

The most current information on how Payroll professionals can avoid legal and procedural pitfalls, in a fast-read format, twice a month.

# KEEP UP TO DATE **on** PAYROLL™

November 15, 2024

## UPCOMING DEADLINES

Use this checklist to help ensure your deposits of Social Security, Medicare and withheld income taxes are timely remitted to the IRS.

### SEMIWEEKLY DEPOSITORS

- **Nov. 15, 2024:** Deposit taxes for payroll on Nov. 9, 10, 11, 12.
- **Nov. 20, 2024:** Deposit taxes for payroll on Nov. 13, 14, 15.
- **Nov. 22, 2024:** Deposit taxes for payroll on Nov. 16, 17, 18, 19.
- **Nov. 27, 2024:** Deposit taxes for payroll on Nov. 20, 21, 22.
- **Dec. 2, 2024:** Deposit taxes for payroll on Nov. 23, 24, 25, 26.
- **Dec. 4, 2024:** Deposit taxes for payroll on Nov. 27, 28, 29.
- **Dec. 6, 2024:** Deposit taxes for payroll on Nov. 30; Dec. 1, 2, 3.
- **Dec. 11, 2024:** Deposit taxes for payroll on Dec. 4, 5, 6.

### MONTHLY DEPOSITORS

- **Nov. 15, 2024:** Deposit taxes for payments made during October 2024.
- **Dec. 16, 2024:** Deposit taxes for payments made during November 2024.

### ALL EMPLOYERS

- **Jan. 31, 2025:** File Form 941 for Q4 of 2024. Note: If you properly deposited taxes on time and in full, you have until Feb. 10, 2025, to file.

## IRS raises 2025 retirement plan limits: Here's what's changing

### ■ Requirements of Secure 2.0 Act coming into play

The IRS has released the 2025 retirement plan numbers you need as you head into year-end.

The 401(k), 403(b) and 457 plan salary deferral limits will inch up to \$23,500 (currently \$23,000).

Employees age 50 or older can opt to make catch-up contributions to these plans of up to \$7,500 – no change from the current year.

Due to the SECURE 2.0 Act, the catch-up contribution limit is higher than that for some employees – i.e., people who will reach age 60, 61, 62 or 63 next year will be able to contribute \$11,250.

The limit on additions to defined contribution plans will be \$70,000 (up from \$69,000). Meanwhile, the

maximum benefit for defined benefit plans will increase to \$280,000 (currently \$275,000).

### Details from the notice

Here are additional changes found in Notice 2024-80:

Employers that offer SIMPLE retirement accounts should note that elective deferrals will max out once they hit \$16,500 (bumping up from this year's \$16,000).

The limit on catch-up contributions to SIMPLE plans for individuals age 50 or over won't budge from \$3,500. The Secure 2.0 Act provides higher limits for individuals who will reach

*(Please see Limits ... on Page 2)*

## Ready for higher salary threshold for exempt employees?

We're keeping an eye out for any eleventh-hour changes. But as of now, the salary threshold used to determine who's exempt from overtime is set to increase on Jan. 1, 2025.

The Dept. of Labor (DOL) had issued a final rule in 2024, implementing a two-phase increase in the amount exempt "white-collar" employees must be paid.

First, on July 1, 2024, the DOL moved the salary floor from \$684 per week (i.e., \$35,568 annually) to \$844 per week (i.e., \$43,888 annually). Once 2025 begins, the second phase will kick in. At that

time, the minimum amount an exempt employee must be paid will be \$1,128 per week (i.e., \$58,656 annually).

### HCEs also included

Highly compensated employees (HCEs) will also see a bump in their earnings in the new year under the DOL's current rule.

To be exempt, an HCE will need to be paid at least \$151,164 per year – up from \$132,964. That equates to \$1,128 per week paid on a salary or fee basis – up from \$844.

**More info:** [www.dol.gov/agencies/whd/overtime/salary-levels](http://www.dol.gov/agencies/whd/overtime/salary-levels)

## Company wrongly denied FMLA leave request that a 'key employee' made

■ DOL ASSESSED BACK WAGES AND LIQUIDATED DAMAGES

When an employee at a Louisiana rehabilitation facility asked for time off under the Family and Medical Leave Act (FMLA), the employer denied the request.

Soon after, the Dept. of Labor's (DOL's) Wage and Hour Division got involved, and that led to trouble for the Covington-AMG Rehabilitation Hospital LLC, doing business as AMG Physical Rehab.

The DOL said that even though she was a "key employee" – i.e., one who was paid a salary and was among the hospital's top 10% of wage earners employed within 75 miles of the employee's worksite – she was still entitled to FMLA leave.

In general, the FMLA allows employers to deny job restoration after FMLA leave if it can determine that restoring the key employee to his

or her position will cause "substantial and grievous economic activity."

Many conditions must be met for employers to make this determination. For example, written notice must be provided to the employee.

### Didn't follow the procedures

The Covington, LA, employer didn't follow the procedures for denying job restoration – instead, it gave her a flat "no" to granting the FMLA leave request in the first place.

Therefore, Covington-AMG Rehabilitation Hospital had to pay the employee:

- \$8,967 in back wages, and
- \$8,967 in liquidated damages.

**More info:** [www.dol.gov/newsroom/releases/whd/whd20240221-1](http://www.dol.gov/newsroom/releases/whd/whd20240221-1)

### Limits ...

(continued from Page 1)

the age of 60, 61, 62 or 63 – that amount in 2025 will be \$5,250. For certain applicable plans, the limit will be \$3,850, unchanged from 2024.

Also note these changes you'll need for nondiscrimination tests:

- limit for a "key employee" in a top-heavy retirement plan under IRC Sec. 416(i)(1)(A)(i) will increase to \$230,000 (from \$220,000)
- limit for a "highly compensated employee" under Sec. 414(q)(1)(B) will be to \$160,000 (now \$155,000)
- compensation amount for a "control employee" for fringe benefit valuation under Income Tax Regulations Sec. 1.61-21(f)(5)(i) will rise to \$140,000 (currently \$135,000), and
- compensation amount under Sec. 1.61-21(f)(5)(iii) will rise to \$285,000 (this year, it's set at \$275,000).

**More info:** [www.irs.gov/pub/irs-drop/n-24-80.pdf](http://www.irs.gov/pub/irs-drop/n-24-80.pdf)

## COMPLIANCE CHECK

### ■ \$85K IN BACK WAGES OWED BY FEDERAL CONTRACTOR

JRW Service Group LLC failed to pay prevailing wages, fringe benefits and overtime to workers in violation of the Davis-Bacon Act and the Contract Work Hours and Safety Standards Act. The federal contractor had employees working on federal court buildings in Brooklyn and Central Islip, NY, and at the U.S. Coast Guard training center in Cape May, NJ.

According to the Dept. of Labor's Office of Administrative Law Judges, the Pennsylvania-based employer must pay \$85,284 in back wages.

**More info:** [www.dol.gov/newsroom/releases/whd/whd20241015](http://www.dol.gov/newsroom/releases/whd/whd20241015)

### ■ IN MICHIGAN, RESTAURANT HAD ERRANT TIP PRACTICES

The Saucy Crab Grand Rapids LLC, a restaurant in Grand Rapids, MI, illegally used a tip pool by keeping some of the tips. Plus, it failed to pay employees minimum wage and overtime as required by the Fair Labor Standards Act (FLSA). A federal court ordered the now-defunct company to pay:

- \$52,500 in back wages
- \$52,500 in liquidated damages, and
- \$10,000 in civil money penalties for its willful FLSA violations.

**More info:** [www.dol.gov/newsroom/releases/sol/sol20241021-0](http://www.dol.gov/newsroom/releases/sol/sol20241021-0)

### ■ CLEANING COMPANY USED WRONG CLASSIFICATIONS

Finichel LLC, a West Columbia, SC, misclassified 59 workers as independent contractors, and that led to overtime violations. Also, the cleaning service provider failed to keep records of time worked.

The company owed \$53,044 in back wages.

**More info:** [www.dol.gov/newsroom/releases/whd/whd20241030](http://www.dol.gov/newsroom/releases/whd/whd20241030)

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## DOL shortens list of data elements for Retirement Savings Lost and Found

■ ONLINE SEARCHABLE DATABASE TO BE CREATED BY END OF 2024

The Dept. of Labor (DOL) still aims to create its Retirement Savings Lost and Found, which is an online searchable database. But it recently said it'll ask for much less information from retirement plan sponsors and administrators.

The SECURE 2.0 Act required the DOL to get the database up and running by Dec. 29, 2024.

The purpose of the database? To allow individuals to locate any retirement plan benefits owed to them by providing contact information about their plan administrators.

The DOL's Employee Benefits Security Administration published a proposed information collection request in the *Federal Register* on April 16, 2024. It contained an extensive list of data elements.

That lengthy list, combined with other concerns, led commenters to push back – despite the information collection request being voluntary.

### 4 areas of focus

So, in a revised request published in the *Federal Register* on Sept. 12, 2024,

the DOL made dramatic cuts, taking its list down from three pages to one. Participation would remain voluntary. Here's a current look at what details would be reported and included in the database:

1. name and plan number of plan as reflected on the most recent Form 5500, *Annual Return/Report of Employee Benefit Plan*, or Form 5500-SF, *Short Form Annual Return/Report of Employee Benefit Plan*
2. name, employer identification number (EIN), mailing address and telephone number of the plan administrator as reflected on the most recent Form 5500
3. name, EIN and telephone number of the plan sponsor as reflected on the most recent Form 5500, and
4. name and Social Security number of any separated vested participant aged 65 or older who's owed a vested benefit.

The DOL accepted comments on the final information collection request through Oct. 15, 2024.

What's next? The Office of Management and Budget will decide whether to approve the request.

More info: *Federal Register*, 9/12/24.

## TY '24: IRS updates platform for e-filing certain forms

The IRS has been busy preparing the Information Returns Intake System (IRIS) for the upcoming filing season.

The IRIS Assurance Testing System became available for TY 2024 testing on Nov. 4, 2024, the IRS said in a recent *QuickAlerts* bulletin.

Also as of that date, the IRS began accepting TY 2023 and TY 2022 returns as prior year returns.

In another *QuickAlerts* bulletin, the IRS announced the specs needed to electronically file forms on IRIS using the application-to-application (A2A)

method have been updated for TY 2024 – i.e., the 2025 processing year.

### 13 information returns added

The number of forms you can file via the A2A method has increased. In fact, 13 new forms have been added to the list, including Form 5498-SA, HSA, Archer MSA, or Medicare Advantage MSA Information.

You don't need an additional IRIS transmitter control code for these forms, according to the IRS.

More info: [www.irs.gov/pub/irs-pdf/p5718.pdf](http://www.irs.gov/pub/irs-pdf/p5718.pdf)

## NEWS YOU CAN USE

### ■ SOME FORMS' DEADLINES LATER BECAUSE OF HOLIDAY

The IRS recently clarified the deadline for furnishing certain TY 2024 statements to individuals.

The forms include 1099-B, 1099-S and 1099-MISC (if you're reporting amounts in boxes 8 or 10).

The deadline? Feb. 18, 2025.

The original deadline included in the IRS' general instructions for those – and other – forms was Feb. 17, 2025. However, that's Presidents' Day which is a legal holiday.

More info: [tinyurl.com/deadline703](https://tinyurl.com/deadline703)

### ■ IRS REMINDER ABOUT FSA LIMITS AND CARRYOVERS

In IR-2024-287, IRS issued some key reminders about flexible spending arrangements (FSAs). The IRS pointed out both the:

- limit for payroll deductions during the 2025 plan year (\$3,300), and
- maximum amount that can be carried over into 2025 (\$660).

The carryover amount doesn't reduce the payroll deduction amount, the IRS explained.

More info: [tinyurl.com/FSA703](https://tinyurl.com/FSA703)

### ■ NACHA: SAME DAY ACH GREW IN THIRD QUARTER

Same Day ACH continues to grow in popularity, as the latest numbers show. In the third quarter of 2024, there were 355.2 million Same Day ACH payments. The value of those payments rose 38.8% to \$844 billion.

In addition, a new Nacha proposal may cause those numbers to increase even more.

Under the proposal, the operating hours of Same Day ACH would be expanded by three-and-a-quarter hours per day to sync up with the close of the business day in the Pacific time zone.

More info: [www.nacha.org/news/same-day-ach-volume-rose-675-third-quarter-2024](https://www.nacha.org/news/same-day-ach-volume-rose-675-third-quarter-2024)

# State law and reg changes Payroll needs to know

**CALIFORNIA**

- **EXEMPT:** Starting Jan. 1, 2025, the minimum amount employers must pay exempt employees will increase to \$68,640 per year. That’s up from the current amount of \$66,560 per year. In addition, the California Dept. of Industrial Relations has updated the amounts that exempt employees in certain professions must be paid in 2025. For computer software employees, the minimum pay will be \$56.97, per hour; \$9,888.13 on a monthly basis; and \$118,657.43 on an annual basis. Licensed physicians and surgeons will need to be paid a minimum hourly rate of \$103.75. **More info:** [www.dir.ca.gov](http://www.dir.ca.gov)

**ILLINOIS**

- **E-VERIFY:** Private employers are permitted to voluntarily use E-Verify, the Illinois Dept. of Labor clarified in recent FAQs. However, all employers using E-Verify must follow the requirements of the state’s Right to Privacy in the Workplace Act. **More info:** [labor.illinois.gov/faqs/right-to-privacy-in-the-workplace-e-verify.html](http://labor.illinois.gov/faqs/right-to-privacy-in-the-workplace-e-verify.html)
- **PERSONNEL RECORDS:** Due to HB 3763, the Personnel Record Review Act has been amended. If employees want to inspect, copy or receive copies of their personnel records, they must make the requests in writing – that can include electronic communication such as emails or text messages. New types of documents that employees can request include employment-related contracts or agreements that are legally binding; handbooks; and policies and procedures that relate to compensation, benefits and other topics. **More info:** [legiscan.com/IL/text/HB3763/2023](http://legiscan.com/IL/text/HB3763/2023)

**MARYLAND**

- **PAYSTUBS:** In response to the new paystub and pay statement law

which took effect Oct. 1, 2024, the Maryland Dept. of Labor (DOL) has created FAQs for employers. One example: The FAQs itemize what information must be included on paystubs and pay statements, such as all pay rates. Another example: If you use a third-party payroll processing company, paystubs and pay statements should include your company’s name, not theirs. A final example: The FAQs clarify that leave balances under the Maryland Healthy Working Families Act (MHWFA) don’t have to be added to employee’s paystubs and pay statements. However, doing so would be considered “best practice,” the Maryland DOL said, given that the MHWFA requires employers to provide written statements of available sick and safe leave balances. **More info:** [labor.maryland.gov/labor/wages/esspaystubfaq.shtml](http://labor.maryland.gov/labor/wages/esspaystubfaq.shtml)

**MASSACHUSETTS**

- **PAID FAMILY, MEDICAL LEAVE:** The contribution rate under the state’s paid family and medical leave program will remain unchanged for 2025. The rate is 0.88% of eligible wages. For smaller employers – those with fewer than 25 covered individuals – the rate will also stay the same at 0.46% of eligible wages. **More info:** [www.mass.gov/orgs/department-of-family-and-medical-leave](http://www.mass.gov/orgs/department-of-family-and-medical-leave)
- **SICK TIME:** When an amendment to the Massachusetts Earned Sick Time Law takes effect Nov. 21, 2024, workers will be able to use their earned sick time to care for themselves or their spouse in the event of any of the following: pregnancy loss, failed assisted reproduction, adoption. In general, if employees take earned sick time, employers don’t need to pay them for that time. Employees are required to give notice, except in an emergency. **More info:** [www.mass.gov/info-details/earned-sick-time](http://www.mass.gov/info-details/earned-sick-time)

**OKLAHOMA**

- **FAILED BANK:** The First National Bank of Lindsay, Lindsay, OK, was closed on Oct. 18, 2024, and the Federal Deposit Insurance Company (FDIC) was named as the receiver. First Bank & Trust Co., Duncan, OK, assumed the insured deposits, the FDIC announced. **More info:** [www.fdic.gov/bank-failures/failed-bank-list/first-national-bank-lindsay](http://www.fdic.gov/bank-failures/failed-bank-list/first-national-bank-lindsay)

**WASHINGTON**

- **EXEMPT:** The Washington State Dept. of Labor and Industries has set the 2025 salary thresholds for overtime exemptions. Small employers will need to pay exempt employees at least \$1,332.80 per week, which is \$69,305.60 annually. Large employers will need to pay exempt employees at least \$1,499.40 per week, which is \$77,968.80 per year. Also, computer professionals can be paid by the hour – for employers of any size, that rate for 2025 will be \$58.31 per hour. **More info:** [www.lni.wa.gov/news-events/article/24-24](http://www.lni.wa.gov/news-events/article/24-24)
- **MINIMUM WAGE:** Starting on Jan. 1, 2025, employers will need to pay employees at least \$16.66 per hour, the Washington State Dept. of Labor and Industries said. That’s up from the current minimum wage rate of \$16.28 per hour. **More info:** [lni.wa.gov/workers-rights/wages/minimum-wage](http://lni.wa.gov/workers-rights/wages/minimum-wage)

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