

THE BLUE PAGES

PAYMASTER PRO LLC
501 CHURCH ST NE SUITE 306 VIENNA VA 22180 | 703-281-7486

This Month's Special Offer

One more way to save time and money with PayMaster.

Purchase a Time America time clock from Paymaster and receive the interface to PayMaster-FREE.

A \$1250.00 Value

Still using a mechanical time clock? Or manually calculating hours from handwritten time sheets? Think how much time you could save.

Time America time clocks use a bar coded time card that has the employees information

in a database and is assigned a number on the card, so all he or she has to do is swipe the card to clock in and out.

Know exactly where your employee time and dollars are spent.

TA100 PRO eliminates "Payday Panic" by removing human errors from payroll, implementing your rounding rules, not your employees, and accurately reporting workforce hours. A wide variety of reports are available to help you control unauthorized overtime, perform job costing, track employee status, monitor scheduling, track benefit administration and much more.

TA100 PRO comes with a data collection terminal configured for a direct serial connection and supports remote modem and Ethernet communication. And to eliminate fraudulent hours that result from buddy punching, TA100 PRO optionally supports Hand Biometric Readers.

With TA100 PRO you can dramatically reduce the amount of time spent preparing payroll and achieve a return on investment in less than a year.



Inside this issue:

Weighing Minimum Wage Hikes

(reprinted from The Wall Street Journal) By DEBORAH SOLOMON

Now that Democrats have succeeded in retaking both the House and Congress, a top priority will be increasing the minimum wage for the first time since 1997. This raises a persistent question: Does lifting the minimum wage destroy so many jobs that it hurts more than it helps?

Four years later, though it is impossible to say what would have happened had the minimum not been raised, Oregon's experience suggests the

most strident doomsayers were wrong. Private, non farm payrolls are up 8% over the past four years, nearly twice the national increase. Wages are up, too. Job growth is strong in industries employing many minimum-wage workers, such as restaurants and hotels. Oregon's estimated 5.4% unemployment rate for 2006, though higher than the national average, is down from 7.6% in 2002, when the state was emerging from a recession.

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W-2 Due Dates

Form W-2 , Wage and Tax Statement, is sent to the Social Security Administration as a record of employees' earnings and eventually dictates their future benefits. By law, employers must provide Copy A of Form W-2 SSA by February 28, 2007 (by March 31 if

filing electronically), and Copies B, C, and 2 to employees by January 31, 2007.

All users on Auto Update should contact PayMaster for an important year end update before attempting to print the W-2 forms. **If you are not on Auto Update, please call (703) 281-7486 for pricing or to have us print your W-2s for you.**

Continued ... Weighing Minimum Wage Hikes

Some employers are being squeezed, for sure, and their experiences will become ammunition for those who will fight any increase in the federal minimum wage. Some businesses say they have avoided expanding because labor costs have risen, the sort of change in behavior at the margin that foes of a minimum wage worry about.

At an eatery in Portland, co-owner Didier Blanc says the minimum wage, while paid only to servers, has had an "aftershock effect," forcing him to raise wages for all employees. While servers earn the minimum, bakers and cooks earn between \$9 and \$12 an hour. The costs are passed on to customers.

"After it goes up, everybody at \$9 an hour and above will want some kind of raise," says Mr. Blanc. "We have to pass it on in our prices because it goes straight to our bottom line."

So far, though, customers have been willing to pay. Mr. Blanc and his partner have two successful shops and are talking of opening a third. "I don't worry about it," he says of the higher wages, "because if I have to raise prices, next door will have to do the same thing, too."

Chris Dussin, owner of a Portland-based chain with 38 restaurants in 16 states, sees it differently. "You can only raise prices so much before you're going to chase the customer away," he says. Costs at his three Oregon restaurants have gone up \$300,000 since the minimum-wage increase -- more than revenues. Mr. Dussin says his bottom line "is eroding" and his profit margin has fallen to 2% or 3%. He raised prices on some items, cut the number of hostesses and has increased the number of tables for each server.

"It's important to take care of people in minimum-wage jobs, but what's missed is the impact on the economy and job creation," he says. "It's not feasible to hire 10 people, so I'm just going to hire seven." He

says labor costs scotched plans to open a restaurant in Bend, Ore., a tourist hotspot. His next restaurant will be in Boise, Idaho, which has a minimum wage of \$5.15 and -- unlike Oregon -- allows employers to pay less to workers who collect tips.

Now restaurant and agriculture industries are lobbying for repeal of the automatic cost-of-living increase, which has raised the minimum wage 8.7% since 2003. "The question is: How many businesses are going to go down until we decide this is unsustainable?" says Tim Bernasek, general counsel of the Oregon Farm Bureau.

Academic economists traditionally have argued that raising the minimum wage inevitably leads employers to hire fewer workers. The experience of the late 1990s and a landmark study of employment in the fast-food industry has undermined that view.

Demand for workers is so strong in some areas that businesses already pay more than the minimum. A 7-11 store in Wilsonville, about 25 miles south of Portland, offers \$8 an hour and up for an employee to handle the register and stock coolers.

Supporters of the wage increase say it has been a boon to the state's economy. "Minimum-wage workers are the only class of workers you can give a raise to and guarantee that they're going to spend the money and spend it in the local economy," says Dan Gardner, state labor commissioner. "They're not saving for a Hawaiian vacation."

The Oregon Restaurant Association is lobbying to freeze indexing and implement a tip credit, which would allow employers to pay tipped workers \$7.50 an hour but not be subject to the automatic increases. Still, the number of employees working in the industry has jumped 15% since 2002. Mr. Perry, the head of the restaurant association, says as Oregon's population grows, so does its desire to eat out. But he says the wage increase will force many restaurants to raise prices and scale back on service.

Important Federal / State Tax Updates

Taxable Wage Base The following states have announced increases in their taxable wage bases for 2007:

- Alaska (\$30,100, previously \$28,700);
- Illinois (\$11,500, previously \$11,000);
- Iowa (\$22,000, previously \$21,300);
- Montana (\$22,700, previously \$21,600);
- Nebraska (\$9,000, previously \$8,000);
- Nevada (\$24,600, previously \$24,000);
- New Jersey (\$26,600, previously \$25,800);
- New Mexico (\$18,600, previously \$17,900);
- North Dakota (\$21,300, previously \$20,300);
- Ohio (\$9,500, previously \$9,000);
- Oregon (\$29,000, previously \$28,000);
- South Dakota (\$8,500, previously \$7,000);
- Washington (\$31,400, previously \$30,900); and
- Wyoming (\$18,100, previously \$17,100).

The Oklahoma taxable wage base will decrease from \$13,500 to \$13,200 in 2007. The following states have yet to announce their taxable wage bases for 2007: Hawaii, Idaho, Louisiana, North Carolina, Rhode Island, Utah, and the Virgin Islands.

Social Security Wage Base Increases : The maximum amount of earnings subject to Social Security (OASDI) tax will increase to \$97,500 in 2007 .

California Disability:

The SDI rate for 2007 is 0.6%. The taxable wage limit is \$83,389 for each employee per calendar year . The maximum amount to withhold is \$500.33

The following states have released **updated tax tables** for 2007: AL, HI, ME, MI, MN, MO, ND, UT.

Minimum wage increases:

AZ : \$6.75 ,Tip Credit \$3.00
FL : \$6.67, Tip Credit \$3.02
CA: \$7.50 **CO**: \$6.85 **MA**: \$7.50
MO: \$6.50 **MT**: \$6.15 **NV**: \$6.15
OH: \$6.85 ,Tip Credit \$3.43
OR: 7.80 **WA** \$7.93

Be sure to apply the 2007 tax table update when released.

401(k), Other Retirement Plan Limits Announced for 2007

The IRS has announced the 2007 cost-of-living adjustments (COLAs) for retirement plans. Many of the limits applicable to pension, and other retirement plans, increase in 2007. The following plan limits are increased for inflation effective Jan. 1, 2007:

Defined benefit plans. The limitation on the annual benefit under a defined benefit plan will increase from \$175,000 to \$180,000.

Elective deferrals. The limitation on the exclusion for elective deferrals under IRC §402(g)(3) is increased from \$15,000 to \$15,500. This limitation affects elective deferrals to IRC §401(k) plans, IRC §403(b) annuities, SEPs, the Federal Government's Thrift Savings Plan, among other plans.

Annual compensation limit. The maximum amount of annual compensation that may be taken into account for various qualified plan purposes, including IRC §401(a)(17) , IRC §404(1) , IRC §408(k)(3)(C) , and IRC 408(k)(6)(D)(ii) , will increase from \$220,000 to \$225,000.

Deferred compensation plans. The limit on deferrals to IRC §457 deferred compensation plans of state and local governments and tax-exempt organizations will increase from \$15,000 to \$15,500.

SIMPLE salary deferrals. The maximum amount an employee/participant may elect to defer to a SIMPLE plan will increase from \$10,000 in 2006 to \$10,500 in 2007.

This information is provided as a service to our customers. Due to the requirements of IRS Circular 230, the above comments are not a "covered opinion" which means that they cannot be relied upon from protection from imposition of tax penalties.

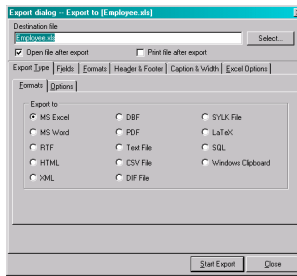
Q&A : PayMaster for Windows

Labels and Mail Merge

Q: Can I print mailing labels from Paymaster that line up with my Avery™ labels ?

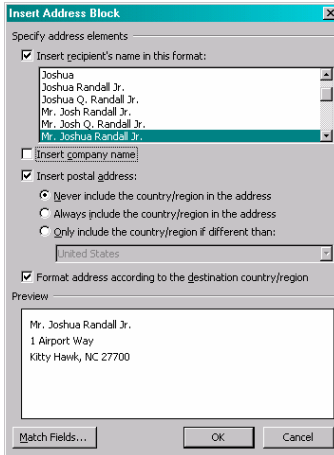
A: Many of the Paymaster reports now export to Excel™ . From there its really quite simple to use that export to perform a mail merge with MS Word™ .

- 1) Create the employee export by going to Reports/Employee/Address/Phone. Be sure to check the box that says Excel export. Dismiss the paper report and you will be presented with a screen that will create an Excel file with this dataset.



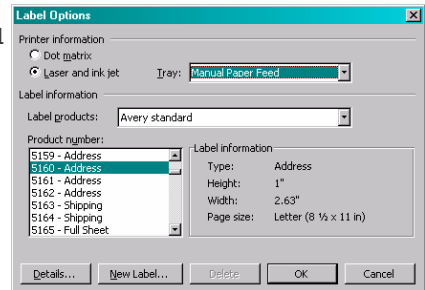
- 2) By default the export will be found in your Paymaster folder (usually c:\prv8). Make a note of the location and the file name of your export and then press the "Start Export" button. When completed Excel should open with your file. This is a good place to remove names you do not want to mail and make any other edits . When you are done with your edits then save the export and close Excel.

The rest of the instructions are based on Word™ 2003. Different versions of Word might have these options labeled differently so please consult your Office Help files if this option does not appear exactly as illustrated.



- 3) Open Word and select Tools/Letters and Mailings/Mail Merge.

- 4) Select Document type/Labels then select your Label Options. Word has practically ever type of label format built in.



- 5) Select Recipient from an existing list and then Browse . This is where you will use the file that you created in step 2. Find that XLS file and press OK.

- 6) Next Arrange your Labels. This is where you will format how your labels will appear. You can chose the font and how the name and address will appear. First select address block to match the excel fields to the label fields. Once this is done you can pick a font and/or size for your labels.

- 7) When finished Press Preview Labels to double check that your merge was successful. You can edit individual labels at this point and when completed you are ready to print.

Q: I just added a new employee but when I go to do the payroll they do not show up on the list. Why is this?

A: There are three things to check when this happens.

- 1) Is the employee active?
- 2) Is "Show on Batch" checked?
- 3) Does the employee have an Active Job with a rate greater than zero ?

Once you answered YES to these three questions your new employee should be ready to pay.

This procedure is a great time saver not only for labels but can be used for personalized letters to employees alerting them to company functions, new benefits or policies.

End of Product Life Cycle PayMaster for DOS

Products reach the end of their *Product Life Cycle* for a number of reasons. These reasons may be due to market demands, technology innovation and development driving changes in the product, or the products simply mature over time and are replaced by functionally richer technology.

The first copies of PayMaster for DOS were released nearly 20 years ago. Over that time period, the program was fine-tuned to make a restaurant payroll simple and to keep owners in compliance with ever changing tax laws. In 2004 we took all of this accumulated knowledge and released our first Windows product to se-

lect customers. Based on their feedback, we added many features and reports that never could have been possible in the DOS product. At the end of 2006 we will now have successfully processed two years of W-2s for nearly 95% of our former DOS customers.

As of Jan 30, 2007 we will no longer support or offer updates for PayMaster for DOS. We encourage all the remaining DOS customers to please begin their plans to convert to our Windows product as soon as possible.

If you have not purchased the Windows program please contact Brian for pricing at (703)

281-7486. If you have an existing quote we will honor it. If you have purchased and have not yet implemented the new system, please call for an appointment for installation. End of year is a busy time for all of us and we want to be able to offer you as much help as we can.

We recommend doing this conversion as soon as possible so you are able to verify your employee info and begin running mock payroll so when the first payroll of 2007 comes you will be ready to go.

Thanks to all of our customers for your continued support.

END OF YEAR

No Need to Run End of Year

The Windows version of PayMaster does not require you to run End of Quarter or End of Year or archive your company. All reports are based on check date so you can run your January payrolls without having to worry about your year end information.

Before you print your 2006 W-2s:

You should have received detailed instructions on EOY procedures and W-2 printing with your W-2 order. If you have not ordered from us or have misplaced these documents they are always available on the internet.

Please visit our new web site:

www.paymaster-pro.com

and see the section labeled Support/Newsletters and Archives.

There you will find
2006 Before You Print your W-2s DOS
2006 Before You Print your W-2s WINDOWS
2006 WIN W-2 Detailed Printing Instructions
W3 Reconciliation Work Sheet
W-2 Shipping Insert
W-2 2006 Pricing and order form

and a complete archive of the Blue Pages.



W-2 FORMS

Only W-2 forms ordered from PayMaster Pro LLC are guaranteed to work with *PayMaster Hospitality*. Not all printing companies print W-2s with boxes the same size and in the same place. Call immediately if you haven't yet ordered your W-2s. Availability is not guaranteed after Dec. 15.

AUTO UPDATE NECESSARY!

All Auto Update users are entitled to the Year-end Paymaster Update that will include a new W-2 Mag-Media program and a new W-2 printing module. Please call soon for installation instructions.

"Helping Employers Do Payroll Right"

Phone: 703-281-7486
Fax: 703-281-3461
E-mail: info@paymaster-pro.com

WE'RE ON THE WEB!

WWW.PAYMASTER-PRO.COM

Want PayMaster Pro to save you more ?

Based on popular feedback, PayMaster Hospitality is continuing our Customer Referral Program !

Do you know a colleague who you think might benefit from our program ? Are your colleagues still using a payroll service? Or are they struggling with payroll solutions that are not equipped to handle the restaurant industry? You can save them time and money and benefit your company at the same time !!!

With each referral that leads to a sale, you will receive 12 Months of PayMaster Pro support service absolutely FREE !

Call Brian (703) 281-7486 with your leads today !

TO :

501 Church St. Suite 306
Vienna VA 22180
Payroll the Right Way since 1983
We Value Your Business, Thanks Again!

It pays to know your business
PAYMASTER
Hospitality