



*State of Louisiana*  
DIVISION OF ADMINISTRATION

OFFICE OF STATE UNIFORM PAYROLL

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GOVERNOR

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COMMISSIONER OF ADMINISTRATION

July 20, 2001

OFFICE OF STATE UNIFORM PAYROLL MEMORANDUM #2002-08

TO: All ISIS HR Paid Agencies

FROM: Jena W. Cary  
Director

SUBJECT: Retroactive Tax Model and/or Retirement Benefits Changes

Currently if an employee's tax model code and/or benefit plan is changed in ISIS HR, the system will correctly calculate Social Security, Medicare, and Retirement changes for the current pay period only. However, retroactive changes (outside the current pay period) to Social Security, Medicare, and Retirement may require special processing as outlined below:

**Tax Model Changes Effective 3/19/01 up to the Current Pay Period**

- If a tax model is being changed with an effective date ranging from 3/19/2001 up to the current pay period, ISIS HR will automatically calculate and withhold any retroactive Social Security and/or Medicare taxes due from the employee (e.g., changing from not paying Social Security and/or Medicare to now paying Social Security and/or Medicare).
- ISIS HR will not automatically process retroactive refunds of Social Security or Medicare (e.g., changing from paying Social Security and/or Medicare to not paying Social Security and/or Medicare). Manual adjustments must be processed by OSUP and the agency for the refund to take place. Agencies must contact OSUP for special procedures for processing these adjustments. These adjustments must be processed in the same pay period as the tax model/benefit change. If the refund is not processed manually in the same pay period as the tax model/benefit change, and the employee has retroactive retirement deductions being processed, the employee may see a large one-time deduction for retirement without the offsetting refund of taxes.

**Tax Model Changes Effective 12/25/2000 through 3/18/2001 (Correcting UPS Activity)**

Adjustments to UPS activity for Social Security and Medicare for 2001 UPS activity can be processed through ISIS HR (e.g., an employee incorrectly paid Social Security and/or Medicare or should have paid Social Security and/or Medicare). This also requires manual adjustments. Contact OSUP for special instructions and assistance.

**Tax Model Changes Effective Prior to 12/25/2000 (Correcting Prior Year UPS Activity)**

Adjustments to UPS activity for Social Security and Medicare for prior year activity can also be processed through ISIS HR (e.g., an employee incorrectly paid Social Security and/or Medicare or should have paid Social Security and/or Medicare). This will require the agency to process a corrected W-2 and forward to OSUP to finalize. There are special procedures and wage types to handle this situation. Contact OSUP for special instructions and assistance.

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**Benefit Plan Changes Effective 3/19/01 or Later**

ISIS HR correctly calculates and processes all adjustments for changes to Retirement benefit plans with an effective date of 3/19/01 or later. There is no special processing required for this.

**Benefit Plan Changes Prior to 3/19/01 (Correcting UPS Activity)**

Changes to Retirement benefit plans with an effective date prior to 3/19/01 (including prior year) can be processed through ISIS HR. The one-time/refund adjustments must, however, be processed manually by the agency. For example, an employee was on retirement and should not have been beginning 12/2000 to the present. ISIS HR will process the refund to retirement back to 3/19/2001. The refund for 12/2000 to 3/18/2001 must be processed manually. Since each situation may have to be handled differently, agencies must contact OSUP for special instructions and assistance on the manual entries.

OSUP produces a report daily to identify most employees needing adjustments to Social Security, Medicare, and Retirement based on tax model and benefits changes. Agencies are being contacted by OSUP to verify the information on the report and to forward the proper documentation to OSUP. There may be situations where an employee who requires an adjustment does not appear on the report; therefore, it is important that agencies contact OSUP for further instructions on the situations listed above. OSUP has complex, detailed procedures for making these corrections and ensuring that the employee gets the correct refund/one-time and that the information is correctly reflected on the W-2.

**It is important that agencies respond promptly to OSUP requests in order for all adjustments to be processed within the same pay period. If these adjustments are not processed timely or are processed incorrectly, employees may not receive the proper refund or one-time. In addition, this may cause a problem with an employee's W-2 which will require the agency to process a corrected W-2.**

If you have any questions regarding retroactive calculations for Social Security, Medicare and/or Retirement please contact the Wage and Tax Administration Unit at:

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