

# Health Insurance

## 100% Employer Provided

If the parish pays 100% of the employee's Health Insurance, follow these steps:

1. Click the "Payroll" tab, click the "Setup" button, and click the "Deduction/Benefit List" link.

The screenshot displays the ConnectNow Accounting software interface. At the top left is the ConnectNow logo, and at the top right are links for HOME and LOGOUT, along with the user name 'Leven Zuelke' and the date 'Diocese of Bismarck, June 2013 [Sample 19 (0)]'. The main navigation bar includes tabs for Church Manager, Ledger and Payables, Payroll, and Consolidation Manager. Below this, there are icons for Payroll Process, Employees, Setup, Forms, and Reports. The 'Setup' icon is highlighted with a red box, and an arrow points to it from the 'Payroll' tab. Below the navigation bar, the 'Basic Setup' section is visible, containing a list of links: Employer Info, Pay Group, Pay Item, Deduction/Benefit List, Account Distributions, and Payroll Check Layout. An arrow points to the 'Deduction/Benefit List' link from the 'Setup' icon.

2. Click on the “Add a New Deduction/Benefit From Template” link.

ConnectNow Accounting

HOME LOGOUT

Leven Zuelke Diocese of Bismarck, June 2013 [Sample 19 (0)]

Church Manager Ledger and Payables Payroll Consolidation Manager

Payroll Process Employees Setup Forms Reports

Entry Screens List Screens

[Add a New Deduction/Benefit From Template](#)

[Watch Help Video!](#)

	Code	Type	Description	Category	Effect on Taxes and Wages
<a href="#">Edit</a>	1	Benefit	Social Security Employer	System	
<a href="#">Edit</a>	1	Deduction	Social Security Withheld	System	
<a href="#">Edit</a>	2	Benefit	Medicare Employer	System	
<a href="#">Edit</a>	2	Deduction	Medicare Withheld	System	
<a href="#">Edit</a>	3	Deduction	Federal	System	
<a href="#">Edit</a>	4	Deduction	State	System	
<a href="#">Edit</a>	6	Deduction	Local	System	

3. Select the "Health Care Benefit" from the list.

**Deduction/Benefit Templates**

Type	Description	Extended Information
<input type="button" value="Select"/> Benefit	403(b) Employer Benefit	Percentage of gross pay to be paid by employer on behalf of the employee. Amount is accumulated in an expense account and a liability account for payment.
<input type="button" value="Select"/> Benefit	Health Care Benefit	Health care cost provided to employees by the employer as a benefit. Including integrated dental or vision plans.
<input type="button" value="Select"/> Benefit	Taxable Group Term Life Ins.	Used to record and report on W-2 the cost of group term life insurance provided to the employee as a benefit. Increases taxable wages.
<input type="button" value="Select"/> Deduction	403(b) Employee Deduction	Withhold a percent of gross pay from employee. Taken before Federal and State taxes but not Social Security and Medicare.
<input type="button" value="Select"/> Deduction	Advance	The church has given a payment to an employee in advancement of their payroll payment. This deduction will withhold that amount from a paycheck. Set to zero on employee screen after close of payroll.
<input type="button" value="Select"/> Deduction	After-tax IRA	IRA deduction withheld. Taxes are calculated on full amount of gross pay.
<input type="button" value="Select"/> Deduction	Before tax IRA.	Deduction is taken before federal tax is calculated but before Social Security and Medicare taxes are calculated.
<input type="button" value="Select"/> Deduction	Cafeteria/Flex Plan Deduction	Withhold a tax-free amount from employee's pay for a Cafeteria/Flex Plan. Amount is taken before all taxes are calculated.
<input type="button" value="Select"/> Deduction	Disability Insurance Deduction	The employee pays a percentage of gross pay for long or short term disability insurance. This template inserts an after-tax deduction. Please revise the percent for your needs. Some group plans are before tax deductions. Please contact the plan administrator if you are not sure.
<input type="button" value="Select"/> Deduction	Garnishment	A deduction from an employee's pay after taxes are calculated. Amount is to be paid from a liability account.
<input type="button" value="Select"/> Deduction	Loan Repayment	The church has loaned an employee some money. This deduction will withhold an amount for repayment of the loan.
<input type="button" value="Select"/> Deduction	Tax Shelter Annuity Deduction	Withhold a Federal and State tax-deferred deduction for a typical TSA plan.
<input type="button" value="Select"/> Deduction	Tax-Free Health Insurance Deduction	A health or dental insurance plan that is deducted from an employee before all taxes are calculated.
<input type="button" value="Select"/> Deduction	Taxable Health Insurance Deduction	After-tax deduction from employee for a health or dental insurance plan.
<input type="button" value="Select"/> Deduction	Tuition	Withhold school tuition from employee. Accumulates in a liability account.

- Click "Edit" for the newly selected "Health Care Benefit." Double check the data to make sure that the type is "Benefit," the category is "Other" and that **NONE** of the boxes are checked. Click "Submit."

ConnectNow Accounting

HOME LOGOUT

Leven Zuelke Diocese of Bismarck, June 2013 [Sample 19 (0)]

Church Manager Ledger and Payables Payroll Consolidation Manager

Payroll Process Employees Setup Forms Reports

Entry Screens List Screens

Add a New Deduction/Benefit From Template

Watch Help Video!

**Deductions/Benefits**

Code	Type	Description	Category	Effect on Taxes and Wages
<a href="#">Edit</a> 0	Benefit	Social Security Employer	System	
<a href="#">Edit</a> 1	Deduction	Social Security Withheld	System	
<a href="#">Edit</a> 2	Benefit	Medicare Employer	System	
<a href="#">Edit</a> 2	Deduction	Medicare Withheld	System	
<a href="#">Edit</a> 3	Deduction	Federal	System	
<a href="#">Edit</a> 4	Deduction	State	System	
<a href="#">Edit</a> 6	Deduction	Local	System	
<a href="#">Edit</a> 11	Benefit	Health Care Benefit	Other	No Effect

### Deduction or Benefit

Deductions are withheld from employee's check and accumulated in a liability account for payment. Benefits are calculated amounts the employer pays on behalf of the employee. Benefit amounts are accumulated in a liability for payment and are automatically expensed.

Type:

Type should be "Benefit."

### Code Number

Use a code number 11 or higher.

Code Number:

### W2 Category

Used for checking applicable boxes for Form W-2 printing.

Category should be "Other."

Category:

### Subject to Tax

The amount of this benefit will be added to taxable wage amounts when calculating the checked taxes below, thereby increasing the amount of tax.

- Social Security
- Medicare
- Federal
- State
- Local

None of the boxes should be checked.

Click when done.

5. After these items are setup, you must select these options for each employee. Click on the "Payroll" tab and click the "Employees" button. Select the employee you wish to add these Benefits/Deductions to by clicking "Go" next to their name.

ConnectNow Accounting

HOME LOGOUT  
Leven Zuelke Diocese of Bismarck, June 2013 [Sample 19 (0)]

Church Manager Ledger and Payables Payroll Consolidation Manager

Payroll Process Employees Setup Forms Reports

Entry Screens List Screens

A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z, ALL

Employee List Add a New Employee

LastName	FirstName
System	Test


A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z, ALL

- On the employee information ribbon, click the “Ded/Ben” link. On the resulting list screen, using the drop down menu, select the deduction/benefits that fit this employee.

**Employee Information**  
**Test System**

↓

General   Emp/Cust   Tax Data   Pay Data   **Ded/Ben**   Accums   Personal   Direct Deposit   Paychecks

[Watch Help Video!](#) 

	#	Deduction/Benefit Description	Amount	Percent	Limit	2013	2012
✘	1	▼					
✘	2	▼					
✘	3	▼					
<b>Total:</b>			<u>0.00</u>	<u>0.00</u>	<u>0.00</u>		

[More Lines](#)

The following example is if the employee has 100% of Healthcare paid by the employer.

	#	Deduction/Benefit Description	Amount	Percent	Limit	2013	2012
✘	1	11 Benefit: Health Care Benefit ▼					
✘	2	▼					
✘	3	▼					
<b>Total:</b>			<u>0.00</u>	<u>0.00</u>	<u>0.00</u>		

- Repeat steps 5 and 6 for all employees with 100% Healthcare paid by the employer.

## Part Employer Provided, Part Employee Contribution

1. Perform steps 1-4 for “100% Employer Provided.” (Provided on pages 1-5)
2. Click on the “Add a New Deduction/Benefit From Template” link.

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Church Manager Ledger and Payables Payroll Consolidation Manager

Payroll Process Employees Setup Forms Reports

Entry Screens List Screens

[Add a New Deduction/Benefit From Template](#)

[Watch Help Video!](#)

	Code	Type	Description	Category	Effect on Taxes and Wages
<a href="#">Edit</a>	1	Benefit	Social Security Employer	System	
<a href="#">Edit</a>	1	Deduction	Social Security Withheld	System	
<a href="#">Edit</a>	2	Benefit	Medicare Employer	System	
<a href="#">Edit</a>	2	Deduction	Medicare Withheld	System	
<a href="#">Edit</a>	3	Deduction	Federal	System	
<a href="#">Edit</a>	4	Deduction	State	System	
<a href="#">Edit</a>	6	Deduction	Local	System	

**IF YOU HAVE EMPLOYEES WHO CHOOSE TO HAVE THEIR HEALTH INSURANCE DEDUCTION PRE-TAX (COMMON), PERFORM STEPS 3 AND 4 AND SKIP STEPS 5 AND 6. IF YOU HAVE EMPLOYEES WHO CHOOSE TO HAVE THEIR HEALTH INSURANCE DEDUCTION AFTER-TAX (RARE), SKIP STEPS 3 AND 4 AND PERFORM STEPS 5 AND 6.**



3. If the employee chooses to have their Health Insurance Deduction pre-tax (this is the most common method), select the “Tax-Free Health Insurance Deduction.”

Deduction/Benefit Templates

Type	Description	Extended Information
<input type="button" value="Select"/> Benefit	403(b) Employer Benefit	Percentage of gross pay to be paid by employer on behalf of the employee. Amount is accumulated in an expense account and a liability account for payment.
<input type="button" value="Select"/> Benefit	Health Care Benefit	Health care cost provided to employees by the employer as a benefit. Including integrated dental or vision plans.
<input type="button" value="Select"/> Benefit	Taxable Group Term Life Ins.	Used to record and report on W-2 the cost of group term life insurance provided to the employee as a benefit. Increases taxable wages.
<input type="button" value="Select"/> Deduction	403(b) Employee Deduction	Withhold a percent of gross pay from employee. Taken before Federal and State taxes but not Social Security and Medicare.
<input type="button" value="Select"/> Deduction	Advance	The church has given a payment to an employee in advancement of their payroll payment. This deduction will withhold that amount from a paycheck. Set to zero on employee screen after close of payroll.
<input type="button" value="Select"/> Deduction	After-tax IRA	IRA deduction withheld. Taxes are calculated on full amount of gross pay.
<input type="button" value="Select"/> Deduction	Before tax IRA.	Deduction is taken before federal tax is calculated but before Social Security and Medicare taxes are calculated.
<input type="button" value="Select"/> Deduction	Cafeteria/Flex Plan Deduction	Withhold a tax-free amount from employee's pay for a Cafeteria/Flex Plan. Amount is taken before all taxes are calculated.
<input type="button" value="Select"/> Deduction	Disability Insurance Deduction	The employee pays a percentage of gross pay for long or short term disability insurance. This template inserts an after-tax deduction. Please revise the percent for your needs. Some group plans are before tax deductions. Please contact the plan administrator if you are not sure.
<input type="button" value="Select"/> Deduction	Garnishment	A deduction from an employee's pay after taxes are calculated. Amount is to be paid from a liability account.
<input type="button" value="Select"/> Deduction	Loan Repayment	The church has loaned an employee some money. This deduction will withhold an amount for repayment of the loan.
<input type="button" value="Select"/> Deduction	Tax Shelter Annuity Deduction	Withhold a Federal and State tax-deferred deduction for a typical TSA plan.
<input type="button" value="Select"/> Deduction	Tax-Free Health Insurance Deduction	A health or dental insurance plan that is deducted from an employee before all taxes are calculated.
<input type="button" value="Select"/> Deduction	Taxable Health Insurance Deduction	After-tax deduction from employee for a health or dental insurance plan.
<input type="button" value="Select"/> Deduction	Tuition	Withhold school tuition from employee. Accumulates in a liability account.

- Click "Edit" for the newly selected "Tax-Free Health Insurance Deduction." Double check to make sure that the type is "Deduction," the category is "Tax Deferred," and that **ALL** of the boxes are checked. Click "Submit."

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Add a New Deduction/Benefit From Template

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Deductions/Benefits

	Code	Type	Description	Category	Effect on Taxes and Wages
<input type="button" value="Edit"/>	1	Benefit	Social Security Employer	System	
<input type="button" value="Edit"/>	1	Deduction	Social Security Withheld	System	
<input type="button" value="Edit"/>	2	Benefit	Medicare Employer	System	
<input type="button" value="Edit"/>	2	Deduction	Medicare Withheld	System	
<input type="button" value="Edit"/>	3	Deduction	Federal	System	
<input type="button" value="Edit"/>	4	Deduction	State	System	
<input type="button" value="Edit"/>	6	Deduction	Local	System	
<input type="button" value="Edit"/>	11	Benefit	Health Care Benefit	Other	No Effect
<input type="button" value="Edit"/>	12	Deduction	Tax-Free Health Insurance Deduction	Tax Deferred	Reduces calculated Social Security, Medicare, Federal, State, Local

**Deduction or Benefit**

Deductions are withheld from employee's check and accumulated in a liability account for payment. Benefits are calculated amounts the employer pays on behalf of the employee. Benefit amounts are accumulated in a liability for payment and are automatically expensed.

Type:

**Code Number**

Use a code number 11 or higher.

Code Number:

**W2 Category**

Used for checking applicable boxes for Form W-2 printing.

Category:

**Subject to Tax**

This deduction will reduce the following checked taxes. When the checked taxes are calculated, the taxable wage amount used will be reduced by the amount of the deduction.

- Social Security
- Medicare
- Federal
- State
- Local

Type should be "Deduction."

Category should be "Tax Deferred."

All the boxes should be checked.

Click when done.

5. If you have an employee who has requested to have their Health Insurance Deduction after-tax (this is extremely rare), select the “Taxable Health Insurance Deduction.”

Deduction/Benefit Templates

Type	Description	Extended Information
<input type="button" value="Select"/> Benefit	403(b) Employer Benefit	Percentage of gross pay to be paid by employer on behalf of the employee. Amount is accumulated in an expense account and a liability account for payment.
<input type="button" value="Select"/> Benefit	Health Care Benefit	Health care cost provided to employees by the employer as a benefit. Including integrated dental or vision plans.
<input type="button" value="Select"/> Benefit	Taxable Group Term Life Ins.	Used to record and report on W-2 the cost of group term life insurance provided to the employee as a benefit. Increases taxable wages.
<input type="button" value="Select"/> Deduction	403(b) Employee Deduction	Withhold a percent of gross pay from employee. Taken before Federal and State taxes but not Social Security and Medicare.
<input type="button" value="Select"/> Deduction	Advance	The church has given a payment to an employee in advancement of their payroll payment. This deduction will withhold that amount from a paycheck. Set to zero on employee screen after close of payroll.
<input type="button" value="Select"/> Deduction	After-tax IRA	IRA deduction withheld. Taxes are calculated on full amount of gross pay.
<input type="button" value="Select"/> Deduction	Before tax IRA.	Deduction is taken before federal tax is calculated but before Social Security and Medicare taxes are calculated.
<input type="button" value="Select"/> Deduction	Cafeteria/Flex Plan Deduction	Withhold a tax-free amount from employee's pay for a Cafeteria/Flex Plan. Amount is taken before all taxes are calculated.
<input type="button" value="Select"/> Deduction	Disability Insurance Deduction	The employee pays a percentage of gross pay for long or short term disability insurance. This template inserts an after-tax deduction. Please revise the percent for your needs. Some group plans are before tax deductions. Please contact the plan administrator if you are not sure.
<input type="button" value="Select"/> Deduction	Garnishment	A deduction from an employee's pay after taxes are calculated. Amount is to be paid from a liability account.
<input type="button" value="Select"/> Deduction	Loan Repayment	The church has loaned an employee some money. This deduction will withhold an amount for repayment of the loan.
<input type="button" value="Select"/> Deduction	Tax Shelter Annuity Deduction	Withhold a Federal and State tax-deferred deduction for a typical TSA plan.
<input type="button" value="Select"/> Deduction	Tax-Free Health Insurance Deduction	A health or dental insurance plan that is deducted from an employee before all taxes are calculated.
<input type="button" value="Select"/> Deduction	Taxable Health Insurance Deduction	After-tax deduction from employee for a health or dental insurance plan.
<input type="button" value="Select"/> Deduction	Tuition	Withhold school tuition from employee. Accumulates in a liability account.

- Click "Edit" for the newly selected "Taxable Health Insurance Deduction." Double check to make sure that the type is "Deduction," the category is "Other," and that **NONE** of the boxes are checked.

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 Leven Zuelke Diocese of Bismarck, June 2013 [Sample 19 (0)]

Church Manager Ledger and Payables Payroll Consolidation Manager

Payroll Process Employees Setup Forms Reports  
 Entry Screens List Screens

Add a New Deduction/Benefit From Template Watch Help Video!

Deductions/Benefits					
	Code	Type	Description	Category	Effect on Taxes and Wages
<a href="#">Edit</a>	1	Benefit	Social Security Employer	System	
<a href="#">Edit</a>	1	Deduction	Social Security Withheld	System	
<a href="#">Edit</a>	2	Benefit	Medicare Employer	System	
<a href="#">Edit</a>	2	Deduction	Medicare Withheld	System	
<a href="#">Edit</a>	3	Deduction	Federal	System	
<a href="#">Edit</a>	4	Deduction	State	System	
<a href="#">Edit</a>	6	Deduction	Local	System	
<a href="#">Edit</a>	11	Benefit	Health Care Benefit	Other	No Effect
<a href="#">Edit</a>	12	Deduction	Tax-Free Health Insurance Deduction	Tax Deferred	Reduces calculated Social Security, Medicare, Federal, State, Local
<a href="#">Edit</a>	13	Deduction	Taxable Health Insurance Deduction	Other	No Effect

### Deduction or Benefit

Deductions are withheld from employee's check and accumulated in a liability account for payment. Benefits are calculated amounts the employer pays on behalf of the employee. Benefit amounts are accumulated in a liability for payment and are automatically expensed.

Type:

Type should be "Deduction."

### Code Number

Use a code number 11 or higher.

Code Number:

### W2 Category

Used for checking applicable boxes for Form W-2 printing.

Category:

Category should be "Other."

### Subject to Tax

This deduction will reduce the following checked taxes. When the checked taxes are calculated, the taxable wage amount used will be reduced by the amount of the deduction.

- Social Security
- Medicare
- Federal
- State
- Local

None of the boxes should be checked.

Click when done.

7. After these items are setup, you must select these options for each employee. Click on the "Payroll" tab and click the "Employees" button. Select the employee you wish to add these Benefits/Deductions to by clicking "Go" next to their name.

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HOME LOGOUT  
Leven Zuelke Diocese of Bismarck, June 2013 [Sample 19 (0)]

Church Manager Ledger and Payables Payroll Consolidation Manager

Payroll Process Employees Setup Forms Reports

Entry Screens List Screens

A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z, ALL

Employee List Add a New Employee

LastName	FirstName
System	Test

A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z, ALL

8. On the employee information ribbon, click the “Ded/Ben” link. On the resulting list screen, using the drop down menu, select the deduction/benefits that fit this employee.

**Employee Information**  
**Test System**

General Emp/Cust Tax Data Pay Data **Ded/Ben** Accums Personal Direct Deposit Paychecks

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	#	Deduction/Benefit Description	Amount	Percent	Limit	2013	2012
✘	1						
✘	2						
✘	3						
Total:			0.00	0.00	0.00		

[More Lines](#)

Submit Delete



The following example is if the employee chooses to have their portion of the health care deduction pre-tax.

	#	Deduction/Benefit Description	Amount	Percent	Limit	2013	2012
✘	1	11 Benefit: Health Care Benefit					
✘	2	12 Deduction: Tax-Free Health Insura					
✘	3						
<b>Total:</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		

The following example is if the employee chooses to have their portion of the health care deduction after-tax (Note that this scenario is extremely rare. Most of the time, they will choose pre-tax because it will reduce their withholdings and FICA).

	#	Deduction/Benefit Description	Amount	Percent	Limit	2013	2012
✘	1	11 Benefit: Health Care Benefit					
✘	2	13 Deduction: Taxable Health Insuran					
✘	3						
<b>Total:</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		

9. Repeat steps 7 and 8 for each employee.