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Stowe Associates Compliance Tips Newsletter



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During this economic downturn and the resulting budget cuts, many employers are having difficulty funding all of their Risk Management and Human Resources functions and services. In this era of ever increasing employer liability, it is more important than ever to comply with government regulations. Stowe Associates offers many complimentary compliance assistance services. Let us show you how you may already be paying for some of these services. Why would you want to pay twice for something?

For more information, please contact Alison Smith at asmith@stoweassociates.com

Handling Discrepancies in Employee Social Security Numbers

A discrepancy in an employee's Social Security Number (SSN) usually arises when an employer reports an employee's wages on the Form W-2 (Wage and Tax Statement). The Social Security Administration (SSA) processes these wage reports as an agent of the Internal Revenue Service.

The SSA uses earnings information to determine eligibility for and the amount of Social Security benefits to which a worker may be entitled. If the combination of name and SSN on a Form W-2 cannot be matched to an SSA record, the SSA is unable to attribute the earnings to a worker's record. There are a number of reasons why reported information may not match records, including typographical errors, unreported name changes, inaccurate or incomplete employer records or misuse of a SSN.

Who Gets a No-Match Letter?

After the SSA processes wage reports submitted by an employer, it makes an effort to resolve items that do not match by sending letters to employees and employers, as well as self-employed individuals, informing them that a reported name or SSN does not match the Administration's records. These letters are commonly called "no-match" letters. The goal of these letters is to obtain corrected information to help the SSA identify the individual to whom the earnings belong so that they can be correctly credited to the individual's earnings record. The following is a brief description of two types of no-match letters.

Worker Letter - When the SSA processes wage reports, it notifies every worker whose name and SSN could not be matched to the SSA's records. This letter is sent to the address on the worker's Form W-2. If a valid address cannot be confirmed, this letter is sent to the employer.

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Employer Letter - Approximately two weeks after the release of the worker letters, SSA sends employer no-match letters. Currently, these are sent to any employer who reported more than 10 no-matches that represented more than .5% of the W-2s submitted by that employer.

Responding to a No-Match Letter

The notice to employers advises them of the no-matches, and asks for corrected information. Employer notices will list up to 500 SSNs (without names) that the SSA could not match. Employers can contact the SSA for a full list if there are more than 500 no-matches. Employers are then asked to prepare Form W-2c (Corrected Wage and Tax Statement) for each SSN that was listed in the notice which the employer was able to correct.

In addition, one step recommended by the Department of Homeland Security (DHS) is to ask the employee to contact Social Security if there is a discrepancy with an SSA record. To ensure that an employee's record is correct, the SSA recommends following these steps:

1. If an employee's Social Security card does not show the correct name or SSN, or if the employee has lost his or her Social Security card, it is prudent for the employee to contact the local Social Security Office.
2. The employee should provide the employer with the correct information as shown on the Social Security card or the corrected card. However, if the employee's name and SSN as shown on the Social Security card does match the information shown on the employee's Form W-2, it is important for the employee to contact the local Social Security office or call 1-800-772-1213 to find out why the SSA record does not match what was reported to the employer.

For More InformationEmployer No-Match Letters Process

E-Verify - is a free Internet-based system operated by the Department of Homeland Security (DHS) in partnership with the Social Security Administration (SSA) that allows participating employers to electronically verify the employment eligibility of their newly hired employees

Consent-Based Social Security Number Verification - is a fee and consent-based Social Security Number verification service available to enrolled private companies and Federal, State and local government agencies. It provides instant, automated verification and easily handles large volume requests. Using CBSV, participating companies can verify the SSNs of their customers and clients. An Employer Identification Number (EIN) is required to enroll and become a CBSV user.

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DOL Electronic Filing System Up and Running

The Department of Labor's (DOL) EFAST2 filing system is now fully operational. It is ready to accept electronic submissions of form 5500 and 5500-SF. The feds now require that sponsors of retirement and welfare plans file Form 5500 electronically—and those that don't or file late can be fined.

The majority of employers do not comply with the Employee Retirement Income Security Act's (ERISA) requirement to file form 5500—leaving them wide open to potential federal fines. U.S. Census Bureau reports show there are about 110,000 employers that employ 100 or more people and public records show that about 60,000 of these employers haven't filed form 5500. An employer can be penalized up to \$1,100 for each day the 5500 is late.

To begin electronic 5500 filing go to Efast.dol.gov and click "Register" on the left side of the screen to get your credentials, which are required for filing. Anyone can obtain credentials but the DOL will only issue one set per e-mail address.

Note: Stowe Associates files 5500's for clients at no additional cost.

Question of the Month

Question: What is the best way to verify employment when I rehire an employee?

Answer: When you rehire an employee, you must ensure that he or she is still authorized to work. You may do this by completing a new Form I-9 or you may re-verify or update the original form by completing Section 3.

If you rehire an employee who has previously completed a Form I-9, you may re-verify on the employee's original Form I-9 (or on a new Form I-9 if Section 3 of the original has already been used) if you rehire the employee within 3 years of the initial date of hire; and the employee's previous grant of employment authorization has expired, but he or she is now eligible to work under a new grant of employment authorization; or the employee is still eligible to work on the same basis as when Form I-9 was completed.

Important Note: You **MUST** complete a new Form I-9 if the version of the form you used for the previous verification has since been replaced by a new version.

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