

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 is one step needed to address this requirement:

- Change employee tax status to "**No taxable gross, no tax taken.**"

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

Update Employee Tax Data

Navigation: 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. Click the **Search** button.
4. The **Update Employee Tax Data** page displays.

The screenshot shows the 'Update Employee Tax Data' page for employee Sydney Morris (Person ID 1). The page has tabs for 'Federal Tax Data', 'State Tax Data', and 'Local Tax Data'. The 'Federal Tax Data' tab is active. The form includes fields for 'Company', 'Effective Date' (11/16/2023), 'Updated By', and 'Date Last Updated'. There is a 'Tax Data' section with a search bar and a 'View All' link. Below this is a 'Federal Form Version' section with a dropdown menu set to 'W-4 - 2020 or Later'. The 'Federal Withholding Elements' section contains several fields: '*Special Withholding Tax Status' (set to 'None'), '*Tax Status' (empty), a checkbox for 'Multiple Jobs or Spouse Works', and input fields for 'Dependent Amount', 'Other Income', 'Deductions', and 'Extra Withholding', all set to '\$0.00'.

5. In the **Special Withholding Tax Status** field, select **No taxable gross, no tax taken** from the drop-down menu.
6. Click the **Save** button at the bottom, lower-left corner of the page..

CTC Maintain Payroll Data | Update Employee Tax Data

Navigation: New Window | Help | Personalize Page

Tabs: Federal Tax Data | State Tax Data | Local Tax Data

Employee: Sydney Morris | Person ID: 1

Tax Data

Company: [Redacted] | Effective Date: 11/16/2023 | Updated By: [Redacted] | Date Last Updated: [Redacted]

Federal Form Version: W-4 - 2020 or Later

Federal Withholding Elements

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

*Tax Status: [Redacted]

☐ Multiple Jobs or Spouse Works

Dependent Amount: \$0.00

Other Income: \$0.00

Deductions: \$0.00

Extra Withholding: \$0.00

❗ **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 is one step needed to address this requirement:

- Change employee active job record(s) to **FICA Status = Exempt**.

7. 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: Workforce Administration > Job Information > Job Data

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

The screenshot shows the 'Job Data' page with the 'Work Location' tab selected. The 'Work Location Details' section is highlighted with a red box. It contains the following fields:

- *Effective Date:** 06/22/2019
- Effective Sequence:** 0
- HR Status:** Active
- Payroll Status:** Active
- *Action:** Data Change
- Reason:** Absence Enrollment
- *Job Indicator:** Secondary Job

At the bottom right of the 'Work Location Details' section, there is a 'Go To Row' button and a plus sign (+) button, which is highlighted with a red box. The plus sign button is used to add a new row to the employee job record.

6. Select the **Payroll** tab.
7. Change the **FICA Status** to "**Exempt**".
8. Click 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 Holiday Schedule NONE No holiday
Tax Location Code WAST00 Washington Districts
GL Pay Type
Combination Code

FICA Status Exempt
[Edit ChartFields](#)

! 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.

9. 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: Payroll for North America > Payroll Processing USA > Update Paysheets > By Payline Security

1. The **By Payline Security** search page displays.
2. Enter the **Search Criteria** and click the **Search** button.
3. The **By Payline Security** page displays.
4. On the **Payline** tab, in the **Other Earnings** section, select **LPN** in the **Code** field.
5. Click the **Save** button.

Employee Self Service | By Payline

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 | Line 3
Empl Record 9 | Benefit Record 170 | ☐ Manual Check
Check Number | Check Date | Total Gross | Net Pay
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 | Hourly Rate | Reg Salary
Reg Rate Code | OT Rate Code
Shift Not Applicable | State WA | Locality
Earnings Begin 02/18/2019 | Earnings End 02/28/2019 | Additional Data

Other Earnings | 1-1 of 1 | View All

| *Code | Seq Nbr | Rate Code | Hours | Rate | Amount | Source |
|-------|---------|-----------|-------|------|--------|--------|
| LPN | | | | | | |

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

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. Click 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.