

How To Prepare For HR Year-End: A Checklist To Get Started

The end of the year is quickly approaching, which means there is a lot of work to get finished in order to officially close out the year. This means that you have many important deadlines quickly approaching. To reduce the risk of making a costly error, it is crucial for employers to begin end-of-year preparations early and with a clear strategy for success. Here are some of the important steps that employers must take in order to comply with recent laws and get their workforces ready for a new year:

Prepare for Early 2018 ACA Information Reporting on Health Coverage

The IRS has listed forms and instructions on their website to help employers prepare for reporting on health coverage they offered to their employees in 2017. The forms must be distributed to employees and filed with the IRS early in 2018 by employers subject to the Affordable Care Act's reporting requirements. Below are links to the final forms and instructions on the IRS website:

- [Form 1095-B](#), Health Coverage.
- [Form 1094-B](#), Transmittal form accompanying Form 1095-B information returns.
- [Form 1095-C](#), Employer-Provided Health Insurance Offer and Coverage.
- [Form 1094-C](#), Transmittal form accompanying Form 1095-C information returns.
- [Instructions for Forms 1094-B and 1095-B](#).
- [Instructions for Forms 1094-C and 1095-C](#).

Ensure You have ACA Information Required for Reporting

Year-end reporting under the ACA must cover all 12 months of 2017. To ensure accuracy, it is essential you collect all the data you'll need to manually report, including:

- Employees that were active as of Jan. 1, 2017.
- Get specific plan information for any retirees who are on your retirement benefits plan.
- Owners, partners or anyone who is enrolled in your plans.
- If any Union members are enrolled in your plan, or if you are required to contribute to their plan.
- You are required to send a 1095-C to any current or former employees who have enrolled in COBRA coverage.
- Verify dependent enrollment data.
- Double-check status of grandfathered plans to see if they can carry over.
- Consider amending employee pre-tax contribution to FSA to meet any increases.

Prepare For Final Payroll

It's important to ensure that all records are up-to-date and ready for when you issue the last payroll cycle for the year because there can be penalties associated with incorrect information. Having the wrong address on file can also create difficulties in mailing out forms. Ensure that employee and employer data are correct for when you send in your quarterly tax reports and W-2s. Don't forget to:

- Check employee names and social security numbers are in the correct format for the IRS.
- Ensure proper withholdings have been made for the taxable benefits. (bonuses, sick pay, time off, etc.)
- Review employee W-4s. Make sure they are current and up-to-date.
- Review company-wide salaries.
- Schedule & issue holiday bonuses.
- Prepare for the first payroll run of the new year.
- Confirm new year payroll schedule.
- Order W-2s and 1099s.
- Review employee wage, tax, and withholding information (such as W-4s).

Employers should also reconcile their payroll accounts and begin preparing to file Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return, which is due to the IRS by January 31.

Let Employees Know About Remaining Funds and Vacation Days/ Payout.

- Remind employees to spend any remaining flexible spending account (FSA) balances before the end of the year to avoid forfeiting any leftover funds.
- Inform employees if they have any paid time off they must use before December 31 to avoid losing any accrual or carryover balances.
- Communicate with employees any upcoming paid holidays so that they are prepared.

Review Local Laws

Human resources laws change more frequently at the state and local levels than they do at the federal level. Recently, higher minimum wages and mandatory paid sick leave policies have become more prevalent and these requirements often become effective at the beginning of a new year. Organizations located in areas where laws have passed must begin planning for how they will adjust to the resulting costs and administrative burdens.

Note: Employers should ensure that their employee handbooks are updated to reflect any changes.

Prepare For Performance Reviews

Reviews keep employees informed about expectations and equip them with the feedback they need to maximize their potential. Managers should review their records, so that their reviews are not influenced too heavily by the employee's most recent actions. Managers should also think strategically about how employees contribute to advancing departmental and organizational goals and how they could improve.

Note: Make performance reviews a company focus by giving ongoing feedback and increase employee development with a performance management system. [Get information here!](#)

The end of the year is also a great time to take a look at some other departmental processes and performances. Take a good look at employee compensation, engagement, retention rates, benefits, etc. As you reflect on these, take a moment to note anything that could be improved upon and what steps would be required to take action. For instance, if you're looking to increase employee engagement think of how often you celebrate their successes. It may be something as easy as creating an "outstanding employee bulletin board" where you highlight outstanding performance or it could be more involved like initiating a [HR software](#) evaluation to improve employee performance.

If this checklist seems overwhelming, it doesn't need to be! With a fully-integrated, all-in-one HR solution, most of these tasks can be automated. If you'd like to see how ClearCompany's solutions can take administrative burden off your shoulders, [click here!](#)