



# **Unicorn HRO**

## **Deduction Processing**

Records in **Deductions** can be added/updated from the following sources:

- ❑ Entry through **Deductions**.
- ❑ Payment of a Pay Code that has an Offset Deduction.
- ❑ Employee cost and deduction is associated with a benefit enrollment: (1) If employee is set up on the payroll side, the deduction is automatically created; (2) If employee is not yet set up on payroll, the deduction is created when New Hire or Payroll Activation is run.
- ❑ **Benefit Update**: deductions can be added or updated with this function, depending on whether the employee's benefit cost has changed.
- ❑ **Flexible Spending Accounts** (FSA) enrollment: (1) If employee is set up on the payroll side, the deduction is automatically created; (2) If employee is not yet set up on payroll, the deduction is created when Payroll Activation is run.
- ❑ **Health Savings Accounts** (HSA) enrollment: (1) If employee is set up on the payroll side, the deduction is automatically created; (2) If employee is not yet set up on payroll, the deduction is created when Payroll Activation is run.
- ❑ **Global Employee Deduction Update**: employee-paid deductions can be added or updated with this function.
- ❑ **Payroll Activation**: If a deduction is set to Assign On Activation in the **Deduction Definition** function, the deduction is automatically assigned when the employee is activated on payroll.

Records in **Employer Deductions** are added/updated from the following sources:

- ❑ When a record is added in **Deductions**, and there is an employer portion set up in **Employer Deduction Contributions**, the **Employer Deductions** record is automatically added.
- ❑ Entry through **Employer Deductions**.
- ❑ Employee cost and deduction is associated with a benefit enrollment: (1) If employee is set up on the payroll side, the deduction is automatically created; (2) If employee is not yet set up on payroll, the deduction is created when New Hire or Payroll Activation is run.
- ❑ **Benefit Update**: deductions can be added or updated with this function, depending on whether the employee's benefit cost has changed.
- ❑ **Health Savings Accounts** (HSA) enrollment when there is an employer match set up in **Employer Deduction Contributions**: (1) If employee is set up on the payroll side, the deduction is automatically created; (2) If employee is not yet set up on payroll, the deduction is created when **Payroll Activation** is run.
- ❑ **Global Employer Deduction Update**: employer contributions can be added or updated with this function.

When a payment is being processed, the system checks **Deduction User Exits**. If one exists, the specified program is used rather than standard iCON deduction processing. If no user exit exists, the following fields in **Deductions** are checked:

**Active:** This checkbox must be “on”.

**Start Date:** The Start Date must be equal to or less than the Pay Period End Date.

**End Date:** The End Date must be equal to or greater than the Pay Period End Date.

**Frequency:** The Frequency is checked against the hard coded values shown below. If it is a “P”, or a value other than the ones in the chart, it is taken on every payment.

Code	1 <sup>st</sup> P/P	2 <sup>nd</sup> P/P	3 <sup>rd</sup> P/P	4 <sup>th</sup> P/P	5 <sup>th</sup> P/P	EOM	EOQ	Semi-Annual	EOY
A		X	X						
C			X	X	X				
D		X	X	X	X				
G	X	X	X						
M						X			
Q							X		
X								X	
Y									X
Z	X	X	X	X					
0	X			X					
1	X								
2		X							
3			X						
4				X					
5					X				
6	X		X						
7		X		X					
8	X	X							
9			X	X					

**“Max” fields:** The system checks the corresponding total in **Deduction Accumulators**. If the month to date amount is equal to or greater than the Max Per Month, no deduction is taken. If the quarter to date amount is equal to or greater than the Max Per Quarter, no deduction is taken. If the year to date amount is equal to or greater than the Max Per Year plus the previous year’s Arrears amount from Deduction Accumulators, no deduction is taken. If a Default Max Per Year has been defined, the system will use this amount unless it is overridden at the employee level. If the fiscal amount is equal to or greater than the Max Per Fiscal Year, no deduction is taken. If the Total Deduction Taken is equal to or greater than the Max Total, no deduction is taken. Partial deductions are taken if necessary to bring the deduction up to the maximum amount. If the Employee Deduction Formula has an Algorithm Category between L01 and L10, and there is another deduction with the same Algorithm Category, the system will add the totals from all such deductions when comparing it to the Maximum amount. If the total of all deductions with the same Algorithm Category reaches the highest Maximum amount in those deductions (other than

999,999,999.99), the deduction will no longer be taken. An example of this would be the yearly IRS ceiling that applies to both the 401(k) and Roth 401(k) deductions.

**Minimum Per Pay Period:** This applies to percentage based deductions only. If the calculated deduction would be less than this amount, do not take the deduction.

**Maximum Per Pay Period:** This also applies to percentage based deductions. If an amount greater than the maximum is calculated, only the maximum amount will be taken. If you wish to limit the amount of arrears that can be taken in any one payment, add together the normal amount that is taken and the maximum amount of arrears to be taken and enter it here.

**Rate Per Labor Hour:** Enter the dollar amount that should be deducted for each hour the employee works. This amount will be multiplied times the number of hours the employee works for each pay type that is defined as SUI Labor Hours in **Pay Code Definition**.

If there is an employer contribution, the fields described above will be checked in **Employer Deductions** to determine whether or not to take the deduction.

The system checks the Supplemental Pay checkbox in **Pay Code Definition**. If the checkbox is “off”, only the Fixed Deduction Amount and Percent of Regular Wages fields will be used. If the checkbox is “on”, only the Fixed Amount - Supplemental and Percent of Supplemental Wages fields will be used.

The system checks **Deduction Pay Exclusions**. If the pay being processed is exempt from the deduction, and the deduction is expressed as a percentage of pay, no deduction is calculated.

If the payment originated from **Lump Sums**, the system checks the Deduction Assignment for that lump sum to see which deductions to take.

If there is not enough pay remaining after taxes so that all deductions can be taken, the Priority field is used. Offset deductions are programmed to come out first. After that, deductions with a priority of 000 will come first, then sequentially to 999. If a deduction cannot be fully taken, the Arrears Option determines what happens. The values in this common object are hard-coded and will be processed as follows:

<u>Arrears Code</u>	<u>Processing</u>
A	If the deduction cannot be taken in full, do not take any amount and do not put anything in arrears.
B	If the deduction cannot be taken in full, do not take any amount but put the full amount in arrears.
C	If the deduction cannot be taken in full, take a partial deduction for as much as possible and do not put the remainder in arrears.
D	If the deduction cannot be taken in full, take a partial deduction for as much as possible, and put the remainder in arrears.
E	This is the same as code “B”, except put the deduction into arrears even if the employee has no time and attendance data for the pay date. (To use the “E” and “F” options, a value of “P” must exist in the Payment Types common object.)
F	This is the same as code “D”, except put the deduction into arrears

even if the employee has no time and attendance data for the pay date.

In **Manual Payment**, a checkbox exists for No Deductions. If this is “on”, no deductions are calculated. If this checkbox is “off”, deductions are calculated and can be overridden.

By using the **Global Employee Deduction Update**, employee deductions can be added or updated. To update the employer portion, use the **Global Employer Deduction Update**.

Adjustments to arrears amounts can be made using the **Deduction Arrears Adjustment** function.