

Year-End Checklist for HR Professionals 2018 Edition



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Year-end is busy for everyone. However, if you manage year-end HR, payroll and benefits responsibilities, the definition of “busy” takes on an entirely new meaning.

Hopefully, we can make it a little easier for you. A team of experts at Ascentis has compiled this detailed year-end checklist to help you check off your to-do’s and pave the way for a successful—and less stressful—year-end.



HR

■ Perform the Affordability Threshold Test

In 2017, the Affordable Care Act (ACA) implemented an affordability standard to help ensure all eligible employees have access to affordable health coverage based on an employee's household income. Based on the ACA's affordability standard as adjusted for inflation, health coverage will satisfy the requirement to be affordable if the lowest-cost self-only coverage option available to employees does not exceed 9.86 percent of an employee's household income, up from 9.56 percent in 2018. Make sure that your health plan meets the affordability test criteria; otherwise your company could face substantial fines for noncompliance.

■ Provide Total Compensation Statements

Each year employers make significant contributions towards personal benefits, which are important parts of an employee's total compensation. The statement outlines the total income opportunity and benefits provided by the employer as well as a cost of those benefits. Plan to distribute total compensation statements to your employees as part of your year-end activities.

■ Audit Employee Classifications

The U.S. government has been aggressively cracking down on the misclassification of workers. The IRS determines employee classification by studying how much control an employer has over how the employee or contractor does their work. Ensure your employees are accurately classified as "exempt" or "non-exempt."

■ Broadcast and Review Company Holiday Dates for 2019

Review your current holiday policies and determine if any changes are needed. Communicate these dates to employees manually if not using an HRIS solution. If using an HRIS, set these dates up in your system for all employees to see when logging into an employee self-service portal.

Confirm Employee Social Security Numbers

Ask employees to confirm their Social Security numbers in your payroll or HCM system.

COMPLIANCE

■ Finalize and Send Employer Information EEO-1 Report

2018 EEO-1 reporting is due by March 31, 2019. Employers must select the data used for the 2018 EEO-1 report from a payroll period in October, November or December 2018. Be sure you can access EEO-1 reports and then file them with the U.S. Equal Employment Opportunity Commission's EEO-1 Joint Reporting Committee prior to the reporting deadline. Here is a link to the U.S. Equal Employment Opportunity Commission to learn more.

■ Ensure You Have Affordable Care Act (ACA) Data for Required Reporting

Year-end reporting under the ACA must cover all 12 months of 2018. If you do not have a system that handles your ACA reporting, it is essential that you collect all the data you need to manually report, including:

- Employees that were active as of Jan. 1, 2018
- New hires for 2018 from date-of-hire
- Retirees who are still on your benefits plan(s)

- Owners, directors, partners or anyone who is enrolled in your benefits plan(s)
- Union members if they are enrolled in your benefits plan(s), or if they are required to contribute to their plan
- 1095-C forms for any current or former employees who have enrolled in COBRA coverage within the calendar year

■ **Assess Employer Shared Responsibility Provision**

The “play-or-pay” mandate requires all Applicable Large Employers (ALEs)—typically defined as employers with an average of 50 or more employees in a calendar year—to offer affordable minimum value coverage to full-time and variable hour employees. The IRS may assess an Employer Shared Responsibility (ESR) penalty if at least one full-time employee (FTE) receives a government subsidy to buy an individual policy through a health exchange marketplace due to the ALE’s failure to offer coverage. In order to avoid penalty risk, you must assess if each employee meets the ESR definition of an FTE or variable hour employee.

■ **Audit Anti-Sexual Harassment Training Law Compliance**

California, Maine and Connecticut have laws requiring employers to ensure that their employees are trained in sexual harassment issues and how to avoid these conflicts. Some of these states only require training of supervisors (CA and CT), while others require training for all employees (ME). If your company does business in these states, make sure you are tracking and staying compliant with these trainings in your Learning Management System or in another reliable format.

■ **Review State and Local Family and Medical Leave Act (FMLA) Law Compliance**

Most states with laws specifically mandating paid FMLA for employees fund these through state insurance programs supported by “tax-like” required employer and/or employee contributions. If you use a payroll system, be sure that the required state and local FMLA contributions are applied.

■ **Evaluate “Last Chance” Tax Credit for Paid Family and Medical Leave**

The Tax Cuts and Jobs Act of 2017 contained a little-known Section 45S, which offered employers a two-year only (2018 and 2019) opportunity to provide Paid Family and Medical Leave (PFMLA) to some of their employees and take a corporate tax credit for up to 25 percent of the PFMLA paid. There are a number of restrictions, so check with your legal adviser to ensure compliance for your company if you are taking advantage of this “last chance” tax credit.

BENEFITS

■ **Update to Flex Spending Accounts and Health Savings Accounts 2019 Contributions**

Health Savings Accounts (HSA) have the following limits:

- The annual limitation on deductions for an individual with self-only coverage under a high deductible health plan (HDHP) is \$3,500.
- The annual limitation on HSA deductions for an individual with family coverage under an HDHP is \$7,000.

- For 2018, an HDHP is defined as a health plan with an annual deductible that is not less than \$1,350 for self-only coverage or \$2,700 for family coverage.
- Annual out-of-pocket expenses (deductibles, co-payments and other amounts, but not premiums) should not exceed \$6,750 for self-only coverage or \$13,500 for family coverage.

For Flex Spending Accounts (FSA), the annual dollar limitation on employee contributions to employer sponsored health FSAs increased to \$2,700. Update any contributions you make as an employer and inform your employees about the 2019 contribution limits.

■ Check Medicare Tax Thresholds

Determine if any staff have reached or passed the threshold amounts. As a reminder, initial Coverage Limits (ICL) increased from \$3,750 in 2018 to \$3,820 in 2019. Out-of-Pocket Thresholds (or TrOOP) will increase from \$5,000 in 2018 to \$5,100 in 2019. Check the latest Medicare threshold amounts here. Ensure that employees' 0.9 percent additional Medicare tax is accumulating properly.

■ Track and Report Fringe Benefits

Work with your finance department to audit fringe benefits that need to be reported on the 2018 W-2. Review your accounts payable and general ledger records for possible unreported taxable items from tax year 2018 including, but not limited to:

- Benefits that exceed certain monetary thresholds
- Expense reimbursements or payments made to third-parties for non-qualified moving expenses
- Meal expenses employees incurred while traveling
- Employer-paid student loan payments
- The fair market value of individual gym memberships, regardless of any applicable corporate discount
- The fair market value of health benefits provided to employees' domestic partners or civil union partners of either gender
- Dependent group-term life insurance, when the policy exceeds \$2,000
- Group-term life insurance greater than \$50,000 provided to retirees
- The amount of forgiven loans
- Employee recognition awards that are more than de minimis benefits (e.g., all-expense-paid trips, gift certificates)
- Employee safety awards, prizes, referral bonuses and suggestion awards
- The fair market value of unrestricted gift certificates or gift cards
- Employees' personal use of company vehicles

■ Distribute Annual Notices

Distribute all annual notices to employees, such as those required from Employee Retirement Income Security Act (ERISA), the Department of Labor (DOL), Centers for Medicare/Medicaid (CMS) and the Affordable Care Act.

■ Send Open Enrollment Data to Carriers

Your insurance carriers and other partners may need employee data. Be sure to manually prepare and send enrollment data to your carriers before year-end.

TALENT MANAGEMENT AND RECRUITING

■ Audit Employee Termination Benefits

Section 2712 of the ACA prohibited group and individual health plans and insurances from rescinding coverage retroactively, except in the event of fraud or intentional misrepresentation of material fact. Missed life event communication from employer to carrier (e.g., late employee terminations), which was the most common reason for rescission prior to the law, is now no longer permitted. This means that employers who should no longer have specific employees on their plan, and who have erroneously paid for their coverage, will not be entitled to a refund. If you are manually communicating your terminations to your insurer, it is important you audit your insurance billing on a monthly, quarterly and annual basis.

■ Review Job Titles and Job Descriptions

Review job titles and revise job descriptions for employees whose jobs, duties or roles have changed within the course of the year. Check Fair Labor Standards Act (FLSA) exemption statuses to make sure exempt and non-exempt statuses are accurately recorded for all employees.

■ Ensure Year-End Training Requirements Are Met

Run year-end training reports to ensure employee certifications and training requirements are complete. This is especially critical if you have employees that need specific certifications in order to remain compliant and able to fulfill their job requirements. Ensure you have all this data stored in case of any audits.

■ Update and Review Employee Handbook

With 2019 nearly upon us, it is time to start making updates to your employee handbook to ensure compliance with any federal changes applicable to employment laws. From the National Labor Relations Board's position on social media policies, to paid leave law changes and more, it's critical that your employee handbook be updated to remain in compliance with regulatory issues.

■ Review Hiring Processes for 2019 Staffing Needs

Review hiring processes, including analyzing recruiting processes and onboarding time-to-fill. Have departments check staffing needs to plan for new hires. Doing this research upfront can help you understand what you will need in order to super-charge your applicant pipeline in 2019.

TIME AND ATTENDANCE

■ Complete Necessary Paid Time Off Requirements

Do you have a “use-it-or-lose-it” type of vacation policy? The first of January is often the start of a new paid-time-off cycle. Systems often have to be reset, carried over and paid out to comply with your time-off policy. Check with the Department of Wage and Hour division of the Department of Labor to be sure you are compliant with wage and hour laws to see what is and is not mandatory.

■ Update State and Federal Labor Law Posters

National Labor Relations Board (NLRB) posting requirements state that the NLRA poster (also called the NLRB poster, right to work poster, NLRA employee rights poster and the workers' rights poster) must be displayed by federal contractors or subcontractors in a conspicuous location. All employers need new labor posters to be compliant with the most recent NLRB posting requirement affecting all businesses. [Check to see if your state laws have changed](#) since 2018 and require new postings for 2019.

■ For Long-Term Care Facilities: Submit Direct Care Staffing Information

Section 6106 of the Affordable Care Act (ACA) requires nursing homes and long-term care facilities to electronically submit direct care staffing information (including agency and contract staff) based on payroll and other auditable data. The Centers for Medicare & Medicaid Services (CMS) has more information on how to report your staffing data. The deadlines for each reporting period are below:

FISCAL QUARTER	REPORTING PERIOD	DUE DATE
1	October 1 - December 31	February 14
2	January 1 - March 31	May 15
3	April 1 - June 30	August 14
4	July 1 - September 30	November 14

Gather all of the required information to submit at year-end in order to hit the February 14 submission deadline.

■ Request System and Organization's Controls (SOC) 1 Reports from Service Providers

Statement on Standards for Attestation Engagements No. 18 (SSAE 18) is an auditing standard designed to enable an independent auditor to evaluate a service organization's controls. The American Institute of Certified Public Accountants (AICPA) announced that SSAE 18 would supersede SSAE 16 for reports dated on or after May 1, 2017. SSAE 16 was formerly Statement on Auditing Standards (SAS) No. 70. Gather the SOC1 reports from your service providers and send the information to your auditors.

PAYROLL

■ Perform and Review Salary Surveys

Paying employees a fair wage is good business. A salary survey summarizes the average salaries paid to employees by position in your industry and region. To stay competitive, complete an annual salary survey and have a strategy to adjust compensation based on the survey results, your talent strategy and available wage budget.

■ Evaluate Deceased and Terminated Employees

Make sure any employees who have died in the current tax year are correctly coded in your payroll system. Review your employee data for terminated employees. Verify that terminated employees have no remaining vacation or sick time. Correct any issues that remain on your last payroll run of the year.

■ Make Necessary Compensation Adjustments

Commonly, year-end is the time to make compensation changes. If you don't use a talent management solution in tandem with your payroll solution, now is the time to clearly define your compensation adjustment plan to identify changes due to promotions, merit, market and/or annual bonuses. Be sure to have a communication plan in place to communicate any changes to your employees.

■ Communicate Any Programming Updates to Payroll Provider

Year-end is a popular time for new programming or changes to existing payroll software solutions. Reach out to management and HR to determine if they are expecting any changes for the coming year (e.g., general ledger, benefits, bonus programs etc.), and let your provider know as soon as possible. This will allow sufficient time for your provider to complete programming and quality testing.

■ Review Independent Contractor Contracts

Review vendor contracts for missing Taxpayer Identification Numbers (TINs). Request TINs by sending vendors Form W-9, then audit payments of \$600 or greater paid to independent contractors. You will need to send them a Form 1099-MISC as required by IRS regulations.

■ Prepare for Federal, State and Local Filing

If your payroll processor does not handle this for you, research federal, state and local electronic tax filing requirements for 2018. If your organization prints its own W-2s, update your software for current year and print test samples. Order W-2 envelopes and send the Social Security Administration (SSA) laser-printed substitute W-2 forms (Copy A) and W-3 for approval. If you file W-2s electronically, make sure you are registered with the SSA.

■ Adjust Your Processing Calendar for Q4 2018 Holidays

Review your 2018 year-end processing calendar and confirm that both processing dates and check dates are taking into account company holidays. Adjust your calendars accordingly and begin preparing your 2019 calendar in advance.



Enter the New Year with Confidence

We hope this checklist makes year-end planning much simpler and more efficient for you. By partnering with the right HCM solutions provider, a lot of these tasks become even easier with automated processes, centralized reports and documentation, employee self service capabilities and much more.

If you don't use Ascentis solutions today, we would love to [invite you to see a product demo](#) and explore how we can make your year-end – and your every day – more successful.

