

9.2 Deceased Employee Payout Process for Payroll

Purpose: To provide detailed instructions within the Payroll for North America module for accurate payment to the deceased employee's beneficiary or estate. *Information provided in this document is based on instructions from The Office of Financial Management document "[*Indebtedness of State of Washington to Deceased Employees Procedures on How to File Claims*](#)".

Audience: Payroll Administrators.

 You must have at least one of these local college managed security roles:

- ZC Payroll Data Maintenance
- ZZ Payroll Data Maintenance
- ZZ Payroll Processing

If you need assistance with the above security roles, please contact your local college supervisor or IT Admin to request role access.

Deceased Employee Payout Process

Workforce Administration

1. Follow standard **Termination** process for terminating **Job Data** using the following criteria:
 - Action = **Termination**
 - Reason = **Death**
 - **HR Status** changes to **Inactive**
 - **Payroll Status** changes to **Deceased**
2. Follow standard **Termination** process for terminating **Base Benefits**.
3. Follow standard **Termination** process for terminating **Absence Management**.
4. Follow standard **Termination** process for terminating **Time and Labor**.
5. Review the below information carefully and then make the appropriate changes within the Payroll module to ensure accurate final payment.

- ! Any payroll payments made to a deceased employee (in the calendar year of death as well as future calendar years) are not subject to Federal income tax withholding.**

There are two steps needed to address this requirement:

- Change employee tax status to "**No taxable gross, no tax taken.**"
- After payroll is confirmed, change the employee tax status back to what it was prior to your change above. **This is required for a W2 to generate correctly for the employee.**

6. The next section demonstrates how to change the employee federal tax withholding status for this requirement.

Update Employee Tax Data

Navigation: NavBar > Navigator > Payroll for North America > Employee Pay Data USA > Tax Information > Update Employee Tax Data

1. The **Update Employee Tax Data** Search page displays.
2. Enter the **Empl ID**.
3. Select the **Search** button.

Update Employee Tax Data

Enter any information you have and click Search. Leave fields blank for a list of all values.

[Find an Existing Value](#)

Search Criteria

Empl ID begins with

Company begins with

Name begins with

Last Name begins with

Second Last Name begins with

Alternate Character Name begins with

☐ Include History ☐ Correct History ☐ Case Sensitive

[Search](#) [Clear](#) [Basic Search](#) [Save Search Criteria](#)

4. The **Update Employee Tax Data** page displays.

- Before making the tax status change to "**No taxable gross, no tax taken**", copy or note the current tax status screen (to be used after payroll is confirmed to put the tax status back to the original status for W2 purposes).

J _____ Person ID 10 _____

Tax Data ?

Company 170 WA STATE COMM COLL DIST 17 + -

*Effective Date 12/31/2017

Updated By System Date Last Updated 12/12/2018

Federal Withholding Elements ?

*Special Withholding Tax Status None

*Tax Marital Status Single Single

☐ Check here and select Single status if married but withholding at single rate.

Withholding Allowances 1

Additional Amount \$0.00

Additional Percentage 0.000

☐ Exempt from FUT

- In the **Special Withholding Tax Status** field, select **No taxable gross, no tax taken** from the drop-down menu.
- Select the **Save** button.

Tax Data ?

Company 170 WA STATE COMM COLL DIST 17

*Effective Date 12/31/2017

Updated By System Date Last Updated 07/19/2019

Federal Withholding Elements ?

*Special Withholding Tax Status No taxable gross; no tax taken

*Tax Marital Status Single Single

☐ Check here and select Single status if married but withholding at single rate.

Withholding Allowances 1

Additional Amount \$0.00

Additional Percentage 0.000

☐ Exempt from FUT

► W-4 Processing Status ?

► Lock-In Letter Details ?

► State Tax Options ?

► Tax Treaty/Non-Resident Data ?

Save Return to Search Notify Refresh Update/Display Include History Correct History

8. After the payroll is completed, navigate back to this page and change the federal tax withholding back to its original status.

! With the exception of sick leave buyouts, all wage payments (pay, overtime, comp time, annual leave, etc.) to a deceased employee are subject to social security and Medicare taxes if payment is made in the calendar year of death (excluding payments to employees who have reached their social security maximum).

If payment is made in the calendar year subsequent to the date of death, the payment is not subject to social security or Medicare withholding.

There are 2 steps needed to address this requirement:

- Change employee active job record(s) to **FICA Status = Exempt.**
- After payroll is confirmed, change the employee active job record(s) back to what it was prior to your change. **This is required for a W2 to generate correctly for the employee.**

9. The next section demonstrates how to change the FICA status for this requirement.

FICA

 You must have at least one of these local college managed security roles:

- ZC HR Employee Maintenance
- ZD FWL HCM View Pay
- ZD HR Central Config VW
- ZD HR Admin View Job Data
- ZD Benefits Employee Data Inq
- ZD HR Employee Maintenance VW
- ZD HR Limited Person Job Info
- ZZ HR Employee Maintenance
- ZZ SS Workforce Administrator
- ZZ FWL HCM Pay Process

If you need assistance with the above security roles, please contact your local college supervisor or IT Admin to request role access.

Navigation: NavBar > Navigator > Workforce Administration > Job Information > Job Data

1. The **Job Data** page search page displays.
2. Enter the **Empl ID**.
3. Select the **Search** button.

Job Data

Enter any information you have and click Search. Leave fields blank for a list of all values.

Find an Existing Value Keyword Search

▼ **Search Criteria**

Empl ID begins with

Empl Record =

Name begins with


Last Name begins with

Second Last Name begins with

Alternate Character Name begins with

Middle Name begins with




☐ Include History ☐ Correct History ☐ Case Sensitive



Search Clear Basic Search  Save Search Criteria

4. The **Job Data** page displays.
5. From the Work Location tab, **Add a New Row** in the employee job record by selecting on the plus sign **[+]** in the **Work Location Details** section.

Work Location Job Information Job Labor Payroll Salary Plan Compensation CTC Job Data CTC Earnings Distribution

J Empl ID 10 Employee Empl Record 0

Work Location Details ?  1 of 3  

*Effective Date 06/22/2019  **Go To Row** **+** 

Effective Sequence 0 *Action Data Change Reason Absence Enrollment *Job Indicator Secondary Job

HR Status Active Payroll Status Active Current

6. Select the **Payroll** tab.
7. Change the **FICA Status** to "**Exempt**".
8. Select the **Save** button.

Work Location Job Information Job Labor **Payroll** Salary Plan Compensation CTC Job Data CTC Earnings Distribution

Ja Empl ID 11
Employee Empl Record 0

Payroll Information ? 1 of 3

Effective Date 06/22/2019 Go To Row

Effective Sequence 0 Action Data Change

HR Status Active Reason Absence Enrollment

Payroll Status Active Job Indicator Secondary Job

Payroll System Payroll for North America Current

Absence System Absence Management

Payroll for North America ?

Pay Group H17 Hourly: Semi-Monthly

Employee Type H Hourly

Tax Location Code WAST00 Washington Districts

GL Pay Type

Combination Code

Holiday Schedule NONE No holiday

FICA Status Exempt

Edit ChartFields

9. After the payroll is completed, navigate back to this page and change the FICA Status back to its original status.

! The earning period being processed is not relevant - only the actual pay date.

Sick leave buyouts made to deceased employee's survivors are exempt from social security and Medicare taxes.

Use the **Sick Leave** earn code of **LPN**: Sick Leave Payoff-no OASI/Medicare on the Payline to address this requirement.

10. The next section demonstrates how to change the Sick Leave earn code for this requirement.

Sick Leave Buyout

! You must have at least one of these local college managed security roles:

- <there are no college-assignable roles>

If you need assistance with the above security roles, please contact your local college supervisor or IT Admin to request role access.

Navigation: NavBar > Navigator > Payroll for North America > Employee Pay Data USA > Update Paysheets > By Payline

1. The **By Payline** search page displays.
2. Enter the **Search Criteria**.

By Payline

Enter any information you have and click Search. Leave fields blank for a list of all values.

[Find an Existing Value](#)

Search Criteria

Company begins with

Pay Group begins with

Pay Period End Date =

Off Cycle ? ☐

Page Nbr =

Line Nbr =

Empl ID begins with

Job Pay Data Change =

Partial Pay Period ☐

Name begins with

☐ Case Sensitive

[Search](#) [Clear](#) [Basic Search](#) [Save Search Criteria](#)

3. The **By Payline** page displays.
4. On the **Payline** tab, in the **Other Earnings** section, select **LPN** in the **Code** field.
5. Select the **Save** button.

Employee Self Service By Payline

Company 170 Pay Group P17 Pay Period End Date 02/28/2019 Page 21
 Empl ID [REDACTED] Line 3
 Empl Record 9 Benefit Record 170 ☐ Manual Check
 Check Number [REDACTED] Check Date [REDACTED] Total Gross [REDACTED] Net Pay [REDACTED]
 Transaction Message No Message

Payline Details 1 of 1 View All

☐ OK to Pay ☒ Job Pay ☐ Override Hourly Rate ☐ No Direct Deposit
☐ Gross-Up ☐ TL Records

Reg Hours 0.02 OT Hours [REDACTED] Hourly Rate [REDACTED] Reg Salary [REDACTED]
 Reg Rate Code [REDACTED] OT Rate Code [REDACTED]
 Shift Not Applicable State WA Locality [REDACTED]
 Earnings Begin 02/16/2019 Earnings End 02/28/2019 [Additional Data](#)

Other Earnings 1 of 1 View All

*Code	Seq Nbr	Rate Code	Hours	Rate	Amount	Source
LPN						

Payline | [One-Time Deductions](#) | [One-Time Garnishments](#) | [One-Time Taxes](#)

! After a pay calc has been completed, validate your entries on the paycheck for the deceased employee.

If all is correct, note the **Net Pay** amount of the payment and then go back to the Payline and enter a **One Time Deduction** to the deduction code: **000038 "Deceased Employee Cashout"**.

This prevents the system from generating a paycheck for the deceased employee and sends the net pay for deduction code 000038 to AP for payment.

6. Select the **One-Time Deductions** tab.
7. In the **One-Time Deduction Data Override** section, enter the **Deduction Code: 000038**.
8. Select the **Save** button.

Payline **One-Time Deductions** One-Time Garnishments One-Time Taxes

Company 170 Pay Group P17 Pay Period End Date 02/28/2019 Page 21
 Empl ID [REDACTED] Line 3
 Empl Record 9 Benefit Record 170
 Transaction Message No Message

Payline Details 1 of 1 View All

☐ OK to Pay

*Benefit Deductions Taken Deduction Benefit Deduction Subset ID [REDACTED]
 *General Deductions Taken Deduction General Deduction Subset ID [REDACTED]

One-Time Deduction Data Override 1 of 1 View All

*Plan Type [REDACTED] Benefit Plan [REDACTED]
 *Deduction Code [REDACTED] *Deduction Class [REDACTED]
 *Sales Tax B None *One-Time Code Override
 Flat/Addl Amount [REDACTED] Rate/Percent [REDACTED]
 *Calculation Routine Flat Amount

Save Return to Search Previous in List Next in List Notify Refresh

Payline | One-Time Deductions | One-Time Garnishments | One-Time Taxes

Final Payroll Steps

1. Run another pay calc to confirm a net pay of 0.00 for this employee.
2. When it's time to generate the payment to the required payee (estate, attorney, etc.) create a manual invoice for AP with the following information:
 - **deduction code 000038**
 - **amount to be paid**
 - **name of the payee**
 - **total gross amount of the pay for the deceased employee for 1099 purposes**
 - [sample voucher](#)
3. The deceased employee payout process for payroll is now complete.
4. End of procedure.