



DEPARTMENT OF FINANCIAL SERVICES

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IN REPLY REFER TO:
DFSBP 04-02

TO: Agencies Addressed

FROM: John Bennett, Chief
Bureau of State Payrolls

SUBJECT: Year-End Bonus Payments Guidance

Section 110.1245(2), Florida Statutes, allows bonuses to be paid to employees from funds authorized by the Legislature in an appropriation specifically for bonuses.

Agencies may submit approved bonus payments through either the Cooperative Personnel Employment Subsystem (COPES) or through the PC Payment System on any of the following payrolls:

<u>Processing Date</u>	<u>Payroll Type</u>	<u>Warrant Date</u>
6/01/2004	Awards Payroll*	6/04/2004
6/02/2004	Supplemental Payroll	6/08/2004
6/07/2004	Biweekly Payroll	6/11/2004
6/09/2004	Awards Payroll*	6/14/2004
6/15/2004	Awards Payroll*	6/18/2004
6/16/2004	Supplemental Payroll	6/22/2004
6/21/2004	Biweekly Payroll	6/25/2004
6/23/2004	Awards Payroll*	6/28/2004
6/24/2004	Monthly Payroll	6/30/2004

*The Awards Payroll is a warrant only payroll and will not generate EFT payments.

All agencies are reminded of the following guidance regarding the processing of Fiscal Year-End Bonus Payments:

- For actual payroll warrants to be generated, agencies ***MUST*** submit the bonus requisition actions on an **Awards** payroll. Submission on a supplemental, biweekly or monthly payroll will result in the payment of the bonus according to the employees' normal method (Direct Deposit for most employees).

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Affirmative Action / Equal Opportunity Employer

- The amount approved by OPB is for the gross salary charge. **This equals the gross salary amount plus employer contributions. Bonus payments are subject to employer contributions for Social Security and Medicare Taxes.** This must be taken into account when calculating the amount of money that can be distributed for bonuses. Example: For a \$500.00 net bonus payment, the total cost for your agency for the warrant will be approximately \$799.18, calculated as follows:

Gross Salary Charge of	\$799.18
Minus Employer Contributions for Social Security and Medicare tax	<u>56.79**</u>
Employee Gross of	\$742.39
Minus Employee Withholding Tax of	185.60***
Minus Employee Contributions for Social Security and Medicare tax	<u>56.79**</u>
Net Payment to Employee	<u>\$500.00**</u>

**Due to required calculation methods for Social Security and Medicare taxes, this amount may vary by as much as two cents.

***Please note that bonus payments to employees with an exempt W-4 filing status are not subject to Federal withholding tax.

- If your agency has decided to grant bonus payments as “net” amounts, you must use Earning Code 9187. This earning code will calculate withholding tax at the effective flat rate of 25%. If your agency has decided to grant bonus payments as “gross” amounts, you must use Earning Code 9188. This earning code will calculate withholding tax based on the alternative tax method utilizing the employees’ W-4 filing status. *For additional information related to the flat tax and alternative tax methods and for information related to Gross-Up procedures, refer to Volume IV, Section 3, page’s 4-6, in the Payroll Preparation Manual.*

Special Note: Agencies using the PC Payment System for submission of their bonus payments should NOT combine them with other nonrecurring payment submissions.

- Agencies must use Appointment Status Code “YE” for fiscal year-end bonus payments approved by OPB. BOSP will be monitoring the Year-End Bonus payments (using Object Code 4987) at the beginning of each payroll to ensure that the amount approved by OPB is not exceeded. **If it is determined that the amount has been exceeded, your agency’s payments will be deleted from that payroll and will have to be resubmitted at a later time.**
- Fiscal year-end bonus payments must be voucher and warrant dated in June.
- Since these bonuses must be paid in June, certified forward payments will not be allowed. In addition, these bonus payments are not retirement contributory.

Should you have any questions concerning this matter, please contact Yvette McCullough at (850) 410-9449, SUNCOM 210-9449, or email: ymccullough@dfs.state.fl.us or Cindy Langley at (850) 410-9423, SUNCOM 210-9423, or email: clangley@dfs.state.fl.us.