



Glossary of Common YPD Terms

401(k): A type of retirement plan offered by employers and funded by payroll deductions on a pre- or post-tax basis; may have an employer match

940: Federal unemployment tax return; taxes paid quarterly, return filed annually

941: Federal and Illinois withholding tax return; taxes and returns filed quarterly

ACA: Affordable Care Act or “Obamacare”; government-sponsored health care for low-income and uninsured individuals prohibiting denial of coverage for pre-existing conditions, expands Medicare and requires employers with 50 or more full-time employees & full-time equivalents to offer coverage to full-time staff

ACH: Automated Clearing House; electronic movement of funds between banks

Agency Check: A check printed for a third-party such as a garnishment, child support or tax levy

ALE: Applicable Large Employer; ACA term for employers with 50 or more full-time employees plus full-time equivalents

Allowances (on W-4): Allowances, along with marital status, determine how much an employer withholds for taxes from wages paid during the year; often used interchangeably with “exemptions” but not technically the same thing

AP Intego: YPD’s recommended vendor for pay-as-you-go workers comp and other insurance products

Bank Holiday: Date when Federal Reserve is closed, taxes cannot be paid and payrolls cannot be dated; bank holidays are not always dates when businesses are closed (e.g. YPD is open for business on Veteran’s Day, a bank holiday)

Batch (in evolution payroll software): Each processed payroll has at least one batch; some clients may need multiple batches depending on their staffing, pay period dates, divisions, funding methods etc.



Batch File: Electronic payment of taxes or filing of tax returns for multiple clients at one time

Cafeteria Plan: aka Section 125; a pre-tax deduction that can be used to pay certain medical expenses

Certified Payroll: A requirement included in most federal construction contracts, confirms compliance with the Davis-Bacon and related Acts that requires payment of local prevailing wages for all projects exceeding \$2,000

Chart of Accounts: List of accounts used by an organization to define each class of items for which money is spent or received; used to organize the finances of the entity and to segregate expenditures, revenue, assets and liabilities to give interested parties a better understanding of the financial health of the entity

Child Support: An ongoing, periodic wage garnishment of a parent for the benefit of a child following the end of a marriage or other relationship

dba: doing business as; trade name businesses (or part of a business) commonly use instead of their legal entity name (e.g. YPD is a dba of Kaizen CPAs + Advisors)

DBDT: Division/Branch/Department/Team

Direct Deposit: aka DD; employee net wages deposited to their personal bank account (or pay card) on the payroll check date

DOL: Department of Labor; can refer to a federal or state department

E/D: Abbreviation for Earnings & Deductions used in the evolution payroll software

EE: Abbreviation for employee

Effective Rate for FUI/FUTA: The rate applied by the Federal government to a given state for federal unemployment calculations; the rate is set at 6% with a credit of 5.4% at the beginning of the year making the effective rate 0.6%. **THE EFFECTIVE RATE CAN RISE LATE IN THE YEAR IF A STATE DOES NOT REPAY UNEMPLOYMENT FUNDS LOANED BY THE FEDERAL GOVERNMENT IN A TIMELY MANNER.**

E-File: Electronic filing of tax returns or payments



EFT: Electronic Funds Transfer; similar to an ACH payment

EFTPS: Electronic Federal Tax Payment System; U.S. Dept. of the Treasury website where businesses, individuals, federal agencies, tax professionals, and payroll services pay federal taxes

Entity Type: The way a business is set up; the most common types are corporation, s-corporation, LLC, Partnership and sole-proprietor

ER: Abbreviation for employer

evo: Abbreviation for evolution payroll software developed by iSystems

Federal 8655: Form filed with IRS to allow third-party to pay taxes and communicate on client's behalf

FEIN/EIN: Federal Employer Identification Number; basically, a social security number for businesses

FICA: Federal Insurance Contributions Act; FICA refers collectively to OASDI and Medicare

FSA: Flexible Spending Account; a pre-tax deduction that can be used to cover certain medical expenses

FTE: Full-Time Equivalent; an ACA calculation used in determining whether a workforce is over or under 50 full-time EEs

FUI: Federal Unemployment Insurance (tax); same as FUTA

Full-Trust Impound: A service where total payroll liability (net wages, agency payments, taxes and payroll fee) is drawn from client's account three or more business days prior to check date; checks are written out of YPD's account and are cashed via Positive Pay security procedures; client accounting is simplified due to not clearing checks individually in client's account; voiding and reissuing checks is more complicated in this funding method and extra fees apply for this service

FUTA: Federal Unemployment Tax Act; synonymous with FUI

G/L: General Ledger; contains all the accounts for recording transactions relating to a company's assets, liabilities, owners' equity, revenue, and expenses



G/L Code: Numbers assigned to different general ledger debit or credit entries

G/L Report: General Ledger report aka Journal Entry Report; used to make entries of payroll data into accounting software

Gross Up: Calculation of taxes owed on an advance (or net payment) to an EE

Gross Wages: The amount of wages paid to an EE before deductions of any type are made

HSA: Health Savings Account; a pre-tax deduction that can be used to cover certain medical expenses; officers of an s-corp. cannot contribute on a pre-tax basis

I-9: Federal form all new hires must complete to prove their eligibility to work in the US; employers must keep these completed forms on file

IDES POA: Form filed with IDES to allow third-party to pay taxes and communicate on client's behalf

IDES Special Mailing Form: Form filed with IDES to have notices and annual rate determination sent to third party

IDES: IL Dept. of Employment Security (Unemployment taxes, worker claims etc.); companies with EEs working in IL must have an account with IDES

IDOR: Illinois Department of Revenue (withholding, sales, income and other state taxes)

IL State Disbursement Agency: State agency that receives payment for child support garnishments in IL

Illinois 8655: Form filed with IDOR allowing third party to communicate with IDOR on client's behalf

Illinois EFT-1: Form filed with IDOR allowing third party to pay taxes on client's behalf via batch file

IRA: Individual Retirement Account; account set up at a financial institution allowing an individual to save for retirement via pre- or post-tax contributions

IRS: Internal Revenue Service



Live Check: A check produced by YPD for employee wages or an agency payment

Medicare: Single-payer insurance program for seniors and certain individuals with disabilities; payroll tax currently shared equally between EE and ER (see current year Wage & Tax document for more info)

Minimum Essential Coverage: The term used to describe both the coverage that an individual must have to avoid the individual shared responsibility tax and the coverage that large employers must offer to full-time employees and dependents to avoid the \$2,000 penalty.

Minimum Wage Makeup: Extra wages paid to EEs who do not make enough in tipped wages plus tips to reach the local minimum hourly wage.

MTD: Month-To-Date

NatPay: YPD's vendor that processes direct deposits, payroll fees and some tax payments

No Tax Service: The rarely-used alternative to Tax Impound and Tax Direct where YPD pays no taxes and files no returns (but does prepare returns/ W-2s and files W-2s) for a payroll client

NSF: Non-sufficient Funds aka a "bounce"

OASDI: Old Age Survivor Disability Insurance (technical name for Social Security); payroll tax currently shared equally between EE and ER (see current year Wage & Tax document for more info)

PAYG WC: Pay-As-You-Go Workers Comp; a type of workers comp policy where the premium owed is calculated on a per pay period basis and paid via ACH

Positive Pay: Service offered by banks to detect fraudulent checks at the point of presentment and prevents them from being paid; banks typically charge extra for this service

Post-Tax Deduction: A reduction to net pay made after taxes are withheld from gross wages

Pre-Process: The step between entering hours & other forms of pay and final processing where net checks and taxes owed can be viewed

Pressure-Seal Stock: Check stock that is electronically-signed and self-sealed allowing checks to be easily mailed; more private than standard check stock



Pre-Tax Deduction: A reduction to gross wages prior to calculation of taxes owed

Prevailing Wage: In government contracting, this is defined as the hourly wage, usual benefits and overtime, paid to the majority of workers, laborers, and mechanics within a particular area; prevailing wages are established by regulatory agencies for each trade and occupation employed in the performance of public work, as well as by State Departments of Labor or their equivalents

PTO Accrual/Redemption: How a company awards time off to its EEs as well as tracking the accumulation and usage of time off

PTO: Paid Time Off (vacation, holiday, sick, personal time)

QB Import: Evolution payroll software reports that import payroll data QuickBooks

QB: QuickBooks

QBO: QuickBooks Online

QTD: Quarter-To-Date

Reverse Wire: Funding method for large dollar volume payrolls similar to a wire, but initiated by service bureau; reverse wires require an extra day to process payrolls

Roth (retirement plans): A type of retirement plan (either 401(k) or IRA) where employee contributions are made on a post-tax basis and future withdrawals are tax-free; if there is an employer match, it is still on a pre-tax basis

Routing #/ABA: 9-digit number that identifies a given bank in the USA

Safe Harbor (for retirement plans): A type of retirement plan offered by employers; employee contributions may be on a pre- or post-tax basis; employer contributions are always pre-tax

SB: Service Bureau

Scheduled E/D: E/Ds that can be set up to run automatically in the evolution payroll software



SDI: State Disability Insurance; short-term disability payments funded by employee payroll deductions offered in a few states such as California, New Jersey and New York

Section 125 Plan: Same as cafeteria plan

SEP IRA: Simplified Employee Pension Individual Retirement Arrangement; retirement plan set up by an employer (including a self-employed person) and permits the employer (not the employee) to make contributions to the SEP-IRA accounts of eligible employees

The employer gets a tax deduction for contributions made, and the employee is not taxed on those contributions, though their eventual withdrawals will be taxed at their income tax rate.

Service Bureau: A business that processes payroll and related activities on behalf of its clients

Sub-Minimum Wage: This could be a tipped wage, a probationary wage paid to new employees for a specified period of time (in certain jurisdictions) or a wage paid to minors (in certain jurisdictions)

SUI: State Unemployment Insurance (tax); same as SUTA

SUTA: State Unemployment Tax Act; same as SUI

SwipeClock: YPD's vendor for time and attendance software and clocks

Tax Direct: Taxes remain in client's account when payroll is processed and are paid at due date from client's account

Tax Impound: Taxes debited from client's account when payroll is processed and move to YPD escrow account until paid at due date

Tax Levy (via payroll): When a taxpayer owes money to the IRS, one of the methods they can employ to recover funds is via wage garnishment until the debt is satisfied

Tax Payment Frequency: Depending on gross wage dollar volume, federal, state and local taxes are paid on a semi-weekly, semi-monthly, monthly, quarterly or annual basis;

Time & Attendance: Time clock



TimeWorks Mobile: SwipeClock's mobile app; standard feature of TimeWorks Plus that allows employees to punch in/out via their mobile device

TimeWorks Plus: SwipeClock's most popular time & attendance platform

Tipped Wage: Sub-minimum wage paid to EEs who receive tips as part of their compensation; tips plus the tipped wage must at least meet the state or local minimum wage to avoid a minimum wage makeup payment

TOA: Time Off Accrual; synonymous with PTO

UI-3/40: IDES tax return filed quarterly

Unemployment Contribution Rate: Rate assigned by state unemployment dept. to businesses based on factors such as type of business, length of time in business and prior unemployment claims

W-3: Transmittal form that accompanies W-2s filed with IRS

W-4: Federal form required for all new hires establishing marital status and allowances used for payroll tax calculations; states have their own W-4 equivalent (usually optional) for calculating state taxes; employers must keep these completed forms on file

Wage Garnishment: The process of deducting money from an employee's wages, sometimes as a result of a court order; payments continue until the entire debt is paid or arrangements are made to pay off the debt

WebClock: SwipeClock's virtual clock accessed through any Internet-connected computer

WI DWD: WI Dept. of Workforce Development (Unemployment taxes, worker claims etc.); companies with EEs working in WI must have an account with WI DWD

WI POA: Form filed with WI Dept. of Revenue allowing third party to communicate with WI DOR on client's behalf

WI SCTF: WI Support Collections Trust Fund; this is where payments for child support garnishments are made in WI



WT-7: Wisconsin withholding tax return filed annually

YPD: Your Payroll Department

YTD: Year-To-Date