



## Guidance on Issuing Special Checks (e.g. one-time payments, second checks, Easter & Christmas Honorariums)

Throughout the year parishes, schools, and other entities in the RCAB 401(k) Plan may need to issue a one-time special check to employees. This may include an additional stipend, a missed wage payment, and/or a Easter/Christmas Honorarium. IRS rules applicable to the safe harbor RCAB 401(k) Plan prohibit exclusion of certain types of wages from 401(k) employee deductions (and employer matching contributions). Thus, all payments (including special Christmas/Easter payments) made to employees and priests that have active 401(k) deductions **must** include these deductions, **unless** both of the following are met:

1. Payments are made on a date other than the regular payday (bi-weekly Friday common pay dates) **and**
2. The employee has provided a signed Request for Suspension form prior to the check date (a sample **Voluntary Request for Suspension of 401(k) on Non-Regular Paydates** form is available on [catholicbenefits.org/administrators](https://catholicbenefits.org/administrators) ([Suspension Request Form](#)). Please note, employees should not be pressured or required to complete this Form. Request for Suspension of 401(k) Deduction forms can be added to employee records in Paylocity. Instructions for this process can be found on [catholicbenefits.org/administrators](https://catholicbenefits.org/administrators) ([How to Attach a Document to an Employee Record](#)).

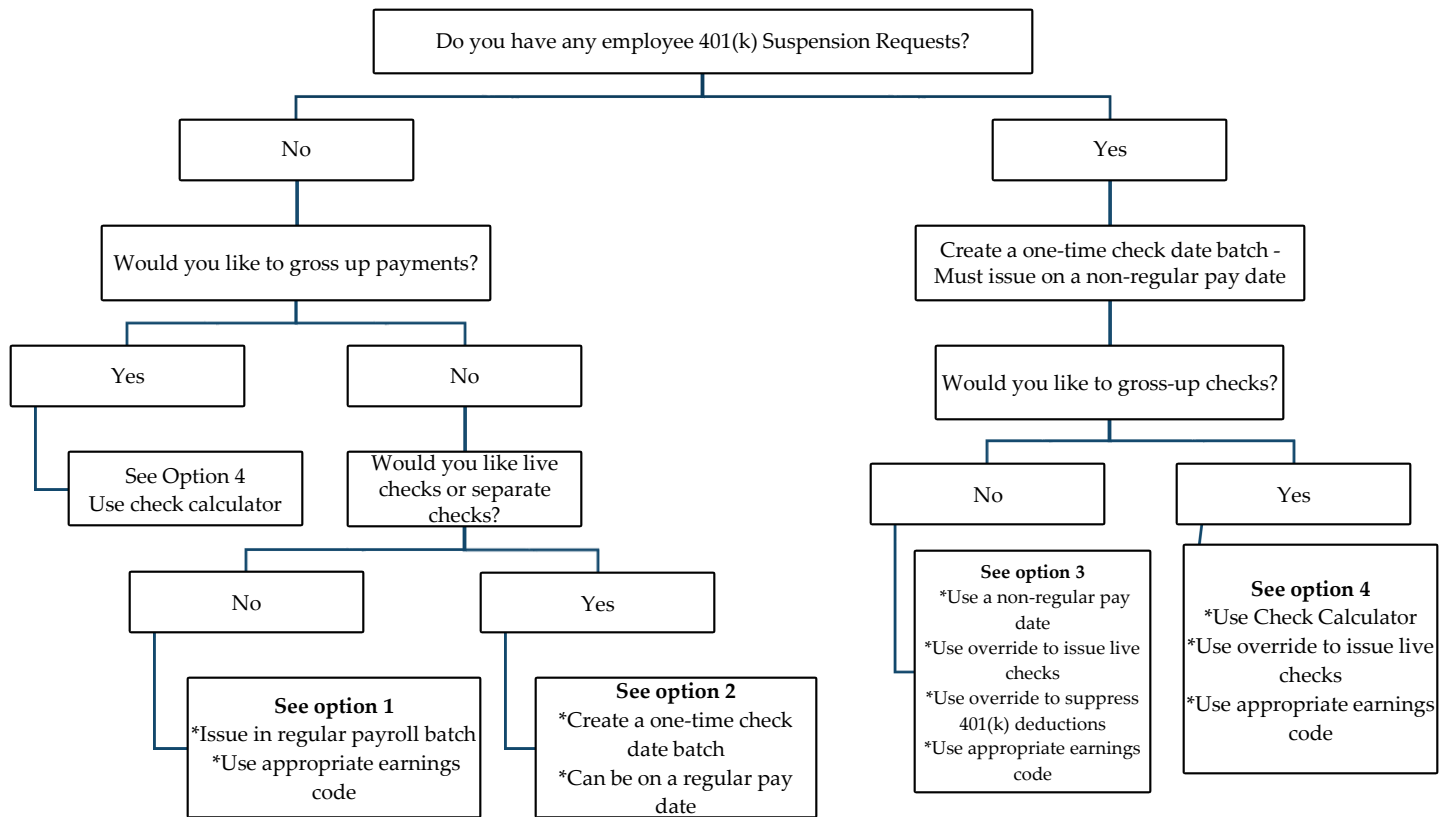
In addition, to avoid shortchanging employees who file claims for Catholic Family and Medical Leave in the future, **CFML employer and employee contributions must also be applied to all payments**, regardless of the payment date.

The processes outlined below are intended to allow Pastors, School Principals, and agency Directors to provide special payments to employees/priests while also ensuring compliance with federal tax law.

If locations do not follow the instructions for one of the options below and 401(k) deductions (and/or matching contributions) are skipped, a **\$25 per paycheck fee** will be imposed. Using the Add Check function to a regular bi-weekly payroll batch or using the Net to Gross batch type may also result in a \$25 per payment correction fee per check.

You may contact RCAB Payroll ([payroll@rcab.org](mailto:payroll@rcab.org)) or the Benefits Department ([benefits@rcag.org](mailto:benefits@rcag.org)) for assistance with this process.

## Questions to determine which option to use:



### OPTION 1 - BEST PRACTICE:

Include any special or non-standard payment in regular bi-weekly payroll runs, using the appropriate earnings code (ex: Stipend (STIP), Easter (EAST) and Christmas (CMAS)). These codes have regular federal income tax withholding attached to them, so there will be no difference between using these codes and a Regular earnings code for tax withholding purposes. Adding these payments to regular bi-weekly checks will ensure that 401(k) deductions are taken as required by IRS rules and per the employees' (and priests') written instructions. CFML will also automatically apply to these payments. To enable employees and priests to see that they have been given these amounts, locations can print check stubs and highlight the earnings code or point it out in an accompanying memo.

- Proceed as normal to **Payroll** then **Run Payroll**.
- Click **Start Payroll** next to the correct payroll date.
- Click **Create Batch**, ensure the batch type is **Regular**, then click **Next**.
- Proceed as you normally would for a regular payroll batch, except you may want to add the earnings code you will be using to the quick pay screen if not already listed.
  - On the **Batch Setup** page, click **Override** under Add Auto Post Items.

The screenshot shows a web form titled "Override Period Dates" with the instruction "You can modify the pay period for this batch by changing these dates." It contains two date pickers for "Period Begins" and "Period Ends". Below these is an "Options" section. The "Add Auto Post Items" dropdown menu is highlighted with a red rectangle and contains the word "Regular". To the right of this dropdown is a blue "Override" link, which is pointed to by a red arrow. Below the dropdown is a "Check Type" dropdown, also containing "Regular", with another blue "Override" link to its right.

- At the bottom of the list select the Earnings Code that you would like to add using the drop-down menu.
- Click **Save**. Override will now say **Overridden** under Add Auto Post Items.
- Once your batch is ready, click **Update Batch**.
- Add the appropriate dollar amounts for the additional payment(s). Hours are not required for CMAS/EAST payments.
- Click **View Check** for each affected employee (under the Actions column, then click the three dots).
  - Ensure the regular earnings are included as well as the additional payment.
  - Ensure 401(k) deductions/match and CFML contributions are applied.
- Once you have completed your regular payroll entries and your additional payment amounts, proceed as normal to finalize/submit the batch including review of the Pre Process Payroll Register.
- Employees/priests can view their pay stubs to see these earnings. Alternatively, you can print the pay stubs and highlight the earnings to provide to the employees/priests.

If you do not add the earnings code to the QuickPay screen as noted above, you can add the earnings code to individual employee checks using the **Check Detail** page:

- In the batch, click on the employee's/priest's name.
- Choose the appropriate earnings code in the next available line.
- Add the appropriate amount (hours are not required if CMAS/EAST payments).
- Click **Save and Close**.

EARN/DED/TAX	HOURS	AMOUNT
EREG2 - REGULAR 2	10.00	150.00
EAST - EASTER HON...	0.0000	100.00

- Click **View Check** for each affected employee (under the Actions column, then click the three dots).
  - Ensure the regular earnings are included as well as the additional payment.
  - Ensure 401(k) deductions/match and CFML contributions are applied.
- Once you have completed the payroll entries, proceed as normal to finalize/submit the batch including review of the Pre Process Payroll Register.
- Employees/priests can view their pay stubs to see these earnings. Alternatively, you can print the pay stubs and highlight the earnings to provide to the employees/priests.

**OPTION 2: Alternative acceptable practice – separate checks without 401(k) suspensions (separate checks, not grossed up, no employee/priest 401(k) deductions skipped, any check date can be used):**

For locations that would like separate checks and that do **not** have any employees/priests who will skip active 401(k) deductions (*i.e.*, who leave all 401(k) deductions in place or no employees/priests who have 401(k) deductions), detailed instructions and Paylocity screen shots are below.

For this option, you can key in the individual payment amounts or you can use an upload (see separate document with instructions for upload). **Do not use the Add Check function in your normal bi-weekly batch.** Use of the Add Check function for an employee/priest with an active 401(k) deduction skips all deductions/matching contributions and therefore will result in a \$25 per payment correction fee per check.

- To begin your payroll batch, go to **Payroll** then **Run Payroll**
- Click **Start Off-Cycle Payroll**

The screenshot shows the 'Payroll' dashboard. At the top, there's a 'Welcome to your new Payroll Experience, Kerri Shorter' message. Below it, there's a 'Note' section with a red box around the 'Start Off-Cycle Payroll' button. The 'Active Payrolls' section shows 'No active payrolls'. There are also links for 'Pay Entry History' and 'Void Checks'.

- Enter a **Name**, select the **Check Date** and **Pay Period Date Range**
  - Submit/process at least two days prior to the check date
- Click **Start Payroll**

The screenshot shows the 'Start Off-Cycle Payroll' form. It includes a description of off-cycle payroll, a checkbox for 'Use Last Processed Payroll Dates', and fields for 'Name (optional)' (filled with 'Easter'), 'Check Date' (04/11/2025), and 'Pay Period Date Range' (04/11/2025 - 04/11/2025). A red box highlights the 'Start Payroll' button at the bottom right.

- Click **Create Batch**

The screenshot shows the 'Enter Payroll' screen for '03/21/2024 Off-Cycle'. It has tabs for 'Enter Payroll', 'Review', and 'Submit'. Below the tabs, there's an illustration of people and a 'Create Batch' button highlighted with a red box.

- Under Batch Type, select **SPECIAL**.  
This Batch Type suppress all deductions **except** 401(k)/Roth and the applicable employer matching codes (lay employee and priest) as well as the CFML earning/deduction codes.

The screenshot shows the 'Create a Batch' form. It includes a description of a batch and a 'Batch Type' dropdown menu set to 'SPECIAL'. A red arrow points to the dropdown. A red box highlights the 'Next' button at the bottom right.

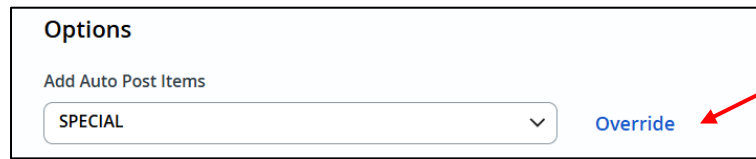
Note: If the payment is actually a Bonus, meaning an extra amount of wages provided to an employee for work done that exceeds or is somehow outside normal workload expectations, under Batch Type, select BONUS. Note, this batch type has IRS-required tax withholding.

The screenshot shows the 'Create a Batch' form. The 'Batch Type' dropdown menu is set to 'BONUS/SEV'. The 'Next' button is highlighted with a red box.

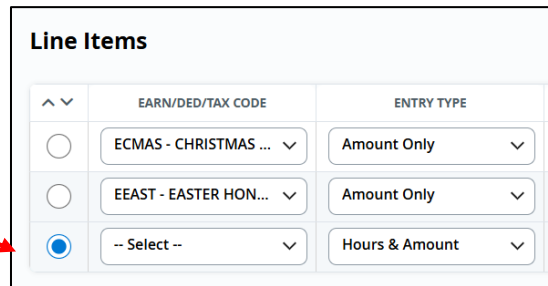
- Click **Next**
- This takes you to the **Batch Setup** page

The Christmas and Easter Honarium earnings codes are included in this Batch Type. To add a different Earnings Codes to this batch, complete the following:

- On the **Batch Setup** page, click **Override** under Add Auto Post Items.

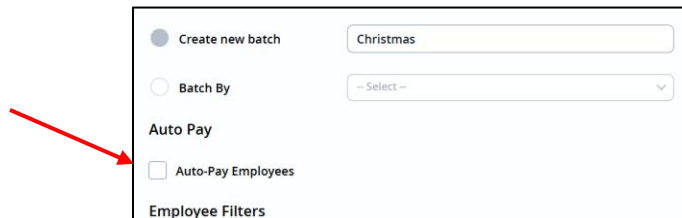


- At the bottom of the list select the Earnings Code that you would like to add using the drop-down menu.

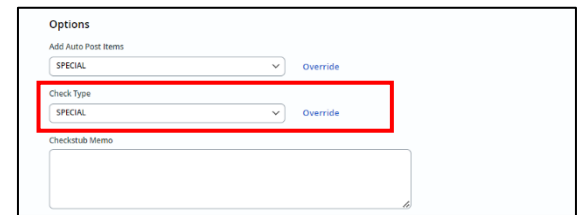


- Click **Save**. Override will now say **Overridden** under Add Auto Post Items.

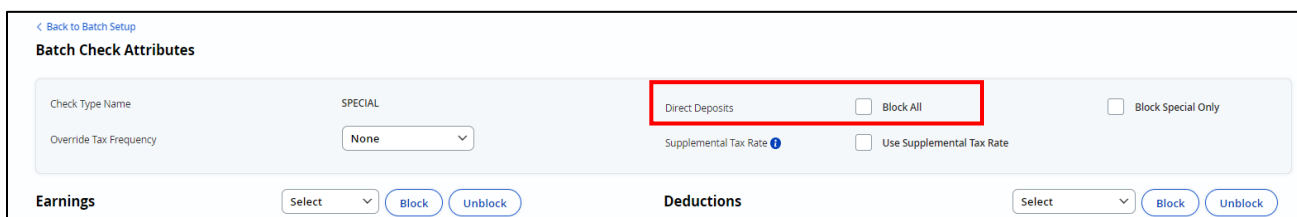
- Ensure the Auto-Pay Employees box is **not** checked



- If desired, you can use this screen to override direct deposits to generate live checks for everyone paid in this batch. To generate live checks for everyone, click the **Override** link next to **Check Type**



- Check the **Block All** box next to Direct Deposits on the next screen. Do not modify any other fields on that screen. Click **Save** (bottom right of screen) to return to the main Batch Setup page. You will see Override now says **Overridden** under Check Type.



- Once this page is complete, click **Update Batch** (bottom right).

- Landing on the **Quick Pay** screen, key in the appropriate payment amounts. Click **Save**.

Quick Pay screen for Easter2024. The interface includes a search bar, filters, and a table of employees with their respective payment amounts.

- Click **View Check** for each affected employee (under the Actions column, then click the three dots).
  - Check for any 401(k) deductions that are active to confirm they went through and that any matching contributions were calculated. Note: Employees with flat dollar 401(k) deductions (ex: \$500) or additional federal or state income tax withholding (ex: \$250 extra federal per pay, \$100 extra MA per pay) may not see a net check if the additional payment is smaller than these amounts.
  - Ensure the CFML codes also applied.
  - Click **Done** to return to the Batch page to review other employee/priest check details.

Earnings				Deductions	
EARNING	RATE	HOURS	AMOUNT	DEDUCTION	AMOUNT
401M	0.0000	0.0000	4.00	401P	5.00
CFMLF	0.2280	0.0000	0.23	CFMLE	0.57
CFMLT	0.3420	0.0000	0.34	CFMLT	0.34
CMAS	0.0000	0.0000	100.00		
Total: 0.0000			Total: \$100.34	Total: \$5.91	

If 401(k) and/or CFML are not appearing when you View Check Details or Register, please notify the Benefits or Payroll departments before submitting the payroll batch.

- Once you have completed your payroll entries, proceed as normal to finalize/submit the batch including review of the Pre Process Payroll Register.
- Employees/priests can view their pay stubs through Employee Self Service to see these earnings. Alternatively, you can print the pay stubs and highlight the earnings to provide to the employees/priests

**OPTION 3: Alternative acceptable practice – separate checks with 401(k) suspensions (separate checks, not grossed up, some employee/priest 401(k) deductions skipped, non-standard check date REQUIRED):**

For locations that have at least one employee/priest who has a Request for Suspension form on file (a sample is below), any such checks will need to be dated with a **different date** from the regular (a/k/a bi-weekly) pay date to satisfy IRS regulations and 401(k) Plan rules (ex: Christmas check could be dated December 17, 2025, whereas regular paycheck will be dated December 19, 2025).

- Follow the steps under Option 2 to setup an off-cycle payroll batch.  
**You must select a Check Date other than a standard bi-weekly pay date.**

- Key in the appropriate payment amounts.
- For employees who have submitted a Request for Suspension form, to override their 401(k) and/or Roth deduction(s), click the employee's name to bring up their Check Detail screen. Next to Check Type, click the **Override** link.

- The lower portion of the Override screen shows all deductions and earnings that have been Blocked (meaning the box is checked). The 401(k) deductions (and Match) do not have a check mark, meaning they are active (a/k/a not Blocked). To Block them for this Special pay only, check the relevant box (**401P and/or ROTH**) and then click **Save**. CFML earnings/deduction codes should not be blocked, so you will need to uncheck them. You will return to the employee's Detail screen, where you will see Override now says **Overridden** in red (meaning an Override has been activated). Click **Actions** then **View Check** to confirm that the deduction is now gone. Click **Done** to return to the batch screen to continue.

Earnings				Deductions			
Select				Select			
<input checked="" type="checkbox"/> Block <input type="checkbox"/> Unblock				<input checked="" type="checkbox"/> Block <input type="checkbox"/> Unblock			
	CODE	TYPE	DESCRIPTION		CODE	TYPE	DESCRIPTION
<input checked="" type="checkbox"/>	401A	Memo	401A	<input checked="" type="checkbox"/>	401L	401k Loan	401KLOANPAYMENT
<input type="checkbox"/>	401M	MemoERMatch	401 Match	<input type="checkbox"/>	401P	401k	401K PRETAX
<input checked="" type="checkbox"/>	AUCR	Standard	AUTO INS-CASH REIMB	<input type="checkbox"/>	4QNC	Memo	4QNC
<input checked="" type="checkbox"/>	AUNC	Standard	AUTO INS NON-CASH	<input checked="" type="checkbox"/>	AFAT	Standard	AFLAC AFTERTAX
<input checked="" type="checkbox"/>	AUTO	PUCC	AUTO - PERSONAL USE - IMPUTED	<input checked="" type="checkbox"/>	AFPT	125	AFLAC PRETAX
<input checked="" type="checkbox"/>	BAPT	Standard	BAPTISM STIPEND	<input checked="" type="checkbox"/>	AUNC	Standard	AUTO INS NON-CASH
<input checked="" type="checkbox"/>	BONUS	Standard	Bonus	<input checked="" type="checkbox"/>	AUTO	Standard	AUTO - PERSONAL USE - IMPUTED
<input checked="" type="checkbox"/>	BRVMT	Standard	Bereavement	<input checked="" type="checkbox"/>	AUOC	Standard	CLERGY AUTO

If 401(k) (if not suspended) and/or CFML codes and amounts are not appearing when you View Check Details or Register, please notify the Benefits or Payroll departments before submitting the payroll batch.

- Once you have completed your payroll entries, proceed as normal to finalize/submit the batch including review of the Pre Process Payroll Register.
- Employees/priests can view their pay stubs through Employee Self Service to see these earnings. Alternatively, you can print the pay stubs and highlight the earnings to provide to the employees/priests.

#### **OPTION 4: Not Recommended: Net to Gross Checks (including or skipping 401(k) deductions)**

We do not recommend using this feature for payments due to the potential expense for employees/priests with more sizable 401(k) deductions (see example Check Detail below). While it is possible to avoid applying an active 401(k) deduction if a Request for Suspension form is on file before payroll is processed and a pay date other than the regular date is used, the steps required to accomplish this goal are complicated, as outlined below.

These payments must be added one by one, through **Check Calculator**.

Do not use the Batch Type called Net to Gross as the 401(k) match will not calculate correctly, resulting in corrections needed and a potential **\$25 per payment correction fee**.

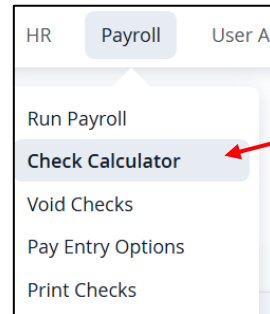


- Follow the steps under Option 2 to setup an off-cycle payroll batch.

If you have at least one employee who will be paid with a Request for Suspension form on file, **you must select a Check Date other than a standard bi-weekly pay date.**

If you do not have any Request for Suspension forms, you may use any paydate.

- Go to Payroll then Check Calculator.



- Select the Employee in the top right of the screen
- Under Mode, select **Create a Check**
- Under **Check Date**, select the appropriate check date (non-regular bi-weekly pay date must be used if any checks are skipping active 401(k) deductions)
- Uncheck** Block Recurring Earnings and Block Recurring Deductions
- Click the **Net to Gross** radio button
- Enter the desired Net Pay
- Select the appropriate Earnings Code from the drop down

 A screenshot of the 'Check Calculator' form. The form has tabs for Setup, Earnings, Deductions, Taxes, and Preview/Summary. The 'Setup' tab is active. It contains sections for 'Check Calculator Defaults' and 'Net to Gross'. Red arrows point to the 'Mode' dropdown (set to 'Create a Check'), the 'Check Date' dropdown (set to '12/13/2024'), the 'Block Recurring Earnings' checkbox (unchecked), the 'Block Recurring Deductions' checkbox (unchecked), the 'Net to Gross' radio button (selected), and the 'Net Pay' input field (set to '100'). The 'Default Earnings Code' is set to 'CMAS - CHRISTMAS HONORARIUM'.

- Review each tab and update if needed:
  - Block recurring earnings except CFML and 401A.
  - If Request for Suspension form is on file prior to the check date, block the 401(k) (i.e., 401P and Roth) deductions.
  - Ensure recurring Medical, Dental, and 401(k) **loan** deductions are blocked.
- On the Taxes tab, check to see if there are any extra flat withholdings. To override the extra amount, select the Default Amount option on the Extra Withholding drop down. Leaving large extra withholding amounts in place for non-regular paydates (which is not required by IRS rules) will result in the employer paying this additional amount to the employee as part of the gross-up process.



### Federal Income Tax (FITW)

Block <input checked="" type="checkbox"/>	Tax Code	Filing Status	Multiple Jobs or Spouse Works	Dependents	Other Income	Deductions	Extra Withholding	Amount	Percentage
<input type="checkbox"/>	TFITW - Federal Income Tax	Married <input type="button" value="v"/>	No (Standard) <input type="button" value="v"/>	0.00	0.00	0.00	Additional Flat <input type="button" value="v"/>	50	

### State and Local Taxes

Block <input checked="" type="checkbox"/>	Tax Code	Filing Status	Exemptions	Exemptions2	Amount Type	Amount	Percentage	Reciprocity	Primary	Action
<input type="checkbox"/>	TMA - Massachusetts SITW	Married <input type="button" value="v"/>	2	0	Additional Flat <input type="button" value="v"/>	10.00	0.00	-- Select -- <input type="button" value="v"/>	<input checked="" type="checkbox"/>	

Extra Withholding

Default Amount

- Click the **Preview/Summary** tab to review all checks regardless of whether 401(k) deductions are suspended before saving.:
  - See example check below. 401(k), CFML, and taxes are applied.
  - The net check of \$100 cost the parish \$121.82.

Setup	Earnings	Deductions	Taxes	<b>Preview/Summary</b>	Save/Print
Preview / Summary					
Gross		\$121.82		Net	\$100.00
Earnings			Deductions		
Earning	Rate	Hours	Amount	Deduction	Amount
401A	0.0000	0.0000	0.18	401P	6.07
401M	0.0000	0.0000	4.86	CFMLE	0.69
CFMLF	0.2280	0.0000	0.28	CFMLT	0.42
CFMLT	0.3420	0.0000	0.42		
CMAS	0.0000	0.0000	121.40		
		Total: 0.0000	\$121.82		Total: \$7.18

- Once ready, click on the **Save/Print** tab
- Select the Radio button on the right next to **Save & Print with Payroll Batch**
- Check **Block Direct Deposit** if you would like a live check; otherwise leave blank to direct deposit the payment
- Click **Save to Batch**

Setup	Earnings	Deductions	Taxes	Preview/Summary	<b>Save/Print</b>
<div> <input type="radio"/> Save / Print                 <input checked="" type="radio"/> <b>Save &amp; Print with Payroll Batch</b> </div>					
<div>Date On Check</div> <div>11/6/2025 <input type="button" value="v"/></div>		<div>Batch</div> <div>VM</div>			
<div>Period Begin</div> <div>12/1/2025 <input type="button" value="v"/></div>		<div>Block Direct Deposit</div> <div><input type="checkbox"/></div>			
<div>Period End</div> <div>12/1/2025 <input type="button" value="v"/></div>		<div>Save to Batch</div>			

If 401(k) (if not suspended) and/or CFML codes and amounts are not appearing when you View Check Details or Register, please notify the Benefits or Payroll departments before submitting the payroll batch.

- Once all payments have been entered under the Check Calculator, proceed as normal to finalize/submit the batch including review of the Pre Process Payroll Register.
- Employees/priests can view their pay stubs through Employee Self Service to see these earnings. Alternatively, you can print the pay stubs and highlight the earnings to provide to the employees/priests.

If you have questions or get stuck, please contact either RCAB Payroll ([payroll@rcab.org](mailto:payroll@rcab.org)) or the RCAB Benefits Department ([benefits@rcab.org](mailto:benefits@rcab.org)) for assistance. We do not recommend starting with a call to Paylocity.