



## How Benefits affect Payroll

### What amounts should be considered when processing payroll?

**Contributions** - All contributions required by the collective bargaining agreement must be remitted to the Southern California Pipe Trades Administrative Corporation (SCPTAC). Employer-paid fringe benefits (e.g., Pension, Health & Welfare, Christmas Bonus, etc.) should not be considered when calculating employee’s net pay. Only wages, Union Dues, Vacation & Holiday contributions, and 401(k) should be included in payroll.

**Wages** – Base hourly rate

**Union Dues** – Dues should be withheld from pay, AFTER income tax is calculated, and remitted to the SCPTAC.

**Vacation & Holiday** – V&H contributions should be added to wages, taxed, and then withheld from pay and remitted to the SCPTAC.

**Pre-tax 401(k)** – Pre-tax 401(k) Contributions are withheld from pay, BEFORE income tax is calculated, and remitted to the SCPTAC.

**Post-tax Roth 401(k)** – After-tax Roth 401(k) Contributions are withheld from pay, AFTER income tax is calculated, and remitted to the SCPTAC.

### Example:

*(This is an example only. Consult your tax advisor regarding payroll processing. The rates for your employees may differ.)*

Start	Wages	40 Hours @ \$39.57	=	\$ 1,542.80
Add	Vacation & Holiday	40 Hours @ \$3.03	=	\$ 121.20
<b>Wages Subject to Employment Tax</b>				<b>\$ 1,664.00</b>
Subtract	Pre-Tax 401(k)	40 Hours @ \$2.00	=	\$ (80.00)
<b>Wages Subject to Income Tax</b>				<b>\$ 1,584.00</b>
Subtract	Employment Tax (FICA & SDI)*	\$1,664.00 X (7.65% + 1%)	=	\$ (143.94)
Subtract	Federal & State Withholding		=	\$ (323.34)
Subtract	Vacation & Holiday	40 Hours @ \$3.03	=	\$ (121.20)
Subtract	Post-Tax Roth 401(k)	40 Hours @ \$1.50	=	\$ (60.00)
Subtract	Union Dues	40 Hours @ \$1.60	=	\$ (64.00)
<b>Net Pay</b>				<b>\$ 871.52</b>

\*Also subject to employer-paid SUI, ETT, & FUTA.