



JANET NAPOLITANO
GOVERNOR

BETSEY BAYLESS
DIRECTOR

ARIZONA DEPARTMENT OF ADMINISTRATION

FINANCIAL SERVICES DIVISION - GENERAL ACCOUNTING OFFICE

100 NORTH 15th AVENUE • SUITE 302

PHOENIX, ARIZONA 85007

MEMORANDUM

TO: All Agencies
ATTN: Payroll and Personnel Supervisors

FROM: D. Clark Partridge
State Comptroller

SUBJECT: 2004 Calendar Year-End-Payroll

DATE: January 11, 2005

It is time to once again address the end of the calendar year. Therefore, in an effort to help you plan and inform your employees, we are providing the following schedule of events that will impact actions pending in payroll and personnel offices. Please review these events with your appropriate personnel and share the information with those that need to know.

Final pay for 2004

Pay warrants dated December 23 for payday of December 24, 2004, was the final payroll for 2004.

Employees terminating in December but not receiving their final pay until January must not be terminated on the master file until after the final payment is processed into HRIS in 2005.

FICA (Old Age Benefit) Deduction

Effective January 1, 2005, the employee and employer portion of FICA will be 6.2% of the first \$90,000 with a maximum contribution of \$5,580.00. Although the percentage of withholding is the same, the dollar ceiling and maximum contributions have increased over the previous year.

Medicare Deduction

Effective January 1, 2005, the employee and employer portion of MEDICARE will be 1.45% of all applicable wages earned. This reflects no change over the previous year.

SECC

The new campaign contributions will start in HRIS on the payday of January 7, 2005.

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2004 W-2s

The 2004 W-2s will be provided by a third party contracted by the State of Arizona. All W-2's will be sent directly to each employee's resident address of record on the HRIS system. It is very important that this address is correct to insure timely delivery of the W-2 document. The General Accounting Office Central Payroll Office will provide assistance in misdirected mailings and copies as necessary.

Canceled Warrants/Overpays

Pay warrants to be canceled or "OVERPAYS" to be processed for calendar year 2004 must be returned to the General Accounting Office/Payroll by 10:00AM, Friday, January 7, 2005, to be included in the 2004 W-2s. Warrants received after that day and time might not be reflected on the 2004 W-2s since the final update year-end file will be completed.

New W-4s and W-5s

A W-4 which indicated an employee is "EXEMPT" from paying Federal Income Taxes must be re-filed by February 17, 2005. A report will be sent in December 2004, listing those agency employees who may be impacted by this requirement. A 2004 W-5 "Advanced Earned Income Credit" (EIC) expires on December 31, 2004 and must be re-filed for the calendar year 2005.

Handwrites

Handwrites issued between December 22, thru December 31, 2004, have been processed in the HRIS for calendar year 2004 master file.

Leave Roll Back

A reminder, the October 29, 2004, personnel memo stated that warrants for payday of January 7, 2005, will reflect the applicable leave rollback.

Additional Information

Reminder: If there is a change in the Federal Income Tax tables, there will be corresponding changes in the amount of State Income Tax withheld.

Attached for your information and use are copies of the calendar depicting the compute, build, period end, etc. Additionally, attached is the pay period definition schedule, which should provide assistance in responding to questions from employees.

If you have any questions regarding the information contained in this memorandum, please contact either Kjell Anderson at 542-1674 or Ken Smart at 542-0370.

Attachments

cc: Chief Financial Officers