

SECTION 13: SPECIAL PROCESSES, OVERPAYMENTS

EXHIBIT 3
Overpayment SBS Calculations

Example 1 - Overpayment SBS Calculation, SBS is Not Reduced

Employee maxed out SBS by exceeding the 2005 SBS base limit of \$90,000. The B8 accumulator for 2005 YTD was \$91,000. The employee was found in 2006 to be overpaid in 2005 by \$500.00.

The correct YTD amount the employee should have received, \$90,500 is more than the SBS base limit for the year. The employee still would have maxed out and no SBS is taken on the \$500 overpayment.

On the Gross to Net OP worksheet, SBS would not be subtracted out for this overpayment.

Name:	
Social Security #:	
Year Overpaid: 2005	
Was Paid YTD (B8 screen YTD gross)	\$ 91,000.00
Less: Gross Overpayment	\$ (500.00)
Should Have Been Paid YTD	\$ 90,500.00
Less: SBS Maximum Gross (from Payroll Calculation Sheet)	\$(90,000.00)
Difference	\$ 500.00
DO NOT REDUCE OVERPAYMENT BY SBS	\$ -

If the amount the employee should have been paid for the year is **more** than the SBS maximum gross for the year, the overpayment can **not** be reduced by the SBS calculated on the difference.

Example 2 - Overpayment SBS Calculation, SBS is Reduced

Employee maxed out SBS by exceeding the 2005 SBS base limit of \$90,000. The B8 accumulator for 2005 YTD was \$91,000. The employee was found in 2006 to be overpaid in 2005 by \$1500.00.

The correct YTD amount the employee should have received, \$89,500 is less than the SBS base limit for the year. The employee would not have maxed out and SBS is taken on \$500 of the \$1500 overpayment. The amount of the SBS max less the corrected YTD (\$90,000 - \$89,500).

On the Gross to Net OP worksheet, SBS would be calculated on \$500 and \$30.65 (\$500 x 6.13%) is subtracted out for this overpayment. Manually enter this amount on the worksheet.

Name:	
Social Security #:	
Year Overpaid: 2005	
Was Paid YTD (B8 screen YTD gross)	\$ 91,000.00
Less: Gross Overpayment	\$ (1,500.00)
Should Have Been Paid YTD	\$ 89,500.00
Less: SBS Maximum Gross (from Payroll Calculation Sheet)	\$(90,000.00)
Difference	\$ (500.00)
REDUCE OVERPAYMENT BY SBS CALCULATED	\$ (30.65)

If the amount the employee should have been paid for the year is **less** than the SBS maximum gross for the year, the overpayment can be reduced by the SBS calculated on the difference.