflects an entire month of pensionable earnings.

Upon implementation of the eHR semi-monthly payroll, the pensionable earnings paid on the April 30, 2010 payday are for work performed during the first half (1st – 15th) of April 2010 and reflects pensionable earnings for the first half of April. The May 15, 2010 payday, for work performed during the second half (16th – 30th) of April 2010, will reflect pensionable earnings for the second half of April 2010.

The chart below shows an example of pay and pension periods from January 2010 through December 2010, pensionable earnings and retirement service credit for an employee with monthly pensionable earnings of $10,000. In this example, the employee has 3 months and 18 semi-monthly pay periods of service credit and pensionable earnings totaling $120,000.

NEW eHR PAYROLL SYSTEM - APRIL 30, 2010 PAYDAY
FREQUENTLY ASKED QUESTIONS

PAY PERIOD /PENSION PERIOD	PAYDAY	PENSIONABLE EARNINGS	PERIODS OF SERVICE CREDIT
Jan. 1-31, 2010	Feb. 15, 2010	$10,000	1 Month
Feb. 1-28 2010	Mar. 15, 2010	$10,000	1 Month
Mar. 1-31, 2010	Apr. 15, 2010	$10,000	1 Month
Apr. 1-15, 2010	Apr. 30, 2010	$ 5,000	½ Month
Apr. 16-30 2010	May 15, 2010	$ 5,000	½ Month
May 1-15, 2010	May. 30, 2010	$ 5,000	½ Month
May 16-31 2010	Jun. 15, 2010	$ 5,000	½ Month
Jun. 1-15, 2010	Jun. 30, 2010	$ 5,000	½ Month
Jun. 16-30 2010	Jul. 15, 2010	$ 5,000	½ Month
Jul. 1-15, 2010	Jul. 30, 2010	$ 5,000	½ Month
Jul. 16-31, 2010	Aug. 15, 2010	$ 5,000	½ Month
Aug. 1-15, 2010	Aug. 30, 2010	$ 5,000	½ Month
Aug. 16-31, 2010	Sep. 15, 2010	$ 5,000	½ Month
Sep. 1-15, 2010	Sep. 30, 2010	$ 5,000	½ Month
Sep. 16-30, 2010	Oct. 15, 2010	$ 5,000	½ Month
Oct. 1-15, 2010	Oct. 30, 2010	$ 5,000	½ Month
Oct. 16-31, 2010	Nov. 15, 2010	$ 5,000	½ Month
Nov. 1-15, 2010	Nov. 30, 2010	$ 5,000	½ Month
Nov. 16-30, 2010	Dec.15, 2010	$ 5,000	½ Month
Dec. 1-15, 2010	Dec. 30, 2010	$ 5,000	½ Month
Dec. 16-31, 2010	Jan. 15, 2011	$ 5,000	½ Month
Totals		**$120,000**	**3 Months** **18 Semi-months**

B4. Will the change from monthly to semi-monthly payroll impact my LACERA retirement service credit?

Currently, retirement deductions are taken and payment is made to LACERA on a monthly basis aligned with the County's current monthly pay cycle. The Retirement Contribution Earnings Amount (RCEA) is calculated and reported to LACERA as a monthly total and service credit is granted in increments of one month.

In the new system, employees will be paid earnings and have most payroll deductions processed each semi-monthly pay period.

Retirement service credit will also be earned semi-monthly based on the rules of your retirement plan. For most employees, the transition to semi-monthly service credit will be transparent, however if your retirement date falls before the 16th of the month, you will only have earned retirement service credit for the first pay period of that month, not the entire month. This could impact your expected service credit total, retirement allowance and benefits, making pre-planning your retirement date important. If you have questions regarding how eHR may impact your retirement benefits, call 1-800-786-6464 to speak with a LACERA Retirement Benefits Specialist or visit LACERA's public counter.

B5. Will eHR result in any changes to the part-time, temporary or seasonal employees' Pension Savings Plan?

Your new pay stub will reflect Pension Savings Plan contributions in a slightly different manner if you are contributing a percentage over and above the mandatory 4.5% payroll deduction. The percentage above 4.5% will be reflected on your new pay stub as a separate deduction (instead of being consolidated into one deduction as you are used to seeing). For example, if you elected (or later elect) a voluntary deferral percentage of 10%, your new eHR pay stub will reflect one deduction amount for the mandatory 4.5% contribution (deduction code ER350, PEN SVNGS) and a second deduction amount for the 10% voluntary deferral (deduction code ER351 PEN SVNGS VOL). The County's 3% contribution will be reflected on your pay stub as code PR350 PEN SVNGS.

B6. I am a Pension Savings Plan participant and I want to change my voluntary deferral percentage. I also want to view my account online and obtain a Distribution form. How do I do this?

Contact Great-West Retirement Services at 1-800-947-0845 to obtain a Pension Savings Plan Voluntary Deferral Agreement Form. Completed forms should be returned to Great-West. Forms received by Great-West in March 2010 will be reflected on the April 30, 2010 pay stub. To view your account online you need to contact Great-West to obtain a PIN. Once you have a PIN, you can view your account online 24/7. Distributions from this plan are only allowed after you separate from County Service. You can call Great-West to obtain a Distribution form.

B7. <u>Is the new system splitting the "Flex Earnings"between the two semi-monthly paychecks for a month?</u>

The 30th paycheck will reflect an advance of half of your expected Flex Earnings with a description of "FLEX EARN ADV". The 15th check will pay the entire Flex Earnings with a description of "FLEX EARN" and a recovery of the advance described as "FLEX EARN ADV".

B8. <u>If an employee starts work in the Civic Center after the 15th day of the month, will the employee receive half of the monthly Civic Center allowance ($35) for the pay-period?</u>

No. The rules for receiving the allowance have not changed. An employee that begins work from the 1st to the 15th of month, would be eligible to receive the $35 semi-monthly allowance on the 30th payday.

An employee that begins work after the 15th would become eligible beginning with the first semi-monthly pay period of the following month.

B9. <u>if an employee begins parking in the Civic Center after the 15th day of the month, will the employee have half a Civic Center deduction on the 30th payday?</u>

No. The rules for paying for Parking have not changed. An employee that begins working in the Civic Center from the 1st to the 15th, and wishes to park in the County lot beginning in the first half of the month, will have the semi-monthly Parking Deduction on the 30th payday.

An employee that begins parking after the 15th of the month, will begin paying the Parking Deduction on the first half of the following month.

LEAVE TIME USAGE

L1. Will an unpaid leave of absence (Absent Without Pay or AWOP) cost more with the new payroll system?

In 2010, the County is adopting a work day calculation rather than the current calendar day calculation for processing absences without pay (AWOP).

With our current calendar day method, an employee having an AWOP condition on both sides of a scheduled weekend will lose pay at the calendar day rate for his/her scheduled work days and the weekend days.

Although the loss of a single work day is greater than a calendar day, the examples below demonstrate that the advantage of one pay calculation over another varies dependent on the number of days and weekend involvement.

Example A. Employee is AWOP on one scheduled work day.

Current Practice: Calculation of 8 hours of AWOP at the calendar-day rate.

Monthly Salary	Calendar-Day Hours Per Month (8hr *31 day)	Calendar-Day Hourly Rate ($5000/240)	Loss of Pay 8 hours of AWOP (8*$20.16)
$5,000.00	248	$20.16	$161.29

New Practice in EHR: Calculation of 8 hours of AWOP at the workday rate providing a comparatively greater pay-loss in this situation.

Semi-Monthly Salary	Scheduled Workday Hours in Semi-Monthly Pay Period	Workday Hourly Rate ($2,500/88)	Loss of Pay 8 hours of AWOP (8*$28.41)
$2,500.00	88	$28.41	$227.28

Example B. Employee is AWOP on Scheduled Friday and following Monday.

Current Practice: Employee is AWOP for 32 hours at the calendar-day.

Monthly Salary	Calendar-Day Hours Per Month	Calendar-Day Hourly Rate	Loss of Pay 32 hours of AWOP (32*$20.16)
$5,000.00	248	$20.16	$645.12

New Practice in EHR: Calculation of 16 hours of AWOP at the scheduled workday rate.

Semi-Monthly Salary	Scheduled Workday Hours in Semi-Monthly Pay Period	Workday Hourly Rate	Loss of Pay 16 hours of AWOP (16*$28.41)
$2,500.00	88	$28.41	$454.56

L2. <u>Will the change from calendar day to work day change the Part Pay Sick (PPS) Leave Balance?</u>

Yes. With the April 2010 implementation of work day pay in the new eHR Payroll System, PPS hours will **<u>only</u>** be used on scheduled workdays rather than all calendar days as done currently. In other words, PPS will not be recorded on 2 of the 7 days of a week.

Since the PPS hours needed will be reduced by 2/7 (without loss of benefit), the PPS hours on your April 30, 2010 payday statement, will reflect this adjustment.

For Example:

Employee Mary Lee's April 15, 2010 payday pay statement shows 448 hours (8 Weeks) of 65% PPS and 336 hours (6 Weeks) of 50% PPS.

Mary's April 30, 2010 payday pay statement will show 320 hours (8 Weeks) of 65% PPS and 240 hours (6 Weeks) of 50% PPS.

L3. <u>Will there still be a 5 day waiting period for Part Pay Sick?</u>

No. This requirement has been eliminated.

L4. <u>Are there any changes to the 65% and 50% Part Pay Sick Policy?</u>

Yes. There is no longer a 5 day waiting period, you no longer need to code part pay sick on the weekends, and balances will be granted at a work day rate.

L5. <u>If an employee is coding the Family Leave without Pay (Friday & Monday), does he/she need to use the new code 166 as well?</u>

Yes. When an employee is on Family Leave without Pay on both sides on a weekend, the employee is not eligible to accumulate active service for the weekend; therefore, the weekend must be coded with earnings code 166.

L6. <u>An employee was due to work a daily double shift (16-hour shift), but the day before the shift was to commence the employee had a death in the family. Would the 16-hour shift be considered one day of</u>

Bereavement Leave or would it be considered two days of Bereavement Leave (two eight hour shifts)?

A full time, permanent employee is allowed up to three working days of Bereavement Leave, except that an employee who is required to travel a minimum of 500 miles one-way in connection with a Bereavement Leave may take an additional two working days as Bereavement Leave.

In this case, the daily double shift (16-hour shift) should be counted as one day of bereavement, because that is the employee's regular schedule/shift.

PERSONNEL AND PAY EVENTS

E1. Will the new payroll system always pay less than the current payroll system when an employee has a salary increase in the middle of a pay period?

No. The new eHR Payroll System may provide greater pay or less pay based on factors such as employee's work schedule, the day of the salary increase, and the number of days in the month.

The current practice is to pay a percentage of each salary based upon the number of calendar days at each salary level in the month. In the eHR Payroll system the practice will pay the employee based on the scheduled hours reported at the work day rate for each semi-monthly salary.

The examples below demonstrate the difference between the current practice system and new eHR Payroll System.

Example 1

Employee receives a promotion on the 22 of February 2010.

Current Calculation	Salary	Paid Salary
Salary from 2/01 to 2/21 ($5,000*21/28)	$5,000.00	$3,750.00
Salary from 2/22 to 2/28 ($5,500*7/28)	$5,500.00	$1,375.00
Total Paid Salary for February		**$5,125.00**

In the first half of February the employee works 88 hours at the $2,500 salary. Employee is scheduled to work 72 hours in the second half of February. The employee works 32 hours at the $2,500 salary and 40 hours at the $2,750 salary. In this example the eHR Payroll System provides higher pay than the current payroll system.

New Calculation	Salary	Paid Salary
Salary from 2/01 to 2/15 ($2,500/88*88)	$2,500.00	$2,500.00
Salary from 2/16 to 2/21 ($2,500/72*32)	$2,500.00	$1,111.11
Salary from 2/22 to 2/28 ($2,750/72*40)	$2,750.00	$1,527.78
Total Paid Salary for February		**$5,138.89**

Example 2

Employee receives a promotion on the 26 of May 2010.

Current Calculation	**Salary**	**Paid Salary**
Salary from 5/01 to 5/25 ($5,000*25/31)	$5,000.00	$4,032.26
Salary from 5/26 to 5/31 ($5,500*6/31)	$5,500.00	$1,064.52
Total Paid Salary for May		**$5,096.78**

In the first half of May the employee works 80 hours at the $2,500 salary. Employee is scheduled to work 88 hours in the second half of February. The employee works 56 hours at the $2,500 salary and 32 hours at the $2,750 salary. In this example the eHR Payroll System provides less pay than the current payroll system.

New Calculation	**Salary**	**Paid Salary**
Salary from 5/01 to 5/15 ($2,500/80*80)	$2,500.00	$2,500.00
Salary from 5/16 to 5/25 ($2,500/88*56)	$2,500.00	$1,590.91
Salary from 5/26 to 5/31 ($2,750/88*32)	$2,750.00	$1,000.00
Total Paid Salary for May		**$5,090.91**

E2. <u>How should a County employee 10-day suspension be recorded in the new eHR Payroll System?</u>

Based on the employee suspensions memo issued by the Department of Human Resources (DHR) on April 1, 2010, suspensions should begin at the start of the employee's workweek, and will be recorded on consecutive calendar days including work days and regular days off. The loss of pay will be based on actual scheduled work days not worked.

Example:
An employee gets a 10-day suspension starting April 5, 2010. According to the memo the suspension period should end on April 14, 2010 and should be coded as indicated in the example below.

10-Day Suspension under eHR Payroll

Day of Week	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed
Day of Month	5	6	7	8	9	10	11	12	13	14
Timecard Code	029	029	029	029	029	166	166	029	029	029

Note: Employees on alternate work schedules should revert back to a 5/40 schedule during the suspension period.

E3. <u>Will overtime calculation change under the new system?</u>

No. The Calculations and payment of overtime are not changing.

EMPLOYEE PAY STATEMENT

S1. Can you explain how the Cafeteria Plan Benefits will be provided?

Currently, on the 15th payday a County Contribution is provided for insurance premiums (medical, dental, disability insurance, etc.) and taxable cash. Contribution exceeding the benefit cost is referred to as the taxable cash benefit and the benefit cost exceeding Contribution is deducted from salary and referred as the pre-tax salary reduction.

Accordingly, benefits paid with County Contribution and employee pre-tax salary reduction will continue to process on 15th payday. In order to facilitate a smoothing of net pay the employee is advanced an estimated half of either the monthly taxable cash benefit or half the monthly pre-tax salary reduction on the 30th payday. The 15th payday will reflect the balance of the monthly taxable cash benefit or pre-tax salary reduction.

S2. How will the taxable cash benefit be displayed on the pay statement?

On the 30th payday you will receive an estimate of half of your monthly taxable cash benefit. This will show as “FLEX EARN ADV” in the earnings section of your pay statement.

On the 15th payday you will receive your actual monthly taxable cash benefit, less the 30th payday advance. This will show as two lines in the earnings section. One line will show your monthly taxable cash as “FLEX EARN”, and a second line will again show the recovery of the 30th payday advance as “FLEX EARN ADV”, but with a negative amount.

S3. How will the pre-tax salary reduction be displayed on the pay statement?

On the 30th payday you will receive an estimate of half of your monthly pre-tax salary reduction. This will show as “SAL RED ADV” in the Taxes/Deductions section of your pay statement.

On the 15th payday will have the actual monthly pre-tax salary reduction withheld, less the 30th payday estimated advance deduction. This will show as two lines in the Taxes/Deductions section. One line will show your monthly pre-tax salary reduction as “SALARY REDUCT”, and a second line will again show “SAL RED ADV” but as a negative amount for the recovery of the 30th payday deduction.

S4. <u>Why do the hours for Regular Earnings (PP099) show as 87:00 on my pay statement when I worked 96 hours in the pay period?</u>

With eHR, employees are paid on a workday basis. This means that full-time employees will be paid for each scheduled workday within the semi-monthly pay-period. When a monthly employee reports all 100% time for his/her work schedule, the system uses the **average semi-monthly work hours** of 87:00 (121:48 hours for 56 Hour employees) to determine Regular Earnings (Pay Event Code PP099 on the pay-statement). This will be the case when an employee works his scheduled hours and/or reports leave time paid at 100% of salary such as Vacation, 100% Sick Time, Holiday Time, and Comp Time to cover scheduled hours. Employees on fractional Monthly item-subs (e.g., U-Monthly permanent ½ time) will see a proportionally adjusted hours. For example, an employee on Item Sub U - Monthly permanent ½, will see 50% of 87 or 43:30 hours.

When an employee reports hours at less than 100%, such as Absence Without Pay, Part-Pay-Sick, and Short Term Disability, the employee will see the actual reported hours on the pay-statement. For example, an employee scheduled to work 88 hours in the pay-period and using 65% sick will see 88 hours of Part-Pay-Sick (Pay Event Code 162) report.

S5. <u>What is Imputed Income shown on the upper right portion of my pay-statement?</u>

Generally, imputed income is used to represent the taxable value of a benefit. Imputed income will be included in an employee's Federal, State and Hospital Insurance (if applicable) wages. You may have imputed income for any of the following reasons:

- Participants in the Choices and Options Cafeteria Plan may buy Cigna Group Term Life Insurance with before-tax dollars through their cafeteria plan – Choices, Options or Flex. Safety Members of Retirement Plans A and B, and General Member of Retirement Plans A, B, C and D may buy up to $48,000 of coverage with before-tax dollars. Members of Retirement Plan E may buy up to $40,000 of Cigna Group Term Life Insurance with before-tax dollars.

Coverage over the amount bought with before-tax dollars is paid for with after-tax dollars.

Using rates provided by the IRS, the "Cost" of the life insurance is determined. The difference between the cost based on IRS rates, and the actual after-tax cost to the employee is included in Imputed Income.

- An employee that is a MegaFlex Cafeteria Plan participant and a Retirement Plan E Member may buy Survivor Income Benefits (SIB) with before-tax dollars.

  The value of the SIB coverage determined by using IRS rates is treated as taxable income and included in Imputed Income.

- As part of Cafeteria Plan benefits, an employee may elect to buy Medical, Dental and AD&D (Accidental Death and Dismemberment) insurance coverage for a domestic partner or same-sex spouse, or the children of such partner or spouse through their Cafeteria Plan. The portion of the insurance premium attributed to the domestic partner or same-sex spouse must be paid with after-tax dollars.

  To accomplish this, the total premium for the insurance benefit is paid before-tax through Cafeteria Plan benefits. This is shown under the "Use Of Funds" section of the pay-statement (lower left corner). The portion of the premium covering the domestic partner or same-sex spouse relationship is then added to imputed income to effectively make the premium after-tax.

- An employee's personal use of a County Provide Vehicle is fringe benefit. The value of the fringe benefit, based on IRS rates, is included in the employee's taxable wages as Imputed Income. Your department has the option of including a portion of the Imputed Income in your semi-monthly income, or adding the total amount to your income at year-end.

- Department Heads are provided a Life Insurance Benefit referred to as Split-Dollar life Insurance. The value of this benefit is included in imputed income.

S6. <u>Will Garnishments show on the new pay check?</u>

Yes, Garnishments will show up on the pay check as a deduction.

S7. <u>Will an employee's elected Deferred Plan percentage be shown on the pay stub?</u>

Deferral Plan percentages will not be shown on the paystub, but it will be shown on the Employee Sequence Register.

DEDUCTIONS

D1. When will money withheld from my pay as a deduction (e.g.: Credit Union Deduction) be distributed by the County?

For most deductions, money withheld on a 30th payday will be distributed on the 5th of the following month and money withheld on the 15th payday will be distributed on the 20th of the same month. If the 5th or 20th fall on a weekend or holiday, the money will be distributed the next work day.

D2. Will a new W-4 form be required if an employee wants to have more deduction taken out of their pay check?

Yes. Employees still have to complete and submit a new W-4 form to their Departmental Payroll Staff of the changes they're requesting. Departmental Payroll Staff will enter the information in eHR Payroll System, but approvals need to be done prior to the deadline for entering eHR documents for each pay period.

D3. Is the new system splitting deductions in half?

Yes, in most cases. Most deductions will be split between the 30th and 15th payday.

Deductions for insurances (e.g., Medical, Dental, Life), will only be withheld from an employee's 15th check to correspond with the requirement that premiums only be paid monthly.