

**Ask Julie**

**How Can Our Problem Solvers Help You?**



By Julie Frye

**Are deductions for medical, dental and other insurance pre-tax for our employees?**

Maybe. Certain insurance deductions can be pre-tax for employees, but only if the employer has a Section 125 Cafeteria Plan in place. A Cafeteria Plan requires a formal signed plan document, as well as a summary plan description that's made available to employees. If it's "always been done that way" but you don't have a plan document on file, or if the plan document is several years old, it's important to take action right away. Call us for help.

**Why do the wages on my employee's W-2 Box 1 not match the gross wages for the year?**

Employers and employees  
*Continued on page 2*

**With Modern Systems, Piedmont Candy Produces Old-Fashioned Peppermints**

LEXINGTON – It's a candy factory. Not a movie fantasy like Willy Wonka's, but a special place nonetheless.

The bracing aroma of peppermint pervades the building and clings sweetly to clothes when you leave. Workers in lab coats and hair nets move among gleaming machines, muscling 100-pound masses of candy dough.

Piedmont Candy Company uses essentially the same recipe that Ed Eberlein devised for a cheap sugar candy during the Great Depression. In puffs or sticks, it's a brittle, airy treat that melts in your mouth.

Barry Brown, human resources manager, explains it's still a family-owned business – now the Reid family, which bought it from the Eberleins – and still based in Lexington. Much has been mechanized, such as packaging, but it's still human hands that shape the dough and human eyes that screen for rejects.

**On an average day, the factory uses 55,000 pounds of cane sugar to make 4.5 million candies. The product is distributed nationally.**

Brown's office is squarely in the center of the production area. Naturally gregarious, he moves easily among the workers, clad like them, speaking to each in English or Spanish. With a staff



Clockwise from top right: Stripes are applied by hand to 100-pound batches. Much of the process is mechanized, but human eyes still pick out rejects. The finished product, individually wrapped. Photos courtesy of Piedmont Candy Co.

of 90, he can know each one. "I value that," he said.

Keeping good workers is critical to success, Brown explained. Their experience ranges from "hired yesterday to 29 years. The majority have been here several years." Every worker has to learn on the job because "nobody even remotely close makes the products we make."

Brown leads a tour, showing how 2,000-pound totes of sugar

become cellophane-wrapped mints. The process starts by cooking a mix of granular sugar, plus liquid sugar and some invert sugar – the proportions must vary with temperature and humidity – into an amber viscous fluid. Workers separate it into 100-pound batches and mount it on machines that pull it like taffy. As it stretches, it picks up air and turns white. Midway

*Continued on page 4*

## A Memo From Wanda

Leaves of Absence are Risky,  
Complex for Unprepared Employers



By Wanda Bishop

One of the most common, complicated situations for employers is how to handle employee leaves of absence. An example that comes to mind....

A couple of years ago, a client called us about an employee who'd been out because of an injury unrelated to work.

At first, he'd said he'd be out a couple of weeks and the employer said, "OK, just come on back when you're able. Keep in touch and let us know."

But then two weeks became four weeks, and after four weeks, he had still not returned to work. When the employer finally contacted us, the employee been out of work for three months, with no return date in sight. During this time, the employer allowed him to remain enrolled on the medical plan even though he was not paying his portion of the premium. He now owed the employer over \$1000 in back premiums.

This employer had fewer than 50 employees and was not subject to FMLA. In the absence of a written leave policy, the employer wanted to terminate him as of the start of his

absence, back to the last date he had paid for coverage. It's a good thing they called us, because that could have been a costly violation.

**If the employer had retroactively terminated his coverage, they would have failed to comply with the requirement to provide written notice of continuation of coverage rights within 30 days of a loss of coverage.**

The solution was to consider this event as a reduction in hours (to zero!) as of today, and to send the required COBRA notice timely. The employer was out the unpaid \$1,000 in employee contributions, but avoided a penalty of several times that.

And don't forget how leave of absence can affect a Flex plan. If the employee has a flex plan with a debit card, the employer must be careful to consider that as well. While on leave of absence, that employee might spend his entire annual election, at the employer's expense.

The best solution is to be sure you have a written policy in place, ahead of time, to cover such events. If you would like to adopt a written leave of absence policy for your employees, give us a call. We're here to solve your problems – and to keep you from falling into these tricky situations!

## Ask Julie

### Untangling the W-2 Boxes; FSAs and Terminations, Insurance Premiums

*Continued from page 1*

often find it confusing when gross wages are higher than the wages listed on the W-2. Remember that the W-2 records taxable wages rather than gross earnings. The basic rule of thumb for determining federal and state taxable wages (boxes 1 and 16 on the W-2) is: Gross Pay minus Pretax Deductions (such as medical, dental, 401k). Boxes 3 and 5 on the W-2 may be higher than Boxes 1 and 16 since 401k and other retirement plan deductions are taxable for Social Security and Medicare. Other items such as fringe benefits, Social Security maximum wage base and employer-paid group term life insurance may be a factor, as well.

***Our company has a health FSA. Can employees be reimbursed for private insurance premiums, such as Medicare or COBRA?***

IRS regulations specifically prohibit health FSAs from reimbursing insurance premiums. It is possible, however, that these premiums may be deducted on the employee's individual tax return (subject to the applicable deductibility threshold).

***Our company has received a garnishment for an employee that stipulates we withhold a percentage of the employee's disposable earnings. What does that mean?***

In a nutshell, disposable earnings are what is left after legally required deductions. These include all employee tax withholdings and, in some states, deductions for employee retirement plans. Carefully review all paperwork that accompanies any garnishment or child support order. There are likely additional limitations on the amount of earnings that may be garnished and you may need to take these into account in addition. If you're not sure, call us.

***My employee is terminating and has spent more than she has contributed to her Flexible Spending Account. Is it okay for me to withhold the difference from her final paycheck?***

Unfortunately, no. The Uniform Premium Provision specifically states that the full annual election amount is available to employees for eligible medical expenses on each day of the plan year. This means that, if the employee has spent more than has been withheld as of the final regular paycheck, those funds can't be recovered by the employer. A regular FSA deduction may be withheld from the employee's final paycheck, but the final deduction may not exceed that amount.

For more detailed information and ideas to minimize employer risk, please contact us and we'll be happy to help.

## Be Ready for these Upcoming Deadlines

### SEPTEMBER

9/30: Employee Information EEO-1 due

### OCTOBER

10/9: Columbus Day; banks closed

### NOVEMBER

Send all unemployment tax rate notices to Savers Admin

Send any withholding payment schedule changes to Savers Admin

Employees submit new W-4 or state tax withholding form if any changes are needed

11/10: Veterans Day; banks closed

11/23: Thanksgiving; banks and Savers Admin closed

11/24: Savers Admin closed

**Late November / Early December:** Watch for our year-end e-mail with detailed instructions to prepare for year-end.

### DECEMBER

No later than last payroll: Report all group term life, fringe benefits and more than 2% shareholder health benefits for W-2 reporting

12/22: Savers Admin closed

12/25: Christmas: banks and Savers Admin closed

### JANUARY

1/1: New Years Day: banks and Savers Admin closed

1/12: Report all third-party sick pay for W-2 reporting

1/15: Martin Luther King Day: banks and Savers Admin closed

1/31: W-2s and 1099s due to employees and contractors

Your benefits plans may involve additional deadlines. If you're not sure what they are, call us.

**Remember that if you receive a notice of any kind relating to the payroll or benefits that we manage for you, be sure to send us a copy.**

## The Voice on the Phone

# For Abby Walker, Solving Customers' Problems isn't a Job, It's a Calling

Abby Walker, a helpful voice on the phone for many Savers Admin clients, feels that helping is more than a job. For her, she said, it's a calling.

"I really do like being able to solve problems," she remarked. "I enjoy listening to what's going on, and then finding a fix.

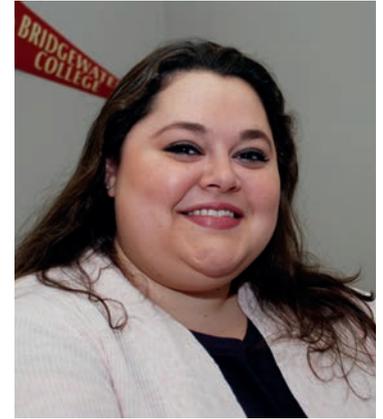
"I also enjoy getting to know our clients – knowing who's getting married, who's having grandchildren. I feel invested in their lives, even if I've never met them in person.

"And making people happy – getting their paycheck to them and putting food on their table – isn't bad, either."

Abby, 27, learned the ins and outs of payroll four years ago as a new employee at Savers Admin, and she enjoys passing that knowledge on. When a client is adjusting to a new system or training a new payroll supervisor, Abby will coach them.

**"I've driven to Asheville and I've had people come here. We'll walk them through the whole thing and then double-check behind them. Not a lot of other [payroll processors] will provide that personal attention."**

Recently a client had an employee distraught over the taxes she owed at the end of the year, a result of under-withholding. "A lot of times people don't understand the tax forms," Abby explained. "They're five pages long. The client's payroll person didn't really understand it either, so she phoned me while the em-



Abby Walker

ployee was in her office. I was able to explain the process to both of them and help make an adjustment to solve the employee's problem."

Abby is also proud of the flexibility that she and Savers Admin provide. "If we're here after five to explain a process or correct an error, we're happy to do it. A few times I've had to take the payroll over the phone because a payroll supervisor was in California for the birth of a grandchild or called away for a spouse in hospice."

Abby grew up near Roanoke, Virginia, and graduated from Bridgewater College in Bridgewater, Virginia. She lives with her husband, Ryan, and their two dogs. For pleasure, she enjoys cooking, dancing, reading, movies and playing with the dogs.

"Above all," she said, "I want clients to know we care. We care when they're frustrated, we care when everything's going smoothly and we care if their dog passed away. It's a personal relationship."

## With Modern Systems, Piedmont Makes Old-Fashioned Candies — by the Ton

### Continued from Page 1

through the pulling, a worker carefully adds 5 ounces of peppermint oil.

After it's pulled, a worker removes the dough to a table and shapes it into a fat cylinder, to which stripes of red-tinted dough are hand-applied. Next stop is a machine where rollers stretch the mass into a narrow rope, to be cut at the end into individual puffs or sticks. After an hour in a curing oven, the candies move on to wrapping machines.

**There are other flavors, Brown explained, but 90 percent of production is peppermint. Its content is almost pure sugar.**

There are two competitors for this kind of candy, Brown said. Both are based in Mexico, where labor is cheaper. "Our advantages are 'Made in America' and 100 percent cane sugar." Competitors use corn sweeteners.

Piedmont sells candies under its own Red Bird brand, as well as under private labels. The brands are "Nice" at Walgreens, "Gold Em-

blem" at CVS and "Family Gourmet" at Family Dollar. Some customers, such as BB&T, hand out mints under their own label. Some labels simply say "Thank you."

Shortly after he arrived in 2014, Brown brought in Savers Admin to replace a "cumbersome, time-consuming payroll system.

"Payroll used to take all day on Monday, but now it takes less than two hours. This gives me an opportunity to pull reports, calculate turnover or look up anything I need."

The system offers "all the bells and whistles of the big national operators, plus personal, local service at a very competitive rate.

"One time I forgot to enter a rate for an employee and as a result he didn't get paid. I called Savers Admin for help and they said don't worry, we'll cut him a check today. I had the check within two hours.

"If an employee needs something — such as the last four pay stubs for a loan application — I can print out the last four or the last 40 in less than two minutes."



Clockwise from top: Candy is pulled like taffy to add air. Machinery stretches batches into ropes, which are then cut. Barry Brown demonstrates the thumbprint-reading time clock.

More recently, Brown installed a new thumbprint-reading time-keeping system with Savers Admin's help. It further reduces errors and clerical cost by connecting directly with payroll.

Just as Piedmont Candy has

modernized its machinery, it's modernized its HR systems, to keep making old-fashioned candy that's competitive in the 21<sup>st</sup> Century.

## Need help with a product or service? Here are helpful contacts.

**PAYROLL:** Please email [Payroll@SaversAdmin.com](mailto:Payroll@SaversAdmin.com) (Multiple recipients for fastest response.) You may also contact directly: *Julie Frye*, [JFrye@SaversAdmin.com](mailto:JFrye@SaversAdmin.com), 336-759-3888, ext. 166.

**ADVANCED HR:** *Wanda Bishop*, [WBishop@SaversAdmin.com](mailto:WBishop@SaversAdmin.com), 336-759-3888, ext. 126; or *Katie Sherwood*, [KSherwood@SaversAdmin.com](mailto:KSherwood@SaversAdmin.com), 336-759-3888, ext. 121.

**COBRA ADMINISTRATION:** *Wanda Bishop*, [WBishop@SaversAdmin.com](mailto:WBishop@SaversAdmin.com), 336-759-3888, ext. 126; or *Debbie Berg*, [DBerg@SaversAdmin.com](mailto:DBerg@SaversAdmin.com), 336-759-3888, ext. 115.

**FSA AND HRA BALANCES INQUIRIES AND CLAIMS ASSISTANCE:** Please call 336-759-3888 or 800-949-0311. Select Option 3

for FSA Assistance. Select Option 6 for HRA assistance. (Multiple agents for fastest response.) Or email [Flex@SaversAdmin.com](mailto:Flex@SaversAdmin.com).

**FSA AND HRA ADMINISTRATION:** *Steve Patterson*, [SPatterson@SaversAdmin.com](mailto:SPatterson@SaversAdmin.com), 336-759-3888, ext. 105; or *Wanda Bishop*, [WBishop@SaversAdmin.com](mailto:WBishop@SaversAdmin.com), 336-759-3888, ext. 126.

**SALES:** *David Roberson*, [DRoberson@SaversAdmin.com](mailto:DRoberson@SaversAdmin.com), 336-971-1034; or *Amy Justice*, [AJustice@SaversAdmin.com](mailto:AJustice@SaversAdmin.com), 336-759-3888, ext. 143; or *Megan Barnhart*, [MBarnhart@SaversAdmin.com](mailto:MBarnhart@SaversAdmin.com), 336-759-3888, ext. 124.

**BILLING:** *Debbie Berg*, [DBerg@SaversAdmin.com](mailto:DBerg@SaversAdmin.com), 336-759-3888, ext. 115.