

6 PILLARS OF PAYROLL

TIPS FOR SMALL BUSINESS EFFICIENCY & COMPLIANCE



Pay Frequency: Switch to bi-weekly from weekly to save up to 40% (state specific)

Pay Method: Direct deposit, to avoid pay check delivery costs; pay stubs and reports available securely online

Pay Cards: For those without bank accounts. Visa branded debit

cards offer employees an alternative from check cashing services and improve life skills

Pay Period: Pay within 6 days after pay period ends is mandated

Pay Date: Tuesday as payroll submit day and Friday as payday is ideal, though not required

Web-Based Time & Attendance: Keep digital time records; avoid using time sheets or traditional time cards.

A cloud based system helps to track Paid Time Off including holiday, sick, vacation and personal time

Accrue All Paid Time Off: Show PTO balances on pay stubs



Use a **Workers' Comp insurance agent** (not direct carriers or your payroll provider) to get:

- **Local Consultation and Service**
- **Fraud Prevention**
- **Claims Management**
- **Carrier Negotiations**
- **Surcharge Reductions**
- **Misclassification Solutions**

Organize employees by departments to capture proper **WC Classification**

Keep **Mod Rate** low by using a safety program and back to work program (limited duty if possible)

Pay as You Payroll helps manage cash flow, limits audit surprises, and avoids finance charges. Put no money down to bind the policy

Use Agent with **Broad Market Access:** Associations for retailers, Carriers for manufacturing, etc.

Have your **Chart of Accounts** organized by a professional; place departments by class

Post your current **Affidavit** for Workers' Comp



Use a **capable broker** to explore the market for benefit solutions; provide access to your census data

Consider FSA (Flexible Spending Accounts) **HRA** (Health Reimbursement Accounts) and **HSA** (Health Savings Account) for high deductible plans

Take advantage of **Section 125** pre-tax benefit with: a written plan, signed enrollment waiver forms, and nondiscrimination testing. **NOTE:** Only employees are eligible

Specify Pre/Post-Tax deductions in payroll for correct W-2's

Distribute **Summary Plan Description** (SPD) to participants

File Form 5500 with DOL and the condensed version as a summary annual report to participants on the plan

Obtain domestic partner notices

Distribute COBRA notices within DOL timelines



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- Have a professional set up a **Chart of Accounts** that is appropriate for your business or industry
- Use **Accounting Software** like QuickBooks to organize business finances and **share data with your CPA**
- Understand your **financial metrics** to align labor, cost of goods sold, and other expenses

Set up a Budget for your expenses and revenue and track your results

Set up business-only bank accounts and credit cards.

NOTE: Never mix personal with business expense

Invoice customers quickly and regularly for steady Cash Flow

Keep a close eye on **Accounts Receivable**. Send out overdue statements every month

Update sales and receipts daily in your accounting system

Stay on top of it: keep your books updated no less than once a week

Reconcile bank, merchant, and credit card accounts every month

Close the previous month by the 15th of the subsequent month to create timely P&L reports

Consider outsourcing your bookkeeping if you lack the support in-house to keep timely records



Have a strategy to help employees **save for retirement**

SIMPLE IRAs, SEP IRAs, 401(k)s all have their place.

NOTE: Big box payroll providers focus on basic K plans with commissions for the salesperson

Know that “Plan” sponsor has personal liability. NOTE: DOL has stepped up compliance

Use a skilled TPA to avoid ERISA violations; not your payroll provider

401(k) Advisors must act in the best interest of each client with:

- Auto Enrollment for employees
- Auto Escalate contributions
- Education Policy Statement
- Stretch the match for successful employee saving

Fund Monitoring: 3(21) “help me do it” vs. 3(38) “do it for me” options for fiduciary partnership



Keep **Labor Law** postings up-to-date to avoid fines

Have **Employee Handbooks** with employee receipt acknowledgement

Write and distribute employee **Job Descriptions**

Understand your **ACA Filing Requirements** (50 or more FTE's)

Keep **Unemployment Insurance** rates low using best practices:

- Follow sound HR Practices
- Know your SUTA rate
- Outsource Unemployment Claim Management

**QUESTIONS?
NEED GUIDANCE?**

**CONTACT CONNECTPAY
FOR A COMPLIMENTARY
BUSINESS REVIEW.
877-551-0907**

HR FILE MAINTENANCE

Keep a General HR File with:

- Employment applications and resumes (no written notes)
- Offer letters and written agreements signed by both parties
- IRS Form W-4 and Section 125 election
- All reviews, disciplinary actions and performance citations
- Forms providing next of kin and emergency contacts
- Keep employee payroll records for 3-5 years; learn Federal and State Laws for other records

Keep a Private HR File with:

- Background checks; drug test results
- Medical / Insurance records and benefit enrollment forms/claims
- Litigation or termination documents
- Workers' Compensation claims
- Child support garnishments
- Requests for employment or payroll verification
- IRS Form I-9 (in a separate file for USCIS inspection)