

Setting up fringes – in-house payroll

Goal: Learn how to set up a fringe benefit, called a *fringe*, for in-house payroll in Ajera.

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Fringes are benefits paid to an employee, in addition to regular pay compensation. This is typically an employer cost that you want to accrue for accurate financial reporting. Examples include a 401(k) match or employer-paid insurance.

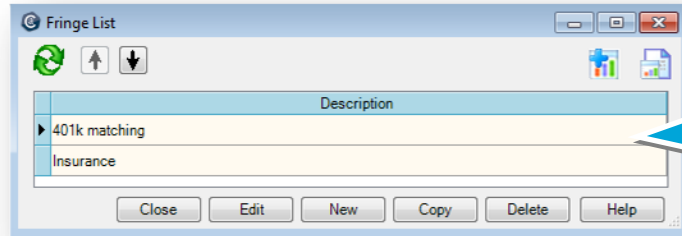
You can set up an unlimited number of fringes to accommodate your payroll needs.

This lesson shows how to set up a simple fringe.

Step 1: Review the predefined fringes

View the predefined fringes in Ajera.

1. Click **Company > Payroll > Fringes**.



Fringes appear on the paycheck stub in the order listed in this window. Ajera adds new fringes to the bottom of the list.

To change the order, just click and drag a fringe to the appropriate location.

2. If you have other fringes, you can do one of the following:
 - Click the **New** button and create a fringe from scratch.
 - Select a fringe and copy it.
3. If you wanted to stop using a fringe on paychecks, you would select the fringe, click the **Edit** button, and change the status to **Inactive**.

Note: You can override fringes in the employee setup. For example, your standard insurance fringe benefit for most employees is \$25.00, but you have several employees for whom your firm contributes a higher amount toward insurance. For more information, see the *Setting up employee detail for in-house payroll* quick lesson.

Step 2: Set up a fringe

You want to create a fringe for employee health insurance.

1. Click the **New** button.
2. Leave the status as **Active** and enter the name **Employee Health Insurance**.
The description name appears on lists, paycheck stubs, and reports.

Enter the calculation method and rate for the fringe.

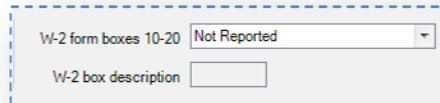
The screenshot shows the 'New Fringe' form with the following fields: Status (Active), Description (Employee Health Insurance), Calculation method (Flat Amount), and Rate (25.0000). A dropdown menu is open for the Calculation method, showing options: Flat Amount, Percent of Total Pay, Percent of Regular Pay, Percent of Premium Pay, Percent of Regular Plus Premium Pay, Total Hours Times Rate, and Regular Hours Times Rate. Callouts provide instructions: 'Enter \$25.00 as the standard rate.' points to the Rate field; 'This determines how the fringe amount is calculated.' points to the Flat Amount option in the dropdown; and 'Leave Flat Amount.' points to the Flat Amount option in the dropdown. Another callout states: 'If the rate is higher for certain employees, you can override it in the employee setup.'

3. Select the liability and expense accounts for the fringe:

The screenshot shows the 'Liability account' field set to '2432 Employee Group Insurance' and the 'Expense account' field set to '7320 Health Care Insurance'. A callout explains: 'The liability account reflects who the employer owes the money to for the fringe expense, such as your group insurance carrier.'

Step 2: Set up a fringe (continued)

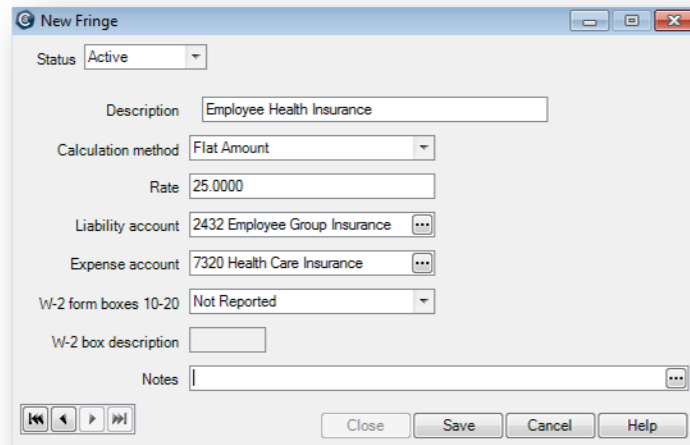
- Typically, fringes are not reported on the W-2, but check with your CPA when setting up your firm's fringes.



W-2 form boxes 10-20

W-2 box description

- Here's what the completed fringe looks like:



New Fringe

Status

Description

Calculation method

Rate

Liability account

Expense account

W-2 form boxes 10-20

W-2 box description

Notes

- Click **Save**.

Summary

You now know how to set up a fringe in Ajera. Be sure to review Ajera Help for the full details on setting up fringes.