



from your *Sunrise Support Team*

> YEAR-END PROCESSING

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## 2005 Payroll Year-End Processing Instructions / Checklist

**NOTE: The following series of events must be completed for each company before attempting to start 2006 payroll processing!!**

- 1. If you have not already done so, INSTALL your Year End SCN or the 6.2 Release and review the P/R and A/P instructions found in this Year End package.
- 2. Complete all field and administrative payroll cycles for each company, including direct deposit file transfers. Be sure any employee taxable fringe benefits required for 2005 W2s are handled thru the Payroll before you complete your Quarterly and Yearly processing. Most taxable benefits, such as car allowances, must be handled on one of your last few payroll cycles for 2005, so please **be sure to plan this BEFORE you have cut all of your 2005 pay checks.** Also, if you are utilizing the Absence Hours Accrual features and plan to payout for unused absence hours please contact support to discuss when the payout should be processed before proceeding to step 3.
- 3. Print the following reports for both field and administrative employees: (Use Run→Change Date, or /CD if using the button menu, to set the terminal date to 12/31/05 if your terminal date has moved to 2006 in order to print these reports.)
  - Quarterly 941 Forms
  - QTD/YTD State Earnings Report
  - YTD Summary P/R Register
  - Employee YTD Earnings Report
  - QTD/YTD Federal Earnings Report
  - QTD/YTD Local Earnings Report
  - Deduction & Fringe Report  
(run for 'Deductions' and again for 'Fringes')
- 4. Complete all normal *Month-End* and *Quarter-End Processing* (including the State Unemployment Report). This information WILL be destroyed by W2 processing! **QUARTERLY MAGNETIC MEDIA MUST BE PERFORMED AT THIS POINT.** If applicable, please refer to the **Quarterly Magnetic Media Processing** information enclosed in this Year End package. Reminder: If you are not already purging your Time Card History, this will be a good time to purge your detail thru 12/31/04. That's 2004 not 2005! This will leave 2005 data in the file CWPPR, from which EEO Reports, Union Reports, Workers Comp Reports, and possibly special reports are derived, but will remove 2004 data that is probably not required anymore. This option can be found on the Quarterly/Yearly Processing Menu. (This option is not required, and can be performed later in 2006 if desired.)
- 5. Print the *Employee Listing* for field and administrative payrolls (choose the option to Include Both active and terminated employees, Report level Detail and check the Payroll Control box). Check the pay status to be sure that only employees that were terminated in 2005 or before are listed **with pay status of "T"**, with their appropriate termination date. (Employee records are not deleted from the system, but should be marked appropriately for termination.)



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- 6. Check the *Employee Listing* for pension plan indicators. This indicator will be used to mark the Retirement Plan Box (#13) on the W-2 for qualified pension plans. Refer to your current Circular E for qualifications. The Pension box can be found in Employee Maintenance under Payroll Controls.
- 7. Correct employee first, middle and last name entries as needed.

**NOTE: Field & Administrative Employees are COMBINED for W2 processing!**

- 8. Review the *YTD Summary P/R Register*. This report will show summary figures for each employee's earnings, taxes, and net payments. Review the report for any negative numbers. These numbers will be shown as positive numbers on W2's, as negatives are NOT permitted. If any numbers are negative, adjustments must be made before proceeding.
- 9. Print and review the *Deduction / Fringe Listing* (on the Payroll File Maintenance menu). Verify that all 401(k) plans show "D 12" in the W2 Code column. Corrections can be made in Deduction / Fringe Maintenance. All Section 125 or qualified cafeteria plan deductions should show nothing in the W2 Code column, as they do not appear on the W2s. You may also have other deductions or fringes that are setup to print in Boxes 10,11,12 & 14, verify that any such qualifying deductions or fringes are setup correctly.
- 10. Make a full system backup. Label the backup "2005 P/R Prior to Detail Purge" and set this backup aside to be stored permanently.
- 11. Print the *YTD Detail Payroll Register*. NOTE: This process can be used to purge the Year To Date Detail Payroll file (CPRYT), however, the system will only allow information more than one year old to be purged. Reference the Payroll Online Help for specific discussion on this routine.

(This process is time-consuming and can be performed later in 2006 if desired.)

- a) In order to have a detail register for 2005 for your file, print the *YTD Detail Payroll Register* for check dates 01/01/05 through 12/31/05; at the *Clear reported data from the YTD Detail File (Y/N)*: answer 'N'. (if you answer 'Y' instead of 'N' here you will not get any warning message but only information that is more than one year old will be removed.)
  - b) The system will only allow information that is more than one year old to be purged, so in order to retain 2005's data, run this report for all employees, using beginning check date of 01/01/04 and ending check date of 12/31/04; at the *Clear reported data from the YTD Detail File (Y/N)*: answer 'Y'.
- 12. Do a complete system or weekly backup.
  - 13. Run the *W-2 Preparation Report*. (Use Run→Change Date, or /CD if using the button menu, to set the terminal date to 12/31/05 if your terminal date has moved to 2006 in order to print this report.)



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**PLEASE NOTE: The following steps will affect all companies. Make sure all of the above steps have been completed for all companies before proceeding to the next step!!!**

- 14. Run the *Copy Year End Employee Files* process. This step will allow W2s to be printed after the beginning of the new payroll year. If this step has ever been done before (even in a prior year), the system will ask if you want to copy the files again. **DO NOT PERFORM THIS COPY FOR 2005 AGAIN AFTER YOU HAVE COMPLETED STEP 15 AS YOU WILL COPY ZERO AMOUNTS FOR YOUR 2004 FILE!** This option will prompt you to decide whether you want to print only one state/local per W-2, your answer to this question will determine how your W-2's will be printed. Reference the Payroll Online Help for complete discussion of this function.
- 15. Run the *Year End Processing*. You should not complete this process without completing the steps shown on this screen. This process will reset ALL Year To Date P/R fields to zero (0). Deduction balances will not be reset.
- 16. Change the tax tables for the new calendar year's processing. Please refer to the new Circular E for 2006 (this should be available sometime in December 2005) for federal withholding and FICA information and state publications for any necessary changes to state income tax tables or insurance information. You may also access this information from the [www.sunrisesoftwareinc.com](http://www.sunrisesoftwareinc.com) website and clicking on the Maxwell Customer Zone link.

**--- You may now begin 2006 Payroll processing.---**

The previous steps have created files from which the W2s are printed. The remaining steps can be done anytime during the month of January.

- 17. Run the *Print Yearly W2 Forms* to white paper to verify your information. The print routine may be run as many times as needed. When prompted for Form Type for continuous feed forms, select "1-Up" forms for forms with only one W2 horizontally across the page or "2-Up" for side-by-side W2s or "2-Up Mailer" for self-mailer W2s. For laser forms you may select any form type (Copy A,B,C or D).
- 18. Should you need to correct information shown on the W2 forms, use *Adjust Employee YE Earnings*. Any information to which changes are not permitted may be changed in a parameter file (i.e. Company address may be changed in Company Code Maintenance; Federal Tax ID# may be changed in Payroll Parameter). The deferred compensation and subtotal boxes will be system maintained. Be sure to check for any zero amount W2s. Zero amount W2s **MUST** be voided manually. Be sure to correct any supplemental and manually added W2s as well as the first W2 if appropriate. Repeat step 17 after corrections have been made.



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- 19. Run the *Print Yearly W2 Forms* on W2 forms. The print routine may be run as many times as needed. When prompted for Form Type for continuous feed forms, select "1-Up" for forms with only one W2 horizontally across the page or "2-Up" for side-by-side W2s or "2-Up Mailer" for self-mailer W2s. For laser forms there are 4 separate forms that must be printed and collated; Copy C and Copy D may require multiple copies to be printed to insure sufficient copies for employee and employer tax filing. When aligning continuous feed forms, the first REAL W2 must begin at the top of a form. When aligning laser forms, refer to the enclosed Release Notes document for printer parameter setup information for W2 printing (you may also try the codes listed below). Please note, due to the design of the W2 form, the check boxes in Box 13 do not line up exactly. If you printed laser W-2's last year you may not need to make any adjustments to the printer parameter setup.

Printer Device Code: LW  
Printer Description: Laser W-2 Printer  
Printer Device: \*\*Your Printer Port\*\*  
Default Quality: D  
Default Pitch: S  
Other Device Default:  
Letter Quality Cntrl:  
Draft Quality Cntrl: 1B451B266C3245  
Standard Pitch Cntrl: 1B266B3053  
Cmpressd Pitch Cntrl:  
Bypass Print Manager: N  
Page Eject Before: N

- 20. If more than 250 W2s are printed, magnetic media processing must be used. If applicable, please refer to the **Magnetic Media W-2 Processing** information enclosed in this Year End package.
- 21. Do another complete system or weekly backup.
- 22. Delete any terminated employees if necessary.



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## Magnetic Media W-2 Processing

Complete all Year End Processing Steps and produce and verify paper copies of your W2s before running this process. As the Magnetic Media file is generated off the copied payroll files, this process can be run anytime after the Year End Processing is complete.

1. Be sure your State ID and SUI & SDI numbers are in the *Insurance Tax Table Maintenance* file. Do NOT use dashes when entering this number.
2. Federal record layouts have been updated with the install of your Year End SCN, but you will need to check the record layouts for any state processing that will be utilized.
3. Run the *Create Work File* from the Magnetic Media W-2 Processing option. This option will copy the information from the W2 files to a work file for use with Magnetic Media Processing. You may recopy the information for the Company Data or Employee Data or both.
4. You must use the *Edit Company Information* to verify information shown and to fill in additional information that is required. The Resub WFID, Local Tax Account Number, Disability Plan No., and Disability Plan Cd. fields are optional fields to be used when appropriate for your company. ALL other fields MUST be completed. You must be sure to answer data correct 'Y'es to both screens in order for your changes to be saved.
5. Run the *Print Edit List* to produce a report that will serve as your proof listing of the data that will be submitted on the diskette.
6. Use *Edit Employee Information* to make changes that may be necessary within the employee data. If the Year End Processing was followed to completion prior to the Create Work File for Magnetic Media was run, your W2 adjustments should be reflected here. Be sure that any adjustments are made to both filings, and make extra care to verify employees that required manual record adjustments.
7. You can now save the W2 file directly to your system then copy to 3 ½ inch diskette or file via Electronic Data Transfer over the internet. When you do Generate Diskette after filling in the appropriate format and data correct Y you'll be prompted with a Browse For Folder dialog box. Select the location you wish to save your file.