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## The Color of Money

Michelle Singletary, Personal Finance Columnist

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### Next Payday, Double-Check

By [Michelle Singletary](#)  
Thursday, November 9, 2006; Page D02

With the year coming to a close soon, this is a good time to double-check your paycheck to make sure all the information is correct.

I'll admit I'm not always as careful as I should be in checking the numbers. The one figure I pay particular attention to is the amount going into my checking and savings accounts.

But when was the last time you looked to see if your federal and state withholdings were correct? Are your deductions for benefits right?

Payroll errors such as underpayments or overpayments happen more often than you might think, said Sam Kerch, senior tax research analyst for Symmetry Software, which operates a Web site with free paycheck calculators.

"Errors in the payroll process can happen all along the way," Kerch said. "It's distressing how many people rip off the stub and then just deposit their check and forget about what's on it. There can be all kinds of errors."

That was the case when some combat veterans of Iraq and Afghanistan found themselves hounded by collection agencies and their credit damaged because of debt stemming from payroll errors.

In November 2003, the Government Accountability Office began reporting on significant pay problems experienced by military personnel who had served overseas since the terrorist attacks of Sept. 11, 2001. In several follow-up reports, the most recent released in April,

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Color of Money columnist Michelle Singletary is looking for three people who want to change their financial lives in 2007. If you have been promising to get out of debt or start saving for retirement or your child's college fund, send an e-mail to [colorofmoney@washpost.com](mailto:colorofmoney@washpost.com). In the subject line, write "My New Year's Resolution." Those chosen must be willing to share their personal financial information, which may be included in a series of columns throughout the year.

#### WEEKLY E-LETTER

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the GAO outlined a broken military pay system.

In one report, the GAO found that 95 percent of deployed reservists experienced pay problems while deployed and upon their return. Specifically, 332 of 348 soldiers the GAO audited from eight case-study units -- all mobilized, deployed and demobilized at some time during the period from August 2002 through January 2004 -- had at least one paycheck problem.

Many of the problems were associated with the soldiers' active-duty pay and allowances. For example, one injured National Guard sergeant had debt problems because he was overpaid when his hostile fire and hardship pay continued six months after it should have stopped.

Of the \$375,000 in active-duty pay and allowance problems the GAO identified for the Army Reserve soldiers, the majority were overpayments. Other soldiers, who were rightfully entitled to extra active-duty pay, didn't get their money or were paid late. The GAO found that it took more than a year for many of these soldiers to straighten out their paychecks.

How can this happen? Just look at your own pay stub. Today's payroll system -- although mostly automated -- is far from fool-proof.

So what should you do? Kerch recommends these tips to ensure that your paycheck is accurate:

? *Don't just look at the bottom line.* Pay attention to more than just your net pay -- you know, that pitiful amount you complain about getting every pay period. If you're an hourly worker, Kerch said, you should take a careful look at your stub every pay period to be sure the hours you submit have been accurately calculated given your hourly rate. Salaried workers, whose weekly pay doesn't change often, should look over payroll changes as a result of choices made during open enrollment or when they get a pay raise or bonus. For instance, make sure any pretax deductions, such as contributions to a 401(k) plan, are actually taken out before taxes.

? *Report a payroll error right away.* Most employers will cut an additional check as soon as an underpayment error is revealed, Kerch says. And woe to you if you don't report an overpayment. This is not free money. The GAO referred one soldier for criminal investigation. In that case, the soldier, who was not mobilized with his unit, failed to report the overpayment of more than \$36,000 in active-duty pay he erroneously received.

? *Don't tell everybody about the error.* If you discover a paycheck mistake, don't disclose it to your co-workers, Kerch warns. Take the matter up with the payroll department. In many companies, such public disclosure can violate employment policies and lead to discipline or even dismissal, he said.

? *Keep your pay information current.* Whenever you have a change in your life -- a marriage, divorce or birth of a child -- update your W-4 form. Once you complete the paperwork, check subsequent pay stubs to ensure your employer correctly updated your tax information. If you don't check and the information wasn't properly recorded, you could face a payroll headache or, worse, a tax bill you didn't expect.

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To make it easier, you might want to use Symmetry Software's free paycheck calculator at <http://www.paycheckcity.com/>. And no, your personal and private information is not captured, Kerch assures.

If, for example, you are getting a year-end bonus or a raise in 2007, you can figure out your net pay after taxes and withholdings and the specific tax rate for your state or county, if there is one. You can determine the impact that various open enrollment choices or participation in your employer's retirement plan might have on your take-home pay.

There are several advanced calculators available on Paycheckcity.com, but you have to register to access them. Registration is free. For instance, the bonus calculator uses supplemental tax rates to help you determine your withholding on special payments. If you're going to be cashing in stock options, there's a calculator to help you determine how much tax will be withheld. You can also find your current stock price when you enter a ticker symbol.

Of all the financial issues you have to deal with, keeping tabs on your pay stub is a relatively easy task. So on your next pay period, spend less time cursing your paycheck and a little more double-checking it for errors.

? *On the air: Michelle Singletary discusses personal finance Tuesdays on NPR's "Day to Day" program and online at <http://www.npr.org>.*

? *By mail: Readers can write to her at The Washington Post, 1150 15th St. NW, Washington, D.C. 20071.*

? *By e-mail: [singletarym@washpost.com](mailto:singletarym@washpost.com).*

*Comments and questions are welcome, but because of the volume of mail, personal responses are not always possible. Please note that comments or questions may be used in a future column, with the writer's name, unless a specific request to do otherwise is indicated.*

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