

## HOW TO SET UP HEALTH INSURANCE DEDUCTION

### Question

### PLEASE REFER TO THE STEPS BELOW:

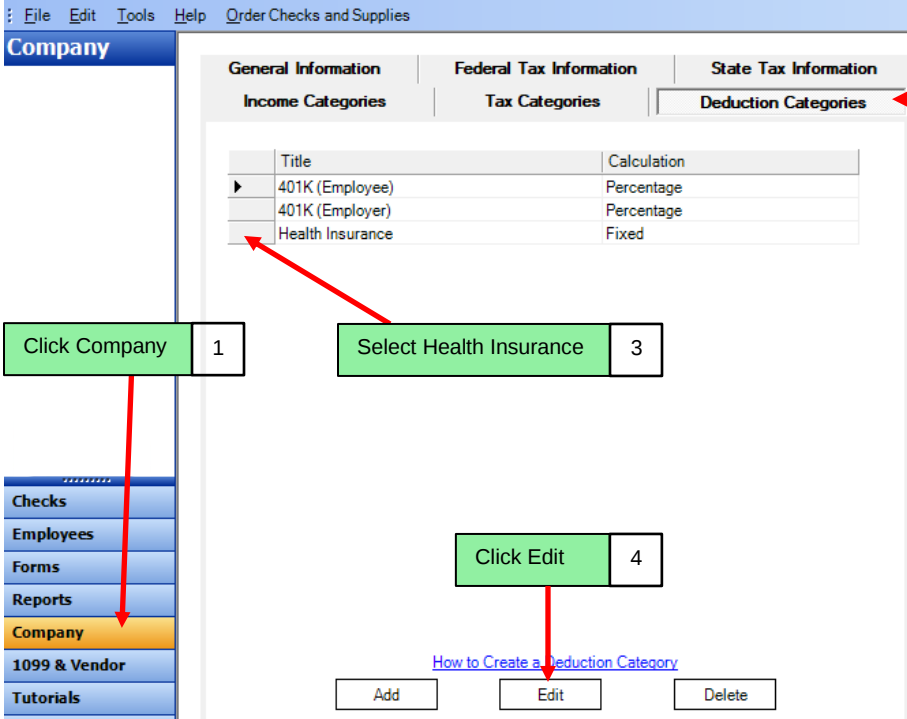
### Answer

This tutorial is for information purposes only. It is your responsibility to make sure the payroll setup is correct. We do not make recommendations for setting up payroll items. Consult your accountant or tax advisor if you are unsure how a certain payroll item or your payroll in general should be set up.

Payroll Mate has a built-in deduction category for Health Insurance. This built-in category can be edited as needed.

Make sure you are in the correct company.

1. Click **Company**
2. Click **Deduction Categories**
3. Select **Health Insurance**
4. Click **Edit**



The screenshot shows the Payroll Mate software interface. On the left is a navigation menu with options: Checks, Employees, Forms, Reports, Company (highlighted), 1099 & Vendor, and Tutorials. The main window has tabs for General Information, Federal Tax Information, and State Tax Information. Under Federal Tax Information, there are sub-tabs for Income Categories, Tax Categories, and Deduction Categories. A table lists deduction categories: 401K (Employee) with Percentage calculation, 401K (Employer) with Percentage calculation, and Health Insurance with Fixed calculation. At the bottom are buttons for Add, Edit, and Delete. A link 'How to Create a Deduction Category' is also present.

Annotations with numbered boxes indicate the steps:

- Click Company** 1: Points to the 'Company' menu item.
- Click Deduction Categories** 2: Points to the 'Deduction Categories' sub-tab.
- Select Health Insurance** 3: Points to the 'Health Insurance' row in the table.
- Click Edit** 4: Points to the 'Edit' button at the bottom.

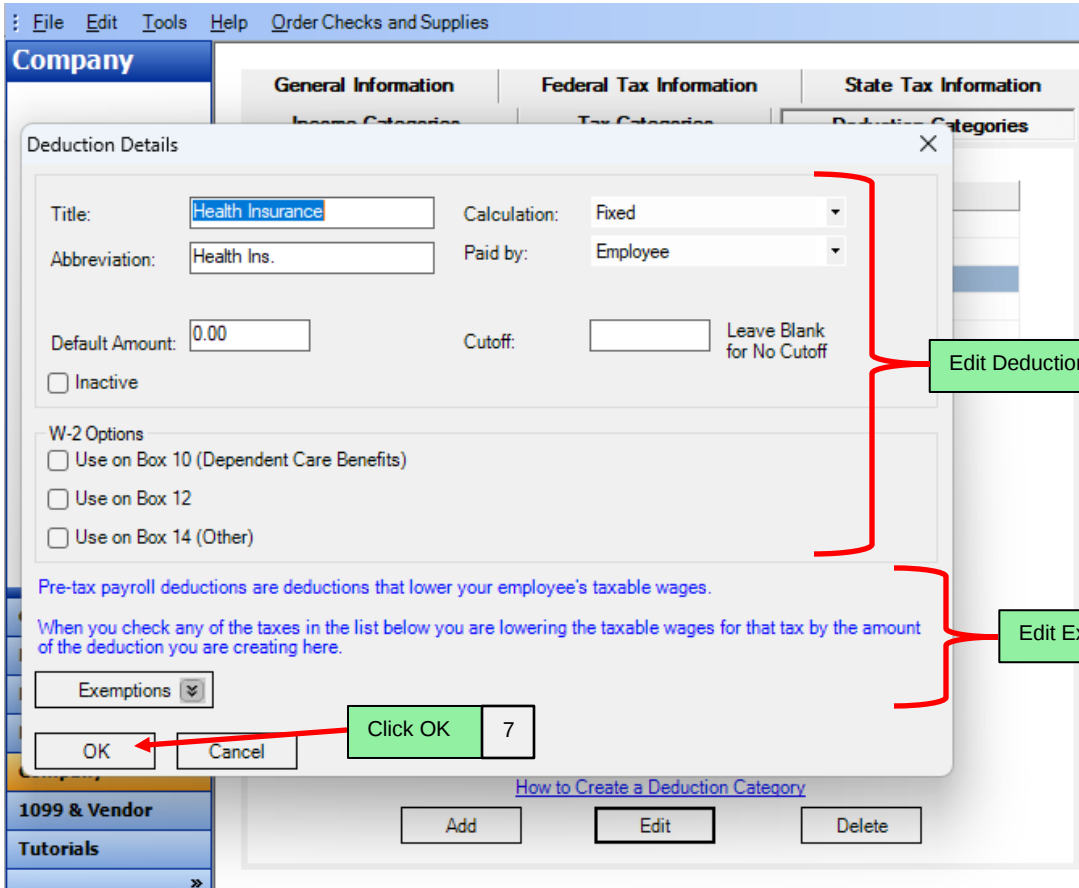
5. **Edit deduction details** as needed
6. **Edit tax exemptions** as needed
7. Click **OK**

\*Pre-tax health insurance deduction - Select Federal Income Tax from Exemptions dropdown. This makes the health insurance payroll item exempt from federal income tax withholding, lowering the employee's taxable federal wages.

\*Post tax health insurance - Do not select taxes under exemptions.

Note: You cannot rely on this tutorial for tax advice and will need to consult a tax professional if you are unsure how deductions should be set up.

State tax laws vary. Please consult your tax professional to determine if any state taxes are affected by this payroll item and update your setup accordingly.



**Company**

General Information Federal Tax Information State Tax Information

**Deduction Details**

Title:  Calculation:

Abbreviation:  Paid by:

Default Amount:  Cutoff:  Leave Blank for No Cutoff

☐ Inactive

W-2 Options

☐ Use on Box 10 (Dependent Care Benefits)

☐ Use on Box 12

☐ Use on Box 14 (Other)

Pre-tax payroll deductions are deductions that lower your employee's taxable wages.

When you check any of the taxes in the list below you are lowering the taxable wages for that tax by the amount of the deduction you are creating here.

Exemptions

[How to Create a Deduction Category](#)

**1099 & Vendor**

**Tutorials**

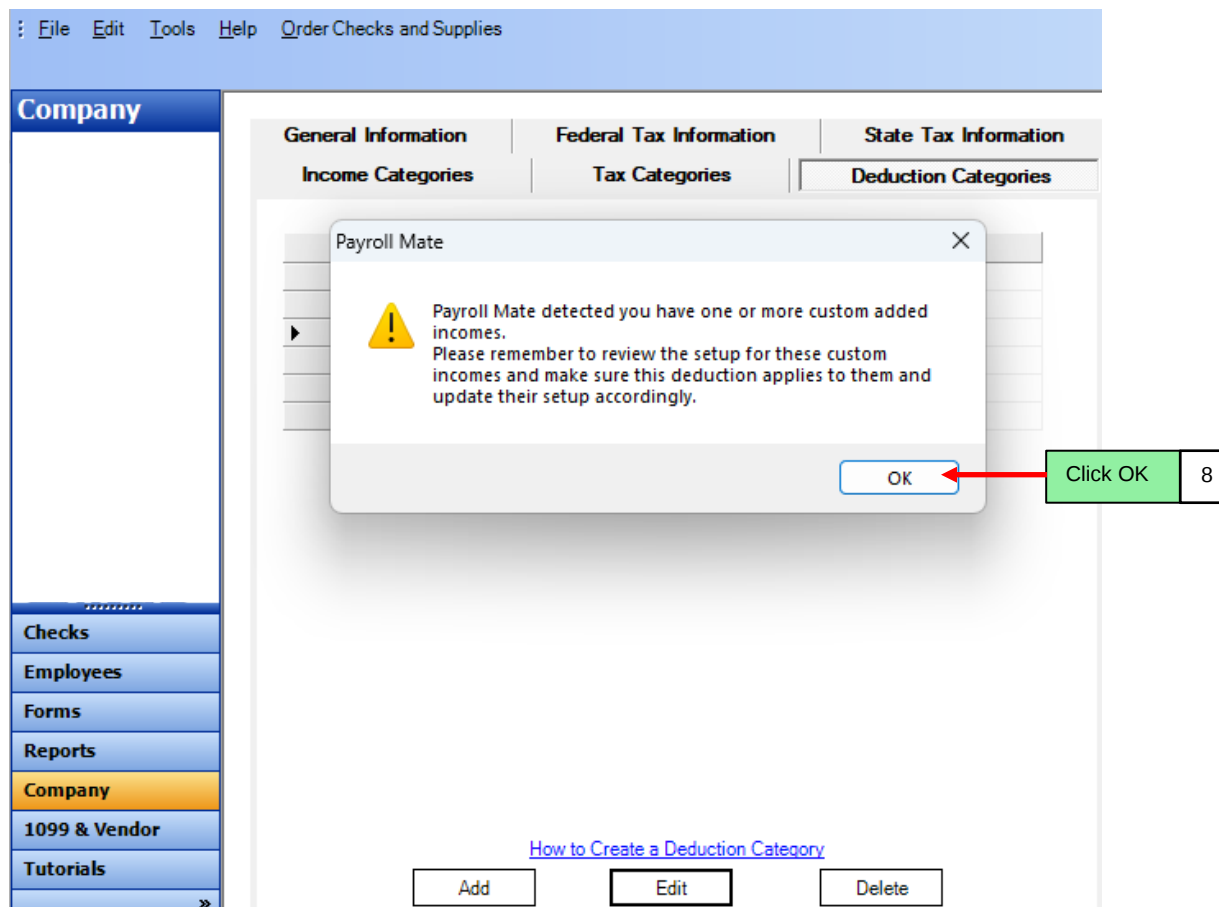
**Edit Deduction Details as Needed** 5

**Edit Exemptions as Needed** 6

**Click OK** 7

Note: If you have any custom incomes, you will receive the notice in the screen shot below.

8. Click **OK**

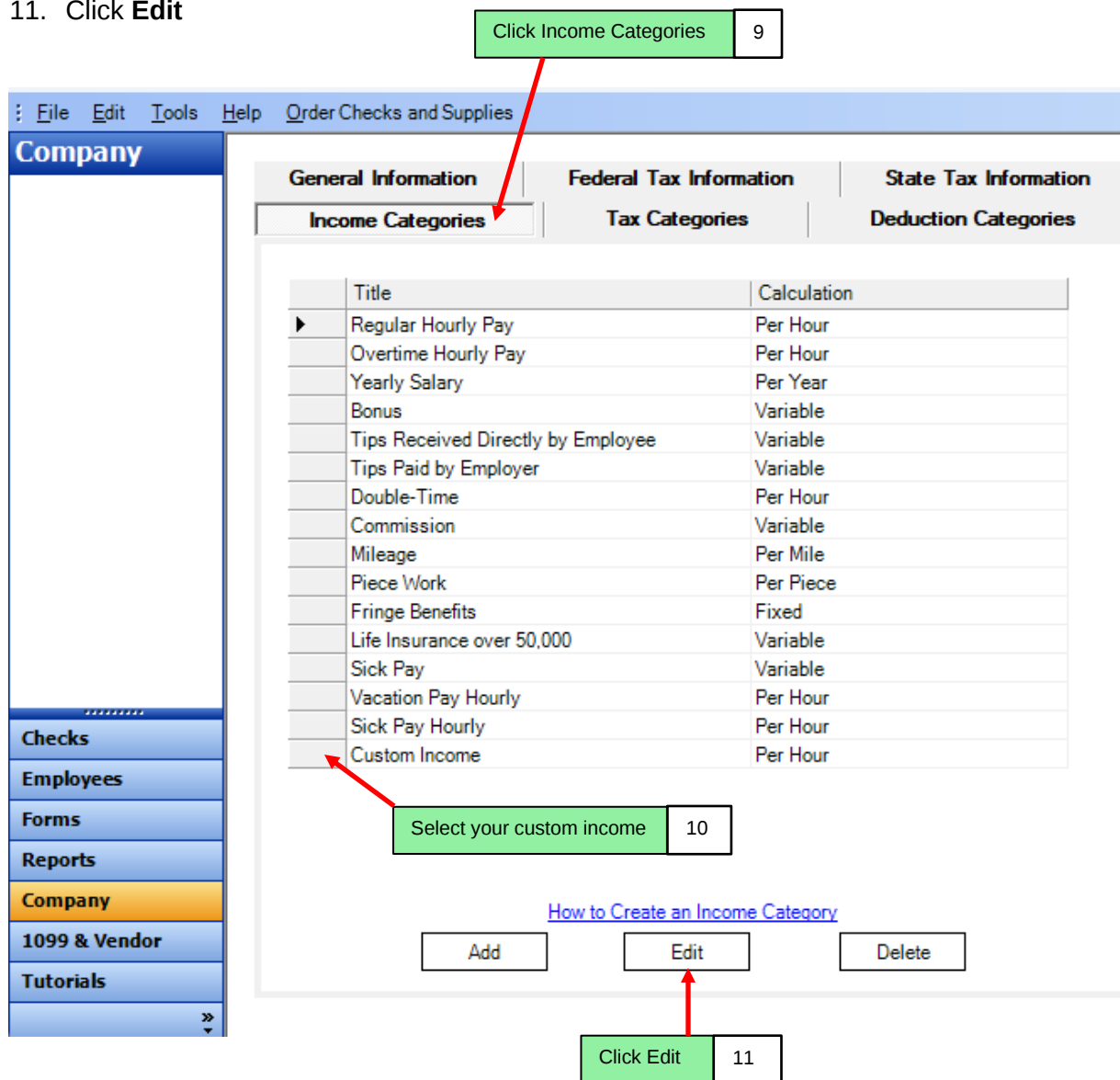


Note: If you need to update custom income categories to apply the Health Insurance deduction refer to steps 9-13. If this does not apply to you, please proceed to step 14.

### To update custom income categories

9. Click **Income Categories**
10. Select your **custom income**
11. Click **Edit**

Click Income Categories 9



**Company**

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Checks

Employees

Forms

Reports

**Company**

1099 & Vendor

Tutorials

| General Information                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Federal Tax Information | State Tax Information       |       |             |                      |          |                     |          |               |          |       |          |                                    |          |                       |          |             |          |            |          |         |          |            |           |                 |       |                            |          |          |          |                     |          |                 |          |               |          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-----------------------------|-------|-------------|----------------------|----------|---------------------|----------|---------------|----------|-------|----------|------------------------------------|----------|-----------------------|----------|-------------|----------|------------|----------|---------|----------|------------|-----------|-----------------|-------|----------------------------|----------|----------|----------|---------------------|----------|-----------------|----------|---------------|----------|
| <b>Income Categories</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Tax Categories</b>   | <b>Deduction Categories</b> |       |             |                      |          |                     |          |               |          |       |          |                                    |          |                       |          |             |          |            |          |         |          |            |           |                 |       |                            |          |          |          |                     |          |                 |          |               |          |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;">Title</th> <th style="width: 85%;">Calculation</th> </tr> </thead> <tbody> <tr><td>▶ Regular Hourly Pay</td><td>Per Hour</td></tr> <tr><td>Overtime Hourly Pay</td><td>Per Hour</td></tr> <tr><td>Yearly Salary</td><td>Per Year</td></tr> <tr><td>Bonus</td><td>Variable</td></tr> <tr><td>Tips Received Directly by Employee</td><td>Variable</td></tr> <tr><td>Tips Paid by Employer</td><td>Variable</td></tr> <tr><td>Double-Time</td><td>Per Hour</td></tr> <tr><td>Commission</td><td>Variable</td></tr> <tr><td>Mileage</td><td>Per Mile</td></tr> <tr><td>Piece Work</td><td>Per Piece</td></tr> <tr><td>Fringe Benefits</td><td>Fixed</td></tr> <tr><td>Life Insurance over 50,000</td><td>Variable</td></tr> <tr><td>Sick Pay</td><td>Variable</td></tr> <tr><td>Vacation Pay Hourly</td><td>Per Hour</td></tr> <tr><td>Sick Pay Hourly</td><td>Per Hour</td></tr> <tr><td>Custom Income</td><td>Per Hour</td></tr> </tbody> </table> |                         |                             | Title | Calculation | ▶ Regular Hourly Pay | Per Hour | Overtime Hourly Pay | Per Hour | Yearly Salary | Per Year | Bonus | Variable | Tips Received Directly by Employee | Variable | Tips Paid by Employer | Variable | Double-Time | Per Hour | Commission | Variable | Mileage | Per Mile | Piece Work | Per Piece | Fringe Benefits | Fixed | Life Insurance over 50,000 | Variable | Sick Pay | Variable | Vacation Pay Hourly | Per Hour | Sick Pay Hourly | Per Hour | Custom Income | Per Hour |
| Title                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Calculation             |                             |       |             |                      |          |                     |          |               |          |       |          |                                    |          |                       |          |             |          |            |          |         |          |            |           |                 |       |                            |          |          |          |                     |          |                 |          |               |          |
| ▶ Regular Hourly Pay                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Per Hour                |                             |       |             |                      |          |                     |          |               |          |       |          |                                    |          |                       |          |             |          |            |          |         |          |            |           |                 |       |                            |          |          |          |                     |          |                 |          |               |          |
| Overtime Hourly Pay                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Per Hour                |                             |       |             |                      |          |                     |          |               |          |       |          |                                    |          |                       |          |             |          |            |          |         |          |            |           |                 |       |                            |          |          |          |                     |          |                 |          |               |          |
| Yearly Salary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Per Year                |                             |       |             |                      |          |                     |          |               |          |       |          |                                    |          |                       |          |             |          |            |          |         |          |            |           |                 |       |                            |          |          |          |                     |          |                 |          |               |          |
| Bonus                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Variable                |                             |       |             |                      |          |                     |          |               |          |       |          |                                    |          |                       |          |             |          |            |          |         |          |            |           |                 |       |                            |          |          |          |                     |          |                 |          |               |          |
| Tips Received Directly by Employee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Variable                |                             |       |             |                      |          |                     |          |               |          |       |          |                                    |          |                       |          |             |          |            |          |         |          |            |           |                 |       |                            |          |          |          |                     |          |                 |          |               |          |
| Tips Paid by Employer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Variable                |                             |       |             |                      |          |                     |          |               |          |       |          |                                    |          |                       |          |             |          |            |          |         |          |            |           |                 |       |                            |          |          |          |                     |          |                 |          |               |          |
| Double-Time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Per Hour                |                             |       |             |                      |          |                     |          |               |          |       |          |                                    |          |                       |          |             |          |            |          |         |          |            |           |                 |       |                            |          |          |          |                     |          |                 |          |               |          |
| Commission                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Variable                |                             |       |             |                      |          |                     |          |               |          |       |          |                                    |          |                       |          |             |          |            |          |         |          |            |           |                 |       |                            |          |          |          |                     |          |                 |          |               |          |
| Mileage                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Per Mile                |                             |       |             |                      |          |                     |          |               |          |       |          |                                    |          |                       |          |             |          |            |          |         |          |            |           |                 |       |                            |          |          |          |                     |          |                 |          |               |          |
| Piece Work                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Per Piece               |                             |       |             |                      |          |                     |          |               |          |       |          |                                    |          |                       |          |             |          |            |          |         |          |            |           |                 |       |                            |          |          |          |                     |          |                 |          |               |          |
| Fringe Benefits                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Fixed                   |                             |       |             |                      |          |                     |          |               |          |       |          |                                    |          |                       |          |             |          |            |          |         |          |            |           |                 |       |                            |          |          |          |                     |          |                 |          |               |          |
| Life Insurance over 50,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Variable                |                             |       |             |                      |          |                     |          |               |          |       |          |                                    |          |                       |          |             |          |            |          |         |          |            |           |                 |       |                            |          |          |          |                     |          |                 |          |               |          |
| Sick Pay                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Variable                |                             |       |             |                      |          |                     |          |               |          |       |          |                                    |          |                       |          |             |          |            |          |         |          |            |           |                 |       |                            |          |          |          |                     |          |                 |          |               |          |
| Vacation Pay Hourly                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Per Hour                |                             |       |             |                      |          |                     |          |               |          |       |          |                                    |          |                       |          |             |          |            |          |         |          |            |           |                 |       |                            |          |          |          |                     |          |                 |          |               |          |
| Sick Pay Hourly                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Per Hour                |                             |       |             |                      |          |                     |          |               |          |       |          |                                    |          |                       |          |             |          |            |          |         |          |            |           |                 |       |                            |          |          |          |                     |          |                 |          |               |          |
| Custom Income                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Per Hour                |                             |       |             |                      |          |                     |          |               |          |       |          |                                    |          |                       |          |             |          |            |          |         |          |            |           |                 |       |                            |          |          |          |                     |          |                 |          |               |          |

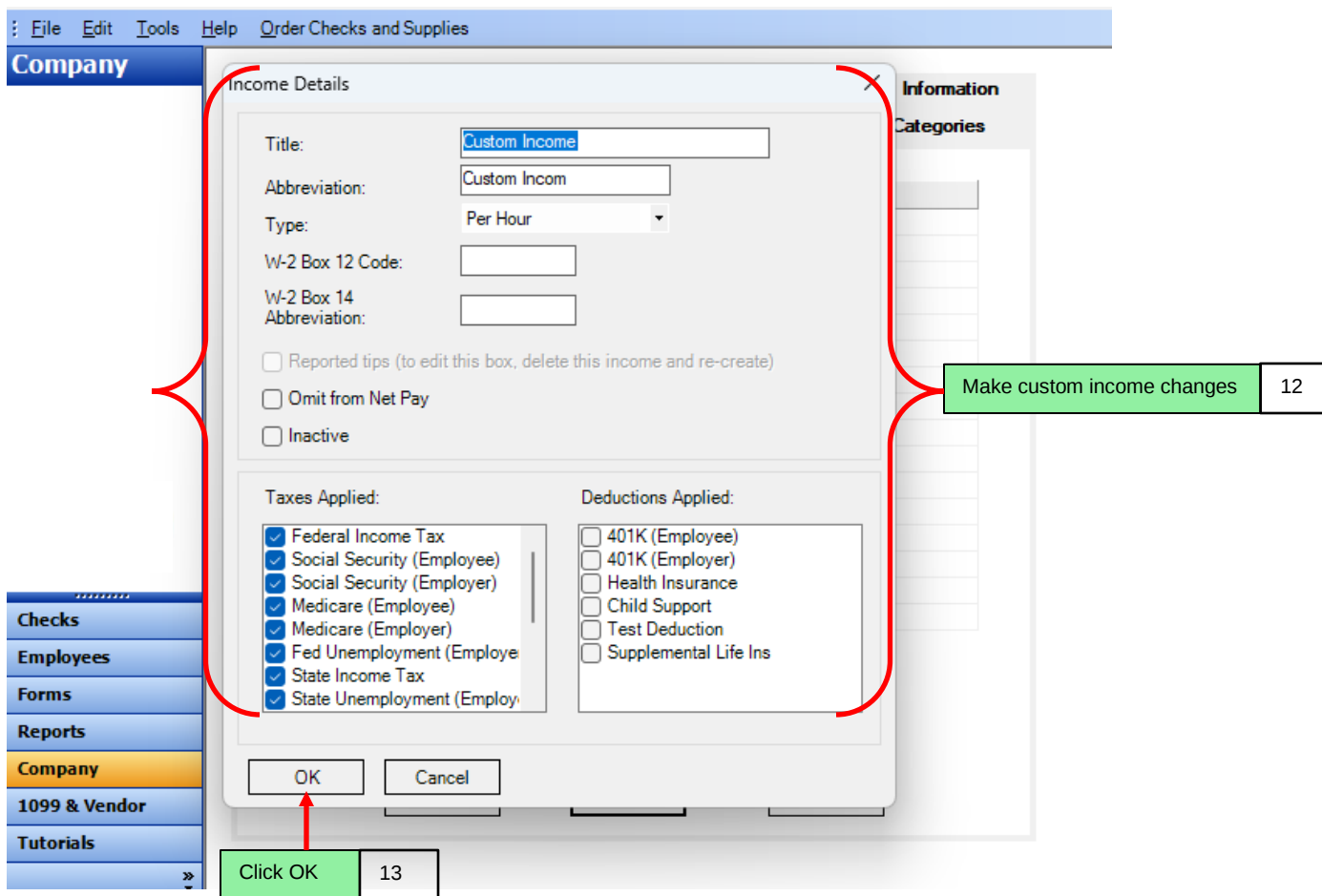
[How to Create an Income Category](#)

Add
Edit
Delete

Click Edit 11

Select your custom income 10

12. Make your custom income category changes
13. Click OK



Company

Income Details

Title: Custom Income

Abbreviation: Custom Incom

Type: Per Hour

W-2 Box 12 Code:

W-2 Box 14 Abbreviation:

☐ Reported tips (to edit this box, delete this income and re-create)

☐ Omit from Net Pay

☐ Inactive

Taxes Applied:

- ☒ Federal Income Tax
- ☒ Social Security (Employee)
- ☒ Social Security (Employer)
- ☒ Medicare (Employee)
- ☒ Medicare (Employer)
- ☒ Fed Unemployment (Employee)
- ☒ State Income Tax
- ☒ State Unemployment (Employee)

Deductions Applied:

- ☐ 401K (Employee)
- ☐ 401K (Employer)
- ☐ Health Insurance
- ☐ Child Support
- ☐ Test Deduction
- ☐ Supplemental Life Ins

OK Cancel

Make custom income changes 12

Click OK 13

## You will now apply the deduction to the employee(s)

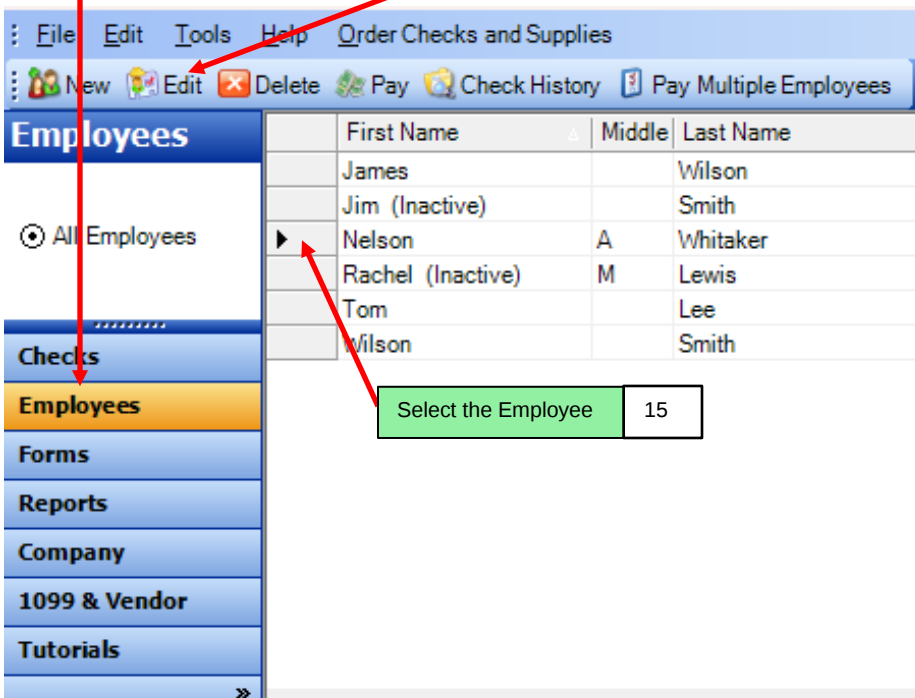
14. Click **Employees**
15. **Select the Employee** to apply the deduction
16. Click **Edit**

Click Employees

14

Click Edit

16



|  | First Name        | Middle | Last Name |
|--|-------------------|--------|-----------|
|  | James             |        | Wilson    |
|  | Jim (Inactive)    |        | Smith     |
|  | Nelson            | A      | Whitaker  |
|  | Rachel (Inactive) | M      | Lewis     |
|  | Tom               |        | Lee       |
|  | Wilson            |        | Smith     |

Select the Employee

15

17. Welcome to the Modify Employee Wizard will appear, click **Next** until you reach the Deductions screen.

Modify Employee

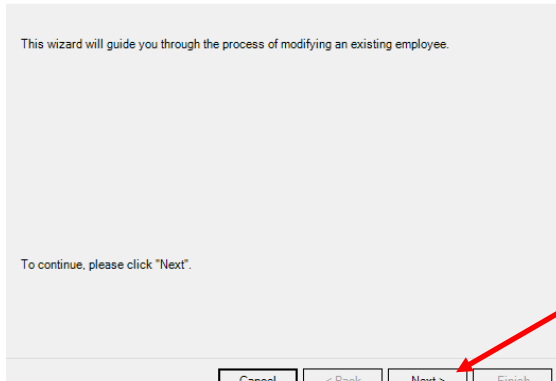
Welcome to the "Modify Employee" Wizard!

This wizard will guide you through the process of modifying an existing employee.

To continue, please click "Next".

Click Next

17



Cancel

< Back

Next >

Finish

18. **Select the deduction** for that employee. (Test Deduction is example)
19. Click **Next**, continue to click Next until you reach the Finish screen

Modify Employee

Deductions

[How to Create a Deduction Category](#)

|                                                      |                         |            |
|------------------------------------------------------|-------------------------|------------|
| <input checked="" type="checkbox"/> 401K (Employee)  | [Percentage]            | 2.000000   |
| <input checked="" type="checkbox"/> 401K (Employer)  | [Percentage]            | 1.000000   |
| <input checked="" type="checkbox"/> Health Insurance | [Fixed]                 | 350.000000 |
| <input type="checkbox"/> Child Support               | [Percentage]            | 20.000000  |
| <input type="checkbox"/> Test Deduction              | [Percentage of Net Pay] | 0.200000   |
| <input type="checkbox"/> Supplemental Life Ins       | [Fixed]                 | 25.000000  |

Cancel

< Back

Next >

Finish

Select the deduction

18

Click Next

19

20. Click Finish

Modify Employee

Finish

Wizard completed, please click "Finish" to update this employee information.

Cancel

< Back

Next >

Finish

Click Finish

20