



MP INSIDER: **5 Key Criteria for** **Evaluating Payroll** **Providers**



» Running a business is challenging enough.

Organizations are busy trying to reach business goals, maintain compliance, and retain and hire needed talent. A payroll provider should make every day a little easier for an employer, never creating extra work and administrative headaches. Below are five criteria for evaluating a payroll provider and understanding if they can help your organization meet its goals. A payroll provider should:

1

Improve employee engagement and talent retention.

Your team will be happier at work when you utilize optimal payroll practices and software. Running payroll accurately and on time helps you meet the most crucial promise you make to your team: compensating them in a predictable, timely manner. The right payroll software will also make it easy for employees to change their deductions, view their payroll data, and update personal or bank information.

When they make these changes for themselves, your employees can complete them faster (and often more accurately) than a single payroll administration team member with many requests to fulfill. Lastly, payroll software improves employee retention and engagement because it makes running payroll easier for your team. Instead of hours of work, your team can complete this process in just a few clicks. When organizations are short-staffed and busy, payroll software will significantly lighten their workload.

2

Offer easy-to-reach, proactive, reliable customer service.

The best payroll provider will offer one point of contact for customer service. You'll always be able to reach them with questions--especially urgent ones--and be confident you'll get a timely response. Additionally, a payroll provider should help ensure payroll practices are compliant, even with ever-changing laws and the complications a remote workforce brings. Wage and hour laws vary widely from state to state and year to year. The right payroll company will help an organization avoid costly fines and legal action associated with wage and hour violations.

3

Help prepare for year-end.

Employers have many tasks to complete at year-end, including:

- **Auditing employee W2 information**
- **Reporting 1099 and W2 data to the Social Security Administration and IRS**
- **Delivering forms W2 and 1099 to employees**
- **Providing a copy of Form 1095-C or Form 1095-B,**
- **ACA reporting**
- **Third-party sick pay reporting**
- **Processing bonuses, payroll adjustments, and fringe benefit adjustments**
- **Ensuring all employees' pay rates are in compliance with minimum wage rates and changes**

The right payroll provider and software make it easy to pull the required reports, update data, and print and mail Forms W2 and 1099. They also simplify the process of going paperless, which saves companies hours (maybe days or weeks) of work and administrative headaches.



4

Find all applicable tax breaks and credits.

Proactive payroll providers don't just help employers pay their team—they help them **save money**. A payroll provider should assist employers in identifying any applicable tax breaks and incentives, then applying for or claiming them. These tax breaks and credits include:

- **Work Opportunity Tax Credit (WOTC):**

WOTC is a tax credit earned by hiring people from disadvantaged groups who often experience significant barriers to employment. A payroll company will assist employers in prescreening new hires for WOTC eligibility. They'll also assist with obtaining required paperwork from relevant state workforce agencies and completing and filing Form 8850.

- **Employee Retention Tax Credit (ERC):**

The ERC is a refundable, advanceable tax credit to provide pandemic financial aid. Employers may claim it for varying reasons from 2020-2021, including a dip in gross receipts, restrictions on hours and ability to sell alcohol or serve customers, etc. The right payroll provider helps identify qualifying reasons to claim an ERC. They then pull required reports, complete Form 941, and create audit-proof records. A payroll provider should reduce the turnaround time to recoup funds from an ERC and reduce the workload for the employer throughout the process. Some organizations have been able to claim over one or two million dollars in ERC credits.

- **Disabled Access Credit (DAC):**

The DAC offers a non-refundable tax credit for small businesses that spend money on creating more access for clients, staff, managers, etc., with disabilities. The payroll provider will help identify opportunities to claim a DAC, gather required reporting, and complete and file Form 8826. Some businesses have claimed DACs of up to \$5,000.



5

Ensure a smooth transition when you change payroll companies.

A payroll provider should make the transition between companies as effortless as possible. They should provide proactive, reliable support through the first (or even second) time running payroll. A payroll provider should also offer as much training as an organization requires to be comfortable using the new system. The best payroll providers are true business partners, rather than a vendor.

» **Changing payroll providers can be a complex process. Your payroll provider should offer assistance with:**

- Moving sensitive employee data to a new system
- Training payroll administration employees
- Training all other employees on self-service tools
- Practicing and running the first payroll
- Reviewing for any errors in running payroll and fixing them





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