

Client Write-Up Payroll

Direct Deposit Guide

User Guide



User Guide

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Introduction

This guide covers the steps needed to setup and process Direct Deposit for your employees in Live Payroll.

The following areas are covered:

- Setup and process questions that you should review with the bank that will process the direct deposit
- Setup needed in Live Payroll for Direct Deposit
- How to process the direct deposit for your clients' employees.

Step 1 – Contact Bank

In order to make yours and your clients' transition from printed checks to direct deposit a smooth one use the following steps to help guide you. It is essential that you contact the bank that will be processing the direct deposit files and ask the following questions.

1. Does the bank require a balanced file, or does it allow an unbalanced file?

A balanced file includes a balancing debit entry to the client's checking account. An unbalanced file does not include a balancing debit entry to the client's checking account.

2. What Origin Code does the bank require for direct deposit?

Examples of origin code may include:

ABA routing number Tax ID number Special bank code

3. What type of company identification number is required?

Examples of ID numbers may include:

"1" followed by the IRS Employer Identification Number (EIN) "2" followed by the Data Universal Numbering System (DUNS) "9" followed by a User-Assigned Number

4. What does the bank require for the settlement date (effective entry date)?

Common examples of settlement dates are:

One day following the processing day Two days following the processing day

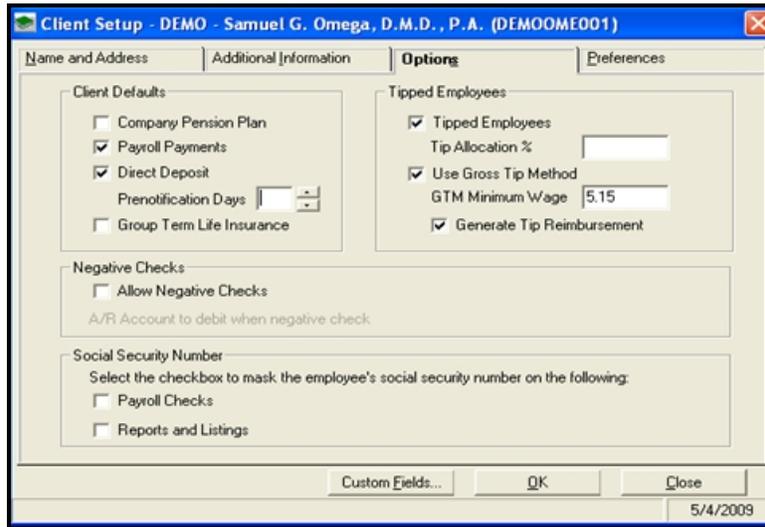
When contacting the bank, ask to speak with either someone in Cash, Treasury Management, or the ACH (Automated Clearing House) Department. This person should be able to help you get connected with the appropriate person more quickly. It is also a good idea to call the main office, rather than a branch office, as branch personnel are not typically as knowledgeable about direct deposit requirements as personnel in the main office. Once you have made contact with an ACH representative, explain to them that you will be the payroll processor for a mutual client and that you will be processing the files via standard NACHA formatted files. If this person does not fully understand ACH, then ask to be transferred to another bank representative, as sometimes the biggest challenge in setting up direct deposit, is locating the correct point of contact.

Step 2 – Client Options

Before you can set up any detail or direct deposit information, you must ensure that the Direct Deposit option has been selected for the client. Select Lists / Payroll / Client Options and the Options tab. Under Client Defaults, verify that the Direct Deposit checkbox is checked.

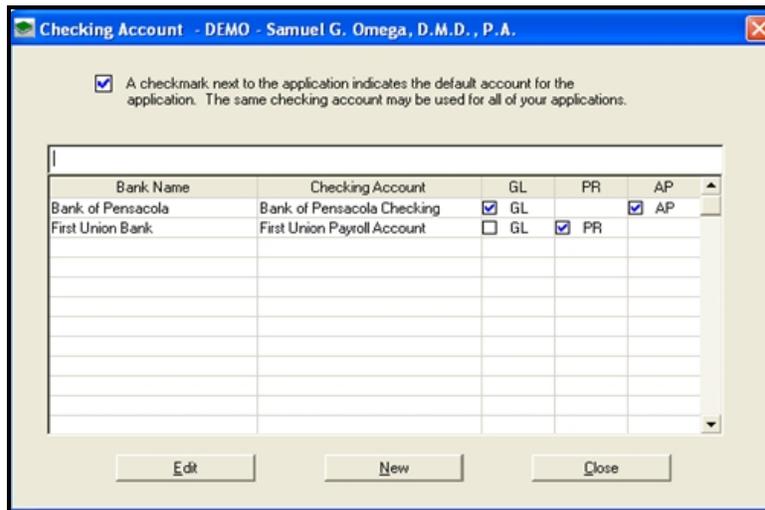
Enter the number of prenotification days. This is the number of days (before the direct deposit date) that employees will be included in the direct deposit file, with a zero check amount for processing verification. The verification process involves transmitting a sample ACH file (called a Prenote) to the bank to ensure that the file contains appropriate header and batch information and that it is in the proper format.

The check will be included as if it were a real check to ensure that all information supplied by the employee is correct. For a weekly payroll, you should use 7 days. For a bi-weekly payroll, use 16 days.



Step 3 – Checking Accounts

To set up checking account details for Direct Deposit, select Lists / Checking Accounts. A list of all the checking accounts you have set up will display.



Select the account that serves as your Payroll Checking Account. If you have not designated an account as your Payroll Account, you must do so now, or set up a specific Payroll Checking Account.

Once you have selected the payroll checking account, the Checking Account dialog is displayed. Click on the PR Direct Deposit button.

On the Direct Deposit Options dialog, enter the information that your Financial Institution provided. Click OK, when done. Click OK to return to the Checking Account dialog and click Close to return to the Payroll main window.

The information gathered on the Direct Deposit Options dialog determines the information included in the direct deposit transmission file. The file is generated when the checks are printed and include the options you have selected.

Options include:

- Checking Account - The name of the checking account displays for reference.
- Select one of the following types of files to transmit. You will need to verify with the bank whether it requires a balanced or unbalanced file:
 - Unbalanced File - Select Unbalanced File if you do not want a balancing debit entry made to the client's checking account.
 - Balanced File - Select Balanced File if you do want a balancing debit entry made to the client's checking account.
- Alternative Immediate Destination - Select the Alternative ImmediateDestination check box if the client wants to pick an alternate destination bank for their direct deposit file instead of the bank assigned to their payroll checking account.
- Bank Routing Bank Name - If the receiving (ACH) bank for the direct deposit file is different from the bank the checks are being drawn on, enter both the Immediate Destination Routing Number and the Immediate Destination Bank Name.
- Originating DFI - Select this check box if the Alternative Immediate Destination (ACH) is also the Originating DFI Identification to be used in the Company/Batch Header Record (Record Type 5), Entry Detail Record (Record Type 6), and Company/Batch Control Record (Record Type 8).
- Origin Code - Enter the Routing Number of the ACH operator or sending point that is sending the file. If this checking account's bank is also the same bank that is sending the file, enter that bank's ABA routing number. This field may also be mutually defined between the bank and the originator. For example, some banks want the Tax ID number here. Contact the bank for the origin code to use.
- Origin Name Enter the name of the ACH operator or sending point that is sending the file. The origin code and name print on the Direct Deposit Totals Report for verification.
- Company ID - Enter an alphanumeric code used to identify the originator. The company identification may begin with an ANSI one-digit identification code designator (ICD) followed by the identification number. For example, use "1" followed by the IRS Employer Identification Number (EIN), "2" followed by the Data Universal Numbering System (DUNS), or "9" followed by a user-assigned number. The bank will tell you which of these numbering systems to use, if any.
- Entry Description - Enter a user-defined company description to show the purpose of the entry to the bank.
- Descriptive Date - Select one of the following dates to include in the description. The date you select appears as a reference date on reports, so use the date most meaningful to you to represent this payroll. This date is descriptive only and does not affect your direct deposit. Select the description date to be used with the file:
 - Check Date option will use the check date as the descriptive date.
 - Pd Ending Date option will use the period ending date as the descriptive date.

Step 4 – Employee Setup

In the Employees setup on the Payroll menu, select each employee requesting direct deposit, by double clicking on the employee name.

Click the Direct Deposit tab and click New to add direct deposit information for the employee. Use the Employee Direct Deposit dialog to setup options for each employee's direct deposit information. Enter the bank, bank account, and account type. Enter the amount to be deposited for the employee. The employee can specify up to four bank accounts for their direct deposit. Select the "Net Balance to This Account" check box, if this account should receive any remaining balance, after wages have been distributed to all direct deposit accounts. Enter the start date for direct deposit.

The employee will be included in the direct deposit transmission file, as of the date you enter. You can also enter the prenotification method for this employee (whether to use the client default, an override date, or no prenotification). When complete, click OK. Repeat this process for each employee.

Employee Direct Deposit Dialog fields include:

- Employee Name - the employee's name appears for reference.
- Bank Accounts 1 to 4 (tabs)
- Bank Name – select or enter the employee's bank for this direct deposit.
- Bank Account No. - enter the employee's account number to which paychecks should be deposited. Do not enter spaces in the account number.
- Bank Account Type - select the account type of either Checking or Savings.
- Amount - Enter the amount to be deposited.
- Net Balance to Acct - Employees can have up to four direct deposit accounts. Select this check box if this account should receive any remaining balance after wages have been distributed to all direct deposit accounts.
- Start Date - Enter the start date for this employee. This employee will be included in the file used for direct deposit as of the date you enter here.
- Prenotification - Select one of these options for prenotification for this employee. Prenotification allows you to enter the number of days before the direct deposit date that this employee will be included in the direct deposit file with a zero check amount.

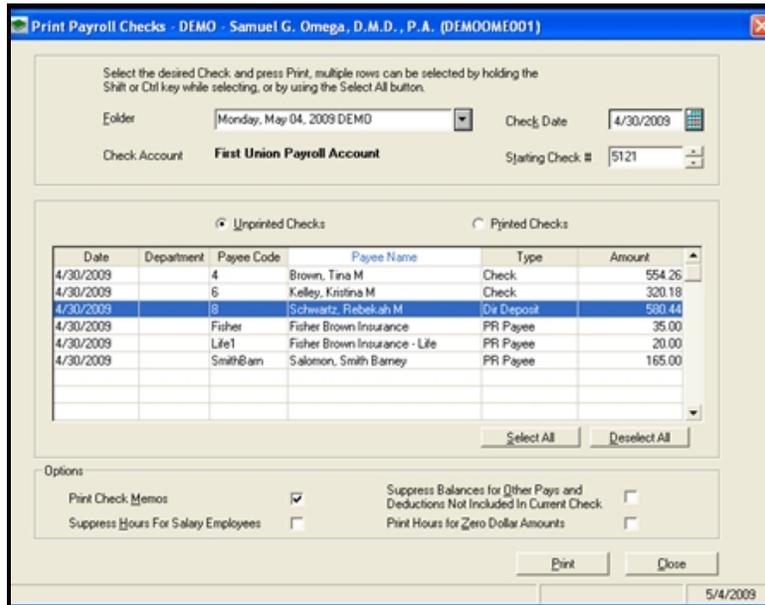
During the prenotification period, any checks written will be live checks. The direct deposit entry will be processed as if it were a real check (except with a zero check amount) to ensure that all information supplied for the employee is correct.

- Client Default accepts the Prenotification Days entered on the Options tab of the Payroll Client Setup folder. The client default displays in parenthesis beside this option.
- Override Date and select a date from the Calendar, to override the client default.
- No Prenotification if you do not want to process a prenotification for this employee.

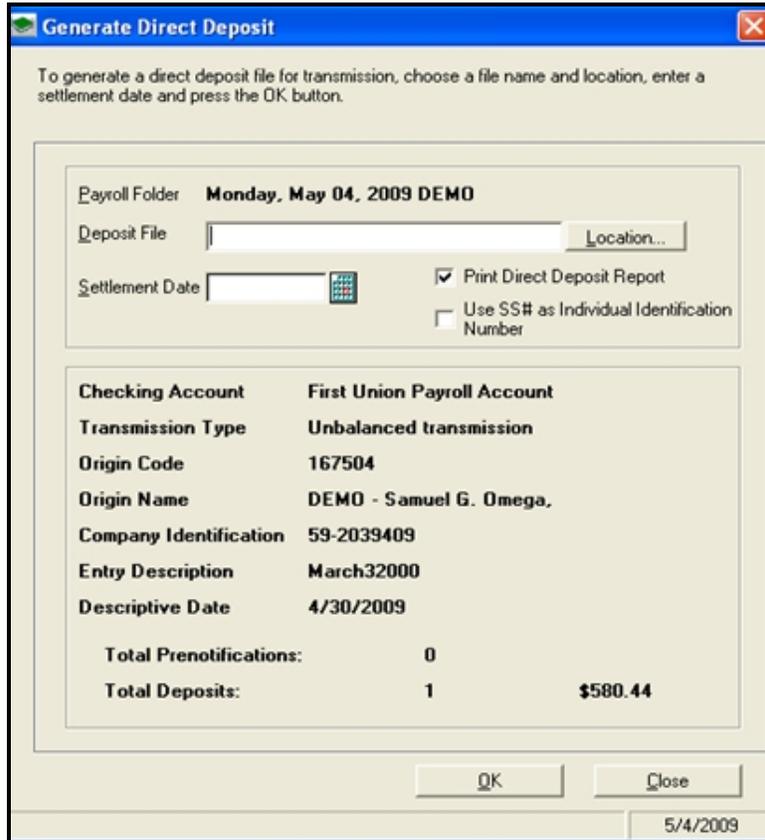
Step 5 – Payroll Entry

Payroll attendance for direct deposit employees is identical to attendance for employees receiving payroll checks. Enter attendance (using Payroll Entry from the Activities menu) as you normally would for all employees.

When you print checks from the Print Payroll Checks window, "Dir Deposit" indicates each employee that will receive a direct deposit in the Type column.



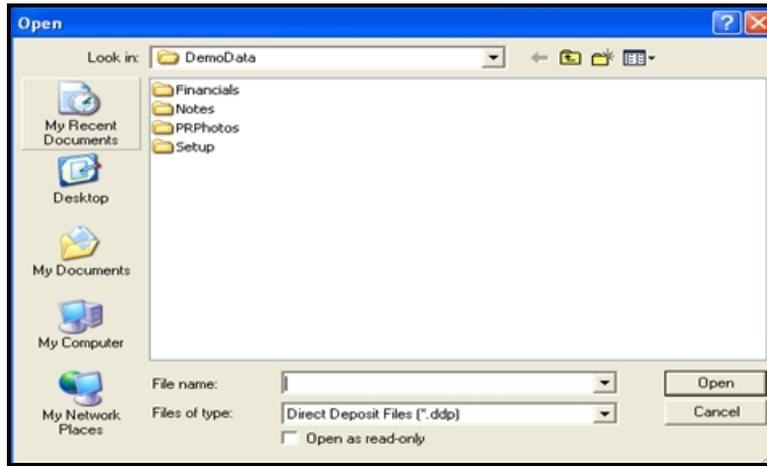
Once you click Print, the Generate Direct Deposit dialog displays.



The information on this dialog will be included in the direct deposit file created for transmission to the bank. Enter or browse to the location where the file should be created. Enter the settlement date to be used. You may also opt to print a Direct Deposit report (recommended) by selecting the checkbox to the right of the Settlement Date. You may use the employee SSN as the identification number for each individual direct deposit voucher.

The Totals for the Prenotifications and Deposits are displayed at the bottom of the screen. Verify that all direct deposits are included in the total, and then click OK.

Enter the deposit file name and path location, of where you want to store the file.



The following explains each field on the Generate Direct Deposit dialog.

- Payroll Folder - The payroll folder name displays for reference.
- Deposit File - Enter the deposit file name and path. The name you enter here is user-defined by you.
- Settlement Date - Enter the settlement date (effective entry date). This is the date on which you intend this batch of entries to be settled. The settlement date must be within one or two banking days following the processing date. Check with your bank for further clarification.
- Print Report- Select this check box to print the Direct Deposit Register, Direct Deposit Detail, and Direct Deposit Totals reports after the file has been generated. This box is checked by default.
- Use SSN - Select this option to use the social security number as the individual identification number.
- Additional Info - Additional direct deposit information displays on this window. Information includes the checking account name, transmission type (balance or unbalanced transmission), origin code, company identification, entry description, and descriptive date. This information was entered in the Checking Account setup. The number of prenotifications generated in this processing run are also listed, along with the number amount of direct deposits.

Step 6 – Print Checks

After creating the Direct Deposit file, you will print checks normally; any Direct Deposit vouchers will print with “Direct Deposit – This is Not a Check” and “Non-Negotiable” in the check area. An example is shown below.

First Union Bank
Pensacola, Florida 32501

5158

DEMO - Samuel G. Omega, D.M.D., P.A.
4414 Sparrow Trail
Pensacola, FL 32504

DATE	CHECK NO.	AMOUNT
6/15/2008	5158	\$ 1,049.30

*** DIRECT DEPOSIT *** THIS IS NOT A CHECK *** DIRECT DEPOSIT *** THIS IS NOT A CHECK ***

PAY ONE THOUSAND FORTY NINE DOLLARS AND 30 CENTS *****

TO THE ORDER OF Robin D Richardson
3260 Leesburg Circle
Pensacola, FL 32504

NON-NEGOTIABLE
Saving 2309091 163784
Chking 2309091 173785

DEMO - Samuel G. Omega, D.M.D., P.A.

EMP. NO.	EMPLOYEE NAME	SSE C. NO.	PERIOD END	CHECK DATE	CHECK NO.
2	Robin D Richardson	263-71-0521	6/15/2008	6/15/2008	5158

HOURS	RATE	EARNINGS		Y-T-D	DEDUCTIONS			STD. WITH-HOLDINGS		
		DESC.	AMOUNT		DESC.	AMOUNT	DESC.	AMOUNT	Y-T-D	
86.67	250.00	Reg FL	1250.00	20000.00	Saving	200.00	Fwt	105.08	1408.92	
		Bonus	0.00	500.00	Chking	849.30	Ssec	77.50	1210.24	
					401(k) S	0.00	Mdcr	18.12	283.04	
					Hins SMM	0.00				
					Unss SM	0.00				
						2700.00				
						960.00				
						350.00				
TOTAL			1250.00	20500.00		1049.30	4030.00		200.70	2902.20
									NET CHECK	0.00

Taxable Marital Status: Married Exemptions/Allowances: Federal 0 State: FL, 0

DEMO - Samuel G. Omega, D.M.D., P.A.

EMP. NO.	EMPLOYEE NAME	SSE C. NO.	PERIOD END	CHECK DATE	CHECK NO.
2	Robin D Richardson	263-71-0521	6/15/2008	6/15/2008	5158

HOURS	RATE	EARNINGS		Y-T-D	DEDUCTIONS			STD. WITH-HOLDINGS		
		DESC.	AMOUNT		DESC.	AMOUNT	DESC.	AMOUNT	Y-T-D	
86.67	250.00	Reg FL	1250.00	20000.00	Saving	200.00	Fwt	105.08	1408.92	
		Bonus	0.00	500.00	Chking	849.30	Ssec	77.50	1210.24	
					401(k) S	0.00	Mdcr	18.12	283.04	
					Hins SMM	0.00				
					Unss SM	0.00				
						2700.00				
						960.00				
						350.00				
TOTAL			1250.00	20500.00		1049.30	4030.00		200.70	2902.20
									NET CHECK	0.00

Step 7 – Submit File

Once you have completed printing the checks and direct deposit vouchers, you receive a dialog box indicating that the Direct Deposit file is complete, along with the path showing where the file is located.

Follow your bank or financial institution's instructions for transmitting the file to them.

Print Payroll Checks - DEMO - Samuel G. Omega, D.M.D., P.A. (DEMO00E001)

Select the desired Check, and press Print, multiple rows can be selected by holding the Shift or Ctrl key while selecting, or by using the Select All button.

Folder: Monday, May 04, 2009 DEMO Check Date: 4/30/2009

Check Account: First Union Payroll Account Starting Check #: 5121

Unprinted Checks Printed Checks

Date	Description	Amount
4/30/2009		554.26
4/30/2009		320.18
4/30/2009		580.44
4/30/2009		35.00
4/30/2009		20.00
4/30/2009		165.00

Direct Deposit
Direct deposit file 'C:\UTS\CWUSuite\DemoData\abc.ddp' generation complete.

Options

Print Check Memos Suppress Balances for Other Pays and Deductions Not Included in Current Check

Suppress Hours For Salary Employees Print Hours for Zero Dollar Amounts

Print Close

Processing Checks... 5/4/2009

Payroll also provides the following Direct Deposit Reports that you should print and retain with your records:

- Direct Deposit Register
- Direct Deposit Detail Report
- Direct Deposit Totals

Glossary of Terms and Definitions

ACH

The Automated Clearing House (ACH) network is a nationwide system for interbank transfers of electronic funds. It serves a network of regional Federal Reserve Banks processing the distribution and settlement of electronic credits and debits among financial institutions. ACH payments include direct deposit of payroll; business-to-business payments; and federal, state, and local tax payments, as well as other types of electronic funds transfers.

ACH files

An ACH file is a simple ASCII-format file that adheres to Automated Clearing House specifications. A single ACH file holds multiple electronic transactions — much like a manila file folder that is used to store and transmit dozens of sheets of paper with information related to a single topic. Each transaction within an ACH file carries either a credit or a debit value. Typically, a payroll ACH file contains many credit transactions to employees' checking or savings accounts, as well as a balancing debit transaction to the employer's (that is, your client's) payroll account.

ACH Operator

An ACH Operator is a central clearing facility operated by a private organization or a Federal Reserve Bank on behalf of participating financial institutions, to or from which financial institutions transmit or receive ACH transactions.

NACHA

The National Automated Clearing House Association (NACHA) oversees the ACH network and is primarily responsible for establishing and maintaining operating rules for the network. All financial institutions moving electronic funds through the ACH system are bound by the NACHA Operating Rules, which cover everything from participant relationships and responsibilities to implementation, compliance, and liabilities. The NACHA rules are specific and quite detailed — but with nearly seven billion transactions and a combined dollar value of \$20 trillion having moved through the system during the year 2000 alone — it's clear that adhering to a strict set of rules is crucial to the smooth and successful operation of the ACH system. To learn more about NACHA and the ACH rules, point your Internet browser to www.nacha.org.

Originator

An ACH Originator is typically a company that directs a transfer of funds to or from a consumer account.

Prenote

Prenotification files are zero-dollar entries sent prior to the first live entry to notify the Receiving Depository Financial Institution (RDFI) of future payments and to test the validity of account information.

Receiver

The Receiver is the person or organization that has authorized the Originator to initiate an ACH entry (for example, a direct deposit transaction) to the Receiver's account with an RDFI.