
Setting Up Employer Premium Deduction Codes (Paycor Payroll)

Beginning in 2013, **all employers** will be required to report the total cost (employer cost + employee cost) of all applicable employer-sponsored health care plans. These costs are now required to display on the employee's Form W-2 in Box 12 Code DD. If you currently cover any employee health care costs, this change will apply to you.

Paycor has created employer premium codes that can be linked to the global employee deduction codes (H125, H125DD, HEAL) that are already set up for the employee. These codes will not affect the net pay of an employee's check, but will show the total premium on their Form W-2 and will be available for reporting.

Note: Check out <http://www.paycor.com/w2-healthcare> for more information.

Follow these steps to set up the Employer Premium:

- Step 1: Select W-2 and Employer Premium options.
- Step 2: Set up the Employer Premium.
- Step 3: Update Employees (for exceptions).
- Step 4: Complete this process for each health care deduction code.

Step 1: Select W-2 and Employer Premium options.

On the Client Deductions tab for the first health care deduction code:

- 1 Select an option for “Appear on W-2 Box 12DD” field.
 - No
 - Yes, begin 2012 (if you had 250 or more W-2s in 2011)
Note: This will require a full year adjustment if your company is just now setting this up to report on your 2012 W-2s.
 - Yes, begin 2013 (all employers that did not start in 2012, must begin in 2013)
- 2 Select an option for “Employer Premium” field.
 - Yes, if your company pays a portion of the total premium. **Continue with the next step.**
 - No, if the employee is responsible for the entire premium. **Stop here.**
- 3 If you selected ‘Yes’ in the Employer Premium field, click the **Employer Premium Setup** button.

Once the premium is set up, the code and description will display in the “Linked Health Deduction” field.

The screenshot shows the 'Deductions' tab in the 'Client Profile - #78771 - Health Care W2' window. The 'Deductions' list on the left includes 'H125-H125 - Single'. The main form area contains the following fields and values:

Code	Description	Effective
H125s	H125 - Single	9/27/2011

Equation: (RATE*TOEARN)+AMT

Rate	Amount	Factor
	75.00	

Include In	Frequency	Hold
Regular only	Every pay period	No

Client Caps	Check Stub	Sequence
	Always print YTD	1

Appear on W2 Box 14	Shortfall Type	Shortfall Priority
	Current	1

Appear on W2 Box 12DD	Linked Health Deduction
Yes, Begin 2012	

Employer Premium	Year-End Process
Yes	Continue at Year-End

Global Settings:

Global Code	Global Description	Tax Category
H125	Health Insurance - PreTax	Section 125 Benefit Plan

Effect on Client	Effect on Employee
Increase	Increase

Buttons: Select..., Delete, Caps, Employer Premium Setup, Save, Cancel.

Step 2: Set up the Employer Premium.

- 1 You can change the Code and Description of the employer premium code.
- 2 Enter an amount for the employer premium deduction.
- 3 Select the frequency for the employer premium deduction.
- 4 Select if you want the employer premium amount to print on the employee's check stub.
- 5 Click **Save and Continue**.

Health Care Premium Deductions

The wizard will assist you in setting up the employer premium now required to print on the employee's W2.
Begin by entering the information under the Employer Premium Deduction

Employer Premium Deduction

Code	Description	Amount	Frequency	Check Stub
H125s	H125 - Single	75.00	Every pay period	Always print YTD

Employer Premium Deduction

Code	Description	Amount	Frequency	Check Stub
H125sER1	H125 - SingleER1	150.00	Every pay period of mo	Do not Print

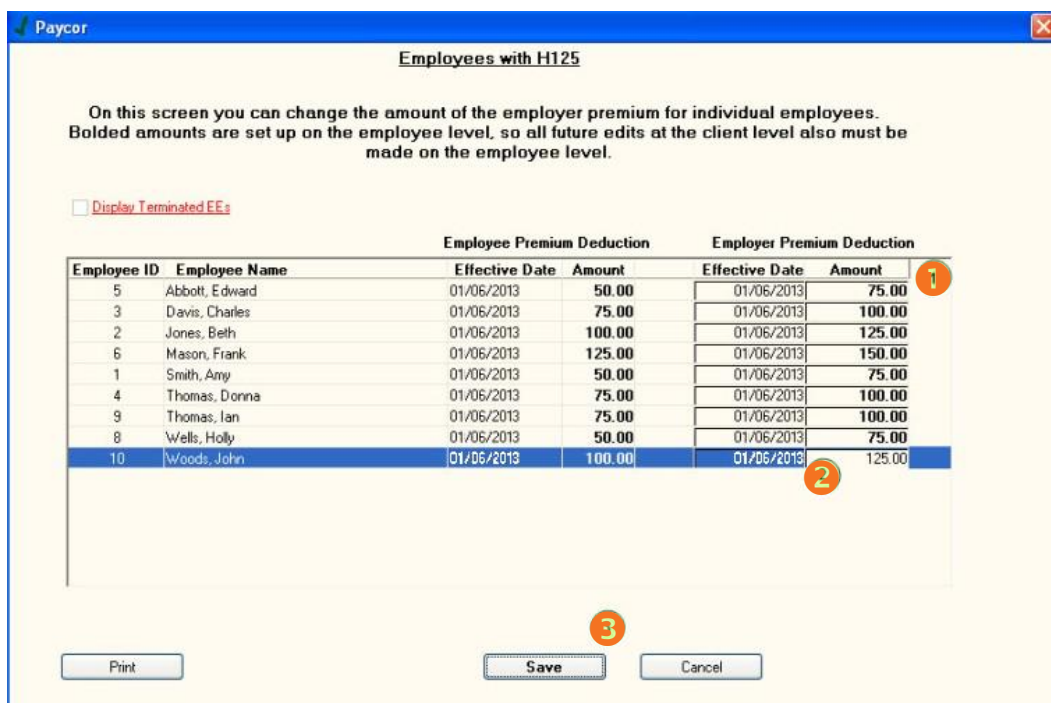
Include for 2012 W2 Reporting

Save and Continue Cancel

Step 3: Update Employees (for exceptions).

- 1 The employer premium amount shown in this window will be added to each employee.
- 2 The employer premium effective date defaults to period end date for the first check date of 2013.
- 3 Click **Save** to finish. The employer premium setup is now complete and the new code is also set up on your employees.

Note: You can return to this window later by clicking the **Update Employees** button on the Client Deductions tab. You can edit these amounts for your employees in this window, or on each employee's Deductions tab. The employer premium amount will display as 0.00 until the year you select for when the change takes effect.



Step 4: Complete this process for each health care deduction code.

Additional Recommendations

General Ledger: You may wish to update your general ledger on the GL tab to include the new employer premium code.

Memo Code: If you have a memo earning or deduction code that you are using to track the employer portion of the health care costs, we recommend placing those codes on hold after the last payroll of the current year so they will no longer calculate.

Reports: We recommend that you add a deduction report, so you will be able to verify the amounts to be reported on your employee's Form W-2.