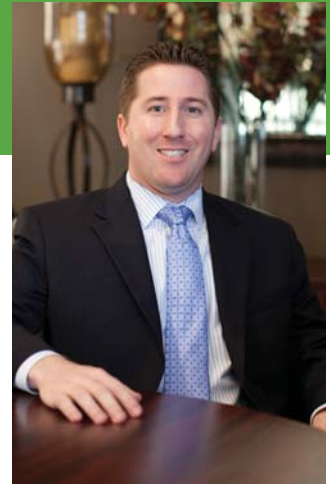


5 Tips on Choosing A Payroll Company

By Frank Plum, Partner at PayDay Payroll Resources Inc.



Are you a small business owner that's wondering about the benefits of outsourcing your payroll? Are you wondering if it makes sense for your business? You are not alone!

Why should you outsource?

The IRS penalizes about one out of every three business owners for payroll errors. The New Jersey Department of revenue has a similar ratio of penalties to business owners. The number 1 reason you outsource your payroll is to stay compliant with the IRS and State of New Jersey. Even if you are not making mistakes handling your payroll internally, you still are wasting your most valuable asset, TIME. Time is the 2nd reason you should outsource your payroll company. Your time equals money to your business and even if you delegate the responsibility to a member of your staff, there are some additional things you need to be concerned about. Their time doing payroll is money lost to your business. Not only do you have to pay their salary or rate of pay, but you have to pay the employer tax expenses, workers compensation, and employee benefits. The worst case scenario you have opened yourself up for potential fraud. Internal payroll fraud is more common in small businesses because there is not a high level of security with bank accounts, access to checks, signature stamps, social security numbers, addresses and other personal information. All of this brings me to my third reason; Peace of Mind! Business owners outsource their payroll to payroll companies to have the peace of mind that their employees are paid, taxes are paid, and their returns are filed accurately and on time.

So how do we choose a payroll company?

When choosing a payroll company, there are 5 things you need to know.

1. Financial Protection – Ask your payroll company to provide proof that they are bonded and insured. You want to know if your payroll company makes a mistake, that they responsible for fixing their mistakes.

2. Disaster Recovery and Backup Strategy – Ask your payroll company what their backup plan is if there was any kind of disaster (example: Fire, flood, computer virus, and power and phone failure). Where is your information backed up and stored? How quickly can they be up and running again if there was a disaster?

3. Customer Service – The person who handles your payroll is more important then person selling it to you. Ask who is going to be handling your payroll? Remember a salesperson job is to sell you, and they are trained very well to do so! You should ask to speak with the specialist that you will be working with to see how you like them and find out their level of expertise in the industry. Ask for some reference of clients that they are currently working with. Find out if your specialist temporary or permanent? Some of the larger payroll companies are Data Processors and Call Centers. Ask yourself if that is the kind of service you want. You should feel comfortable and confident that if a problem does happen, your specialist can get it fixed quickly.

4. Pricing – The payroll industry has changed drastically over the years from al carte to bundled pricing. Most payroll companies bundle all of their services to give you a per pay period fee based on the number of employees you have and your frequency of pay. There are additional charges for delivery, and year end processing and W2s as well. Since the payroll industry has gotten very competitive make sure you ask your sales person if there is a discount applied, and when it runs out. Some of the larger national payroll vendors and franchises have introductory rates, specials, and free months. Buyer beware! These specials end and discounts disappear and annual increases occur. Remember you are being sold by a highly trained salesperson that gets paid if you run your payroll, not if you stay. Ask them to put it in writing and email to protect yourself, and if you really want to get creative, ask them to have their direct manager or boss sign off on the proposal as well.

5. System Integration of Employee and Employer Benefits – Most payroll companies can offer additional services such as Employee Access Online, Pay-As-You-Go Workers Compensation, 401k, HR Solutions, Health Insurance and Time and Attendance Solutions. When choosing your payroll vendor, make sure that you choose a company that can grow with your business.

Follow these 5 simple steps when choosing your payroll company and you will save your company time and money!

Contact Frank Plum at fplum@paydaypr.com or call 856-430-6006

Everyone is happier
when it's PayDay

Customized Payroll and Benefit
Administration for Small to
Medium Sized Businesses.

PayDay 
PAYROLL RESOURCES

856-345-2500 • www.paydaypr.com