

NEW YORK STATE
OFFICE OF THE STATE COMPTROLLER

DIVISION OF AUDITS AND ACCOUNTS

BULLETIN NO. P-191

March 9, 1979

To : All State Departments and Agencies

Subject: Payroll Deductions for lump sum payments and payments
for deceased employees, and transfer of social security

In order to improve control of deductions for lump sum payments and to eliminate the need for submission of some AC-1040's, the following changes in payroll processing are being made, effective for Payroll Period 1.

Payments for deceased employees

When a PR-75 is submitted for a payment to an employee who has died-when the death is either reported on that PR-75 or has been reported in a previous period (transaction code DECEASED)-the following deductions will be taken.

- | | <u>Deductions</u> |
|--|--|
| a. payment solely for
LSP and/or LSP VAC EX | social security, social security
adjustments, and fines |
| b. payment for salary other
than LSP and/or LSP VAC
EX, or for a combination | retirement loans, arrears and normal
(only from the amount of salary excluding
LSP and/or LSP VAC EX)

social security, social security ad-
justments and fines (from the full gross) |

NOTE: The instruction that involuntary deductions are not to be taken from salary payments to a deceased employee is a change to previous instructions. Chapter D, Page 7 of the Payroll Manual will be corrected in the next revision.

Lump sum payments and/or LSP for vacation exchange payments for employees who have resigned, retired or been terminated.

When a PR-75 is submitted for a LSP and/or LSP VAC EX and the payment is solely for this purpose, only the following deductions will be taken:

- Federal, State and New York City taxes
- Social Security and social security adjustments
- Involuntary deductions
- Fines
- Retirement normal, loans and arrears

If the employee is receiving any other type of payment at the same time as the LSP and/or LSP VAC EX all deductions will still be taken. An AC-1040 is necessary if any deductions should be cancelled. Also, an AC-1040 to initiate fixed taxes is still needed if the lump sum payment is for a large amount of money and excessive taxes would be taken if the biweekly tax tables are used.

Transfer of social security

Effective in Payroll Period 25, we have changed the requirements for automatic transfer of social security coverage when an employee transfers between agencies. Social security will be transferred only if an employee is a member of a retirement system. If an employee who transfers into your agency is to have social security coverage and is not a member of a retirement system, you must submit an AC-1040 to begin social security.