Zarder's Restaurant doesn't worry about W-2 mag media changes. They subscribe to *PayMaster*™ AutoUpdate.

❒ *PayMaster*'s annual AutoUpdate subscription

Even though he has to file both federal and state mag media, Don Zarder, CEO of Zarder's Fine Foods, Inc. and owner of Zarder's Restaurant in New Berlin, Wisconsin, isn't concerned that the mag media specifications change every year.
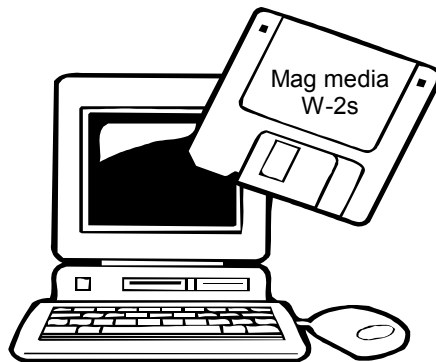
Don, spotlighted in this issue on page 5, signed up for AutoUpdate as soon as it was available. He says "it's very good because I don't have to worry about ordering anything. I get it automatically."

PayMaster's annual AutoUpdate subscription takes the worry out of wondering whether you're correctly preparing the mag media diskette required by the Social Security Administration and by your state.

What's inside

Most years there are changes to the paper W-2s, and every year the mag media format has changed. Join the majority of *PayMaster* users — subscribe to AutoUpdate and make W-2 preparation easy.

❒ AutoUpdate advantages

1. You save money. The annual cost is less than paying separately for the upgrades as they are available.

2. You're able to take advantage right away of *PayMaster*'s new features and reports.

3. You're all set for whatever changes are made each year to the paper and mag media W-2s, and to your state tax requirements.

❒ Combination discount

PayMaster users on annual telephone support receive a 10% discount on both if they have a combination Telephone Support/ Auto Update subscription running concurrently. If you're on telephone support and want to sign up now for AutoUpdate, call us to see about prorating your telephone support, so the two can run concurrently and you can take advantage of the 10% discount.   ❑■

PayMaster 7.23 shipping soon

Mag media and all paper copies of 1998 W-2s require the new version of *PayMaster* (7.23) for 1998 W-2s with a PYW2.EXE file dated 11/98 or later.

Users on AutoUpdate will receive it soon. All others, please call for price and order information.

Important: if you are still on *PayMaster* 7.0 or earlier, your data must first be converted. Please call immediately for instructions.

© 1998 Computer Aid Corporation®

What *PayMaster* 7.23 will do for you

1. Not only does *PayMaster* 7.23 handle **W-2 changes** for the paper and mag media formats. It also gives you these benefits:

2. You can print on legal size paper a **short format payroll report and pre-check register on the laser printer**! We know some people have been waiting a long time for this. Prior to Ver 7.23, you could print the short format report only if you had a wide carriage dot matrix printer.

   This report prints **on one line for each employee** regular wages, OT wages, misc wages, hol, vac, sick, addt'l inc 1, 2, 3, 4, 5, wage adj, reported tips, allocated tips, EIC, FICA, federal w/h, state w/h, local w/h, SDI, bank deductions, other deductions, and net pay. Select current, MTD, QTD, Last Qtr, YTD, or (two lines for each employee) QTD and YTD.

3. You have the **option of excluding employee tips when you print the Workers Comp report**. If your workers comp insurance does not require you to include tips, you can print the report without tips. *PayMaster* asks ***Include Employee Tips?*** in the Workers Comp report (REPORTS/OTHER/WORKERS COMP and also with the Workers Comp report following the Check History report).

☎ Software support hours

9:00 am - 6:00 pm Eastern Time Monday - Friday

We will close at noon on Dec. 24 and 31, and be closed all day Dec. 25 and Jan 1.

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4. You can now enter the **full $10,000.00 maximum for 401(k)** (as opposed to $9999.99).

5. If you have a deceased employee, *PayMaster* will print an **X in the W-2 deceased box** for any employee with a status of D on the employee screen and dollar amounts in year-to-date payroll files. (*PayMaster* will not print a W-2 for any D status employee with zero dollars in year-to-date.)

6. With the Direct Deposit option, you can use a **savings or a checking account on the first account line** to deposit the net pay.

7. You can **include moving expenses** with Code "P" in Box 13 on the W–2 by using "p" as the W-2 income type for additional income.

8. You can correctly prepare the new **TX mag media quarterly employment format**.

9. You can print the **CA quarterly wage & withholding format on plain paper**. Instead of the bar code and 00060198, *PayMaster* prints just the number, which is accepted.

10. And, we're pleased to announce that *PayMaster* **interfaces from these POS systems** are now available from Computer Aid as separate options when you upgrade to 7.23:
    – MICROS 3700
    – Gamma
    – IDS
    – PAR 2000 for Taco Bells

All users on AutoUpdate will receive *PayMaster* 7.23

Best wishes for a Happy Holiday Season and a wonderfully prosperous New Year from all of us at Computer Aid.

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automatically. If you're not on AutoUpdate, call us now to subscribe or to get pricing information on *PayMaster* 7.23.

□■

Please remember to use our street address for overnight deliveries:

501 Church St, NE, Suite 104
Vienna, VA 22180-4734

Tax law changes

All changes are effective 1/1/99, unless otherwise noted.

❏ Federal

- Federal **income tax w/h and EIC tables** change.

- **Social security wage base** for 1999 is $72,600. No limit on wages subject to **Medicare** (in *PayMaster*, enter 999999.99).

- **FICA rate** remains 7.65% (6.2% social security and 1.45% Medicare).

- **Waiver of the failure-to-deposit-electronically penalty for small businesses will be lifted** on January 1, 1999. Also, businesses whose employment tax liability exceeded $50,000 for the first time in 1997 will be officially mandated to deposit via EFTPS.

- See **MT test project** in State miscellaneous .

Information you need to know

- **IRS is prohibited from threatening audits** to coerce restaurants into tip reporting. If threatened, employers can call Tom Burger, Director of IRS Office of Employment Tax Administration & Compliance, personally at 202-622-3650

- **IRS Wins** — the Federal Circuit Court of Appeals has reversed the decision on the Bubble Room case. IRS may assess employer FICA taxes on aggregate unreported tips of a taxpayer's employees without determining that any individual employee under-reported any tips. Please refer to our December 1996 BLUE PAGES for details on the case.

- **Download IRS forms and publications** from www.irs.ustreas.gov. Click tax information for businesses.

❏ State minimum wage

WA Minimum wage $5.70 in 1999; $6.50 in 2000.

❏ State miscellaneous

MT Test project. Combined filing demo project scheduled to go live in January 1999. Participating employers will be allowed to file a single quarterly return to the state — with 941 info, state withholding and state unemployment. The state will process the return and send extracted federal data to the IRS. (FYI – *PayMaster* does only mandatory reports.)

IA Iowa will also have a combined federal-state filing project. But here employers will be able to file electronically.

❏ State new hire reporting

AZ Reporting program ceases to be voluntary 10/1/98.

FL Effective 10/1/98, New Hire reporting is no longer limited to employers over 250 employees.

VT Effective 10/1/98, voluntary reporting program becomes mandatory.

❏ State unemployment
Taxable wage bases for 1999

CT $15,000

IA $16,500

LA $7,000

MI $9,500

MN Wage base increases from $17,200 to $18,100.

MO Decreases to $8,000

NJ Unemployment/Disability wage base increases to $20,200.

Employee's contribution:
– .015% for unemployment insurance
– .25% for health care subsidy
– .025% for workforce development fund
Rate for temporary disability remains at .5%.

NM Wage base **decreases** from $14,700 to $14,200.

NV Wage base increases from $18,000 to $18,600.

NY Taxable wage base increases from $7,000 to $8,500

Employers must make additional contribution equal to .075% of their quarterly taxable payroll.

OH $9,000 (same as 1998)

OK Wage base increases from $11,400 to $12,000

OR Wage base increases from $21,000 to $23,000

WA Wage base increases from $22,500 to $24,300

WY Wage base increases from $12,500 to $13,100

❏ State withholding

CA New tables

CO Withholding amounts must be rounded to the nearest dollar. Employers can continue to use current withholding tables and round the final amount.

MA New tables

MD Allegheny County will decrease from a rate of 58% to 56%.

Howard County will decrease from 50% to 48%.

... and more to come. ☐■

Please see the Tax Table order form on p.4 of the Insert.

Q&A

Q. I have to process my first payroll of 1999 and don't have time to print my W-2s first. Help!

A. If you've got enough room on your hard drive, you can have *PayMaster* (Ver 6.x/6.x **Xtra** and later versions) create a new subdirectory for you and copy the data into it. ***Make sure you do this <u>before</u> processing end-of-year on the data.***

Decide on a new company ID code for the 1998 data, e.g., 98W2. For multiple companies, use ID codes such as A98W2, B98W2, etc. The prompts are shown in **bold**. What you enter is in *italics*. Our example uses *98W2* as the new code and subdirectory under C:\PAYDATA. The company we're creating the 98W2 directory for is Flora Enterprises, whose company ID code is *flora*. (So the code of our *source* company is *flora*.)

1. **Enter company ID code:** *98W2*

2. **1)Add a company, 2)Archive copy of existing company, or 3)Try again:** *2*

3. **Data drive:** *C*

4. **Suggested data path: C:\PAYDATA\98W2**

   Enter data path: C:\PAYDATA\98W2

   Enter a new path if you wish, or press ℮ to accept this data path.

5. **Enter code of source company:** *flora*

PayMaster will create the new directory in the path specified and will copy the data into it. When it's done, you're at the password prompt. Enter your regular password. You're now in the 98W2 company (INIT/COMPANY/COMPANY displays data path). Add 98W2 to the Division name(s) (via INIT/DIVISION/DIV) so you know at a glance you are using the 98W2 data (appears above the main menu). Print a payroll summary to make sure the data's OK.

Then, after backing up the data on two separate sets of floppies or zip disks, process end-of-year on your real company data, using your **original company ID code** (*flora* in our example). When it's time to run the W-2s, use the **98W2 ID code**.

Q. How can I be sure that my mag media file is OK before I send it off to the SSA?

A. Open the file (w2report) in your word processor. You may need to change to a non-proportionally spaced font such as Courier. Also see Page 3 of the Insert.

Q. I forgot to order the tax tables. What can I do?

A. Fill in the form on Page 4 of the Insert (even if you're on AutoUpdate) and send it in now so you'll have them for your next payroll. If your SDI changes, manually make those changes (via INIT/TAX/SDI). Using the old tax withholding tables for one or two pay periods isn't critical. OASDI/Social Security and Medicare percentages remain the same for 1999. The 1999 OASDI taxable wage base has increased.

Q. If my printer jams up in the middle of printing my W-2s, am I stuck?

A. You **can** resume printing your W-2s. Choose REPORTS/W-2 as you normally would. Respond Y to **All employees?** Respond Y to **Resume an interrupted run?** At the **Print from employee =** prompt, enter the code of the first employee to print. *PayMaster* will print from there, including the totals.

Q. How long does a floppy disk last? Is it any problem if I use the same floppy disks for backup year after year?

A. Floppy disks do not last forever. How long? It depends on how often they're used and how well they're treated. To prevent a situation where you need to restore data and get the dreaded error message: "Error reading Drive A: Abort, Ignore, Retry," you might want to follow these two suggestions:

1. Reformat your used floppies once a year before using them over again. Formatting checks for bad sectors. If you find any, get rid of that diskette.

2. Use brand new formatted floppy disks when you back up your end-of-year data, and back it up not just once, but on two diskettes or sets of diskettes. □■

User spotlight

"AutoUpdate is very good. I don't have to worry about ordering anything. I get it automatically."

Don Zarder, CEO and Owner, Zarder's Restaurant

Zarder's Restaurant in Wisconsin has been in business for 45 years. Don Zarder and his wife Audrey opened the first Zarder's in Milwaukee in 1954 (which they sold in 1990), and opened the current Zarder's in New Berlin, WI (outside of Milwaukee) in 1981. Their son Jim has been a partner for 26 years.

Zarder's is a family restaurant in every sense of the word. All three Zarders take an active part in the restaurant operation — Jim is President, Don is CEO, and Audrey is Vice President.

The large, free-standing, three-story restaurant has a two-level parking lot. The first floor holds two banquet rooms — one serving up to 90 and the other up to 150. The restaurant itself (6600 square feet seating 250) is on the second floor. And, on the third floor? Don and Audrey's home. What a nice commute, especially in those Wisconsin winters!

They have a wonderful menu with items to appeal to all age groups. One of the most popular items is their specialty roast beef — prepared in special slow roasting ovens made nearby in Menominee Falls, WI. They use the ovens to prepare Prime Rib, Roast Top Round of Beef, and French Dip and hot roast beef sandwiches.

Zarder's opens at 11:00 am seven days a week. In addition to roast beef, seafood, chicken and duck entrees and sandwiches and salads, they serve Belgian waffles and omelettes — which you can order any time of day. Their dessert menu fills an entire page and includes frozen custard specialities, sundaes, pies and cake. They make the frozen custard themselves, and are the only full service dinner restaurant in the area that serves frozen custard desserts.

Jim, Audrey and Don Zarder in front of Zarder's Restaurant

When they opened the New Berlin location in 1981, Don says, "We had a payroll service doing payroll. Two payrolls in a row, they had a number of mistakes. I said 'this is ridiculous.' We didn't have a computer, so I went out and bought one, but then couldn't find a payroll program. In 1983, I went to the National Restaurant Show in Chicago and visited Computer Aid's booth. Donna Rosen sent me a *PayMaster* demo. I took a look at it, liked what I saw — it did everything we wanted it to do. I showed it to a consultant who was helping. She said it looked pretty good. So I went ahead and bought it."

"This was the first program I used on a computer. It was very easy. I had no problems at all — primarily because the support is so good. I can just call and get my questions answered. The support is always very good."

"Another thing I like — Computer Aid has made a couple of changes to *PayMaster* that I asked for. One change was to have a separate field for banquet tips."

"We have about 50 employees, who are paid every other week. The entire payroll takes me a couple of hours. I get a report from our time clock with totals for each employee, and I use batch entry in *PayMaster*. It's very fast, and lets me double check my totals at the bottom of the page."

"We have garnishments sometimes, one right now that's a specific dollar amount. In the past, I had one that was a percentage and called to find out how to handle it. I was so surprised at how easy it was to have a specific percentage deducted."

"We file mag media W-2s, which is easy to do. You don't have to run it on paper, just on the screen. When Computer Aid first offered the annual AutoUpdate subscription, I signed up right away. This way, I don't have to worry about ordering anything. I get the program automatically, so I know I'll always have what I need to prepare the correct mag media."

"Last year, we had a problem with our printer, so we had Computer Aid print our paper W-2s. That was wonderful! And the cost was very reasonable. We've already sent in our order to have them print them again this year."

"Processing payroll with *PayMaster* is very easy. And you know you don't have to worry about anything because you can call Computer Aid for support. Donna and everyone else there have always been so helpful." □■

Think your company is too small to offer a cafeteria plan? We can administer it for you.

❐ Computer Aid administers cafeteria plans

You'll be pleased to know that small companies **can** offer cafeteria plans. We make it easy for you because we now administer cafeteria plans for small companies.

In this time of low unemployment, it's getting harder and harder to get (and keep) good employees. Better benefits are one tool many large companies use to attract and retain employees. Now small companies can do the same.

December 1998

If you have nine or more employees who have deductions for health insurance, you can save money and they can too.

❐ What will Computer Aid do?

As the administrator of your cafeteria plan, Computer Aid will process reimbursement checks, help you stay in compliance and meet the non-discrimination test, and file the annual Form 5500.

We will use a speciality third party administrator experienced in servicing flexible medical and dependent care spending accounts.

❐ What does it cost?

You'll know ahead of time what your costs will be: $6.50 per month per employee, with a minimum monthly charge of $55. This

includes everything. There are no additional costs.

❐ What are the advantages?

1. Your employees will save money.

2. You can offer great benefits at low cost.

3. You don't have to worry about:
   – lost claims
   – incorrect checks
   – late reimbursements
   – inaccurate reports
   – making changes that disallow the tax exempt status
   – penalties

Call Computer Aid for more information about setting up your cafeteria plan, or about having us take over the administration of your existing plan.

Call 1-800-327-4AID
❐■

Details Inside

- Important W-2 information
- Processing End-of-Year
- AutoUpdate and Support