



## 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 James Hamlin & Co., P.C.)

**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







**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