Preparation for disaster in your workplace

The devastation of Hurricane Katrina served as a wake-up call for better disaster planning at the government level. Many companies are also reviewing their preparations, knowing that it could determine whether they come back after a disaster — or go out of business. What should a payroll manager do to prepare for the worst?

Develop a business continuity plan for payroll
A business continuity plan outlines the steps you will take to restore your operations. As your company begins post-disaster operations, your payroll department should know how it will resume:
- Time collection
- Interfaces to and from the payroll system
- Accounting activities
- Distributing payroll checks and direct deposit vouchers
- Storage of applicable payroll records

Create a disaster plan binder
Once you have prepared your plan, identify vital records and resources for recovery (payroll tax software, employee rosters, spreadsheets) and store copies of them offsite. In addition, create a disaster plan binder with your business continuity plan and the items listed below:
- Organization chart showing the names and positions of payroll personnel and associated management
- Emergency phone tree for payroll support staff (include regular and cell phone numbers, as well as phone text numbers and e-mail addresses in case phone lines are not operating)
- Contact lists for IT support, all your business locations, telecommunications support and facilities/office support
- List of professional advisers (e.g., legal, accounting) and their emergency contact information
- List of equipment for payroll operations (PCs, laptops, copiers, fax machines, printers, mailing equipment, modems, phones, cell phones, or pagers)
- Blanks of applicable forms to copy, if necessary

Payroll managers should store backup copies of this binder at their homes or in their cars. The information should also be stored in a “disaster box” at an offsite location.

Periodically update and test your plan
“Plans need to be updated on a regular basis,” says Brian Turley, President of Strohl Systems, a provider of business continuity planning software and services in King of Prussia, PA. “I recommend that they be updated whenever there are significant changes to the organization. At the very least, an organization should have a process to update personnel in the plan. As employees leave, they should be removed and their replacements added.”

continued on page 2
Finally, industry best practices recommend testing your plan at least once a year. Have you forgotten an essential step? Have you set realistic recovery time objectives? This test can range from a table-top walk-through that familiarizes people with your plan to sending personnel to alternate sites and actually completing some of the recovery tasks.

Although no one knows when a disaster will strike, a comprehensive business continuity plan will help you rest easier, knowing your organization is prepared for a calamitous event.

Get additional information, free from ADP
This article was adapted from Prepare for a Disaster in the Workplace by Brent Gow, CPP, Payroll Director for Starbucks Coffee Company, and Kevin C. Miller, Public Relations Coordinator for Strohl Systems. It appeared in the August/September 2005 issue of PAYTECH, the membership magazine of the American Payroll Association (APA). We invite you to request a free reprint of the entire article, which includes the outline of a sample continuity plan, specific steps for testing your plan, links to additional resources and information on disaster planning software.

To receive your FREE reprint of the complete magazine article on disaster planning, check item #2 on your Reader Service Form. For more on the APA, visit www.americanpayroll.org. For more information about business continuity planning, visit www.strohlsystems.com.

ADP helps storm-struck clients resume operations
As hurricanes Katrina and Rita wrought tragic destruction on the Gulf Coast, they directly or indirectly affected approximately 2,850 ADP clients. With employers and banks operating from backup locations, the challenge was to quickly restore service so evacuated employees could be paid.

“When employers needed alternate ways to submit their payrolls, we shipped them the necessary software and helped them download the data to repopulate their master files,” says Vic Giusto, Director of Information Technology for Southeast Major Accounts at ADP. “Where computer connections weren’t available, associates took payroll information over the phone, or invited clients into our offices to prepare the payroll there.”

With in-office distribution no longer an option for many companies, ADP associates worked quickly to switch them to mail delivery (the USPS had begun forwarding mail to temporary shelters). Some banks, operating temporarily out of hotels, were unable to accept direct deposit files via the standard electronic transfer service. ADP’s IT department developed an alternate channel using secure transmissions via e-mail.

“It is reassuring to know ADP is there when we need them,” said Elise Flach of New Orleans-based Crescent Bank and Trust, as she praised her ADP team for its assistance and support.

ADP established a special section on its website to support companies affected by the hurricanes.

HELPFUL HINTS FOR 401(k) PLAN ADMINISTRATORS
Stay on the right side of the rules with free training on your fiduciary responsibilities
As a plan sponsor, you are responsible for protecting the interests of workers and retirees in your plan. The Department of Labor has launched a nationwide campaign to educate employers about these responsibilities. A free one-day workshop entitled Getting It Right — Know Your Fiduciary Responsibilities is being offered in cities across the country. The workshop will help you make sure you:

• Understand the terms of your plan.
• Select and monitor service providers carefully.
• Make contributions on time.
• Avoid prohibited transactions.
• Make appropriate disclosures to plan participants and file annual reports to the government on time.

For dates and locations of upcoming workshops, plus related publications, visit www.dol.gov/ebsa or call (866) 444-3272.

To learn more about ADP Retirement Services offerings call 1-800-432-401k, check item #16 on your Reader Service Form, or visit www.adp401k.com.

ASSOCIATION PARTNER SPOTLIGHT
Discounts for ADP clients on HRPS membership, 2006 Global Conference
The Human Resource Planning Society invites you to join strategic leaders from around the world to hear how your organization can deliver sustainable growth in a challenging global environment. Topics at the 2006 HRPS Conference, April 23–26 in Tucson, Arizona, will include:

• Eight global trends shaping your future
• Unleashing your company’s DNA
• Anatomy of a successful turnaround

For over 25 years, the Human Resource Planning Society has been the premier association and network of senior HR executives. Its members benefit from state-of-the-art research and publications, plus monthly workshops and hot-topic teleconferences.

As an ADP client, you qualify for a $250 discount on the non-member conference registration fee, which automatically entitles you to an HRPS individual membership as well.

For more information, visit www.hrps.org, or call (212) 490-6387. To receive your discount, register no later than 01/15/06 and type “ADP” in the promotional code field.
ADP tests modeling tool to help employees choose cost-effective health coverage

Which health plan makes the most economic sense for your employees? ADP is currently pilot testing a cost modeling tool to help them decide. Employees log on and create a profile for each person who will be covered, including his or her age, gender, health status and use of prescription medication. They then select the healthcare plans they want to evaluate.

The modeling tool estimates the overall cost for each healthcare plan, allowing for deductibles, co-insurance, co-payments and the employee’s premium contribution. It can even adjust its estimates to allow for contributions to a Health Savings Account, Health Reimbursement Arrangement, or Flexible Spending Account.

Designed for clients who have outsourced their health and welfare administration to ADP, the new tool is scheduled for general availability by the fall 2006 enrollment period.

The tool complements decision support tools currently offered by ADP, including an online FSA calculator and a healthcare plan comparison tool.

Start preparing now for year-end 2006

The 2005 tax year is ending. Here are some important steps you should take to close out the current year and prepare for the next:

- As part of ADP’s year-end processing service, you will be provided with a 2006 Payroll Schedule and a Payroll Calendar. Verify that next year’s pay dates, period ending dates and quarter closing dates are as you intended.
- Review bank holidays for 2006 to assure timely direct deposit.
- Verify that next year’s management reports are scheduled to include the correct weeks.
- Verify that next year’s General Ledger month-end close-out dates are accurate.
- Confirm the settings for special accumulators and clearings on your Master Control.
- Review the Quarterly Tax Verification letter to make sure it reflects all the options your company has chosen.
- Review your Masterfile Analysis letter to verify the accuracy of employee names, addresses, and Social Security numbers, and resolve any other Masterfile errors before year-end.
- Make any necessary changes to employee deductions for medical, dental, life insurance, etc.
- Confirm that your deferred compensation plan type is correct and verify employee contribution amounts.
- Verify that all manual and voided checks have been recorded into the payroll system.
- Make sure you have reported all year-end adjustments, including disability payments, employee business expenses, fringe benefits, dependent care benefits, group term life insurance, non-statutory stock options, and any other special items you want reported on employee W-2 forms.
- Contact ADP to schedule any special bonus or adjustment payrolls.
- Request any special reports you need for year-end.
- Make sure you have the necessary supplies to wrap up 2005 and begin 2006, including blank checks, payroll forms, blank W-2s and employee calendar cards.

Visit www.yearendcentral.adp.com for step-by-step guidance on what you should do before your last payroll of the calendar year — and what you should do after your last payroll, but BEFORE the first payroll of the new calendar year.

Online ADP seminars clarify unemployment insurance, local tax laws

Increase your professional knowledge with ADP’s online seminars. With just the click of a mouse, you can improve your understanding of payroll taxes in the comfort of your home or office.

ADP’s Fundamentals of Unemployment Insurance (UI) Seminar is offered free of charge. It includes tips on:
- Understanding the purpose of UI
- Clarifying eligibility requirements
- Deciphering financing and rates

ADP’s Local Taxes Seminar is a perfect introduction to local tax laws. For only $89, it provides practical insight into:
- Identifying states with local taxing agencies and the various collection methods they use
- Understanding worked-in versus lived-in tax types
- Defining your employer responsibilities

ADP online seminars employ narration, animation, and text to make even complex topics understandable.

See ADP solutions in action!

The best way to learn about ADP’s comprehensive solutions is to see and hear about them in person from ADP experts. For a listing of upcoming events where you can do just that, visit the “Industry Events” section of www.resourcecenter.adp.com.
Can we charge a fee for processing child support payments?

Q: I have several employees for whom I deduct court-ordered child support payments from each paycheck. This involves some administrative work on my part. Am I allowed to charge a modest processing fee?

A: Most states allow you to charge an administrative fee for withholding and remitting wages, but the specifics vary considerably. Some states let you deduct the fee from the support payment. Others require you to charge the employee an additional fee on top of the payment.

A number of states limit the fees you can charge, depending on the employee’s wages. See the chart below, then check with your state’s department of labor for complete details.

<table>
<thead>
<tr>
<th>State</th>
<th>Maximum fee you may charge*</th>
</tr>
</thead>
<tbody>
<tr>
<td>AL</td>
<td>$2/mo.</td>
</tr>
<tr>
<td>AK</td>
<td>$5/payment</td>
</tr>
<tr>
<td>AZ</td>
<td>$1–$5</td>
</tr>
<tr>
<td>AR</td>
<td>$2.50/pay period</td>
</tr>
<tr>
<td>CA</td>
<td>$1.50/payment, effective 1/1/05</td>
</tr>
<tr>
<td>CO</td>
<td>$5/mo.</td>
</tr>
<tr>
<td>CT</td>
<td>No provision</td>
</tr>
<tr>
<td>DE</td>
<td>No provision</td>
</tr>
<tr>
<td>DC</td>
<td>$2/payment</td>
</tr>
<tr>
<td>FL</td>
<td>$2/payment ($5 for 1st payment)</td>
</tr>
<tr>
<td>GA</td>
<td>$3/payment ($25 for 1st payment)</td>
</tr>
<tr>
<td>HI</td>
<td>$2/payment</td>
</tr>
<tr>
<td>ID</td>
<td>$5/payment</td>
</tr>
<tr>
<td>IL</td>
<td>$5/mo.</td>
</tr>
<tr>
<td>IN</td>
<td>$2/payment</td>
</tr>
<tr>
<td>IA</td>
<td>$2/payment</td>
</tr>
<tr>
<td>KS</td>
<td>Lesser of: $5/pay period or $10/mo.</td>
</tr>
<tr>
<td>KY</td>
<td>$1/payment</td>
</tr>
<tr>
<td>LA</td>
<td>$5/pay period</td>
</tr>
<tr>
<td>ME</td>
<td>$2/payment</td>
</tr>
<tr>
<td>MD</td>
<td>$2/payment</td>
</tr>
<tr>
<td>MA</td>
<td>$1/pay period</td>
</tr>
<tr>
<td>MI</td>
<td>No provision</td>
</tr>
<tr>
<td>MN</td>
<td>$1/payment</td>
</tr>
<tr>
<td>MS</td>
<td>$2/payment</td>
</tr>
<tr>
<td>MO</td>
<td>$6/mo.</td>
</tr>
<tr>
<td>MT</td>
<td>$5/mo.</td>
</tr>
<tr>
<td>NE</td>
<td>$2.50/mo.</td>
</tr>
</tbody>
</table>

* These are general guidelines only. Check with your state’s department of labor regarding the specific circumstances under which you may charge an administration fee.

To submit questions for possible inclusion in future columns, visit www.adp.com/home/advisor. Click on “Ask the Advisor.”

ADP Time and Labor Management now with integrated scheduling, absence management

Companies now have even more reasons to automate their time and labor management with ADP’s Enterprise eTIME™:

• Newly integrated attendance and leave management streamlines the tracking and management of absences and leave, including FMLA. The leave solution keeps track of due dates and issues alerts when important information or actions are due. This makes it easier to keep up with federal, state and local leave policies. It also helps implement reward or disciplinary programs.

• Scheduling capability helps managers create best-fit schedules based on employee skills, certifications, seniority, availability, preferences and actual hours worked. Especially well-suited for healthcare organizations, it offers tightly integrated time and labor management plus scheduling for better nurse satisfaction, patient care and control over labor costs.

A total cost of ownership study found that clients who combine ADP's Payroll with ADP Time and Labor Management reduce their total cost of ownership by up to 46% (details at http://www.adp.com/corporate/es/time.html). To receive information about Enterprise eTIME, check item #45 on your Reader Service Form.

ADP Advisor

Your Suggested Topics for the ADP Advisor are Welcome

Please address your correspondence to:
ADP Employer Services • Marketing Services MS #472 • One ADP Boulevard • Roseland, New Jersey 07068
Margit Rademacher, Managing Editor

The ADP Logo and ADP Connection are registered trademarks of ADP of North America, Inc.

The following are registered trademarks of Automatic Data Processing, Inc.: ADP TotalSource, Benefits eXpert, DocuMax, eTIME, Expense eXpert, eZLaborManager, HR/Perspective, HR/Profile, Pay-by-Pay, Pay eXpert, Save Smart, TimeSaver, TotalPay, and TotalPay Card. The following are either trademarks or service marks of Automatic Data Processing, Inc.: ADPCheck, ADP Enterprise HR, ADP Payroll, EasyPay, EasyPayNet, Enterprise eTIME, eXpert Services, Total Tax Plus, and TRASelect. ReportSmith is a trademark of Strategic Reporting Systems, Inc. Starbucks, the Starbucks Logo and the Starbucks Card design are either trademarks or registered trademarks of Starbucks U.S. Brands, LLC. All other trademarks and service marks are the property of their respective owners.

FREE TO READERS OF THE ADP ADVISOR

Make sure your budget and payroll expense estimates are on target for the coming year. Get a concise summary of upcoming changes in ADP’s Payroll Tax Guide for 2006. The Tax Guide includes:

• Unemployment compensation taxable wage limits for all states in 2006
• Latest taxable wage limits and rates for Social Security and Medicare taxes — this determines your FICA employer match
• Updated list of states requiring disability insurance coverage, complete with taxable wage limits and rates.

Available in mid-January of 2006, this guide is FREE to readers of the ADP ADVISOR. Simply check item #1 on your Reader Service Form.
**READER SERVICE FORM**

E-mail delivery of the ADP Advisor right to your desk! Don’t miss another issue. Write your e-mail address and return this form today!

Addresses will be used only for communications regarding premium ADP content, tools, and services. You may discontinue at any time. We do not sell or rent your personal information to anyone.

### PLEASE PRINT

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-mail Address</td>
<td>Phone</td>
<td></td>
</tr>
<tr>
<td>Street Address</td>
<td>City</td>
<td>State</td>
</tr>
<tr>
<td>Adp Client Code</td>
<td>No. of employees at this location</td>
<td>No. of employees in your company</td>
</tr>
</tbody>
</table>

### FREE from ADP!

1. Payroll Tax Guide for 2006 — make sure your budget and payroll expense estimates are on target for the coming year
2. PAYTECH reprint of Prepare for a Disaster in the Workplace, with steps for testing your recovery plan, information on planning software and links to resources

To learn more about the products and services listed below, please check your areas of interest:

### Human Resources

3. ADP Screening and Selection Services — quick, cost-effective background checks
4. HR/ProfileSM — a cost-effective solution for basic HR recordkeeping
5. HR/PerspectiveSM — an award-winning, full-featured HR information system that integrates with ADP PC/Payroll for Windows
6. ADP Enterprise HRSM — combines HR, benefits and payroll data with powerful Web-based functionality and employee self service for large corporations
7. ADP Portal Solutions — a turnkey corporate communications website, fully hosted and supported by ADP, where employees can access self-service offerings and your company’s news and policies
8. ADP ConnectionSM — integrates ERP HR management systems with ADP solutions
9. ADP TotalSourceSM — outsource your HR management to a Professional Employer Organization

### Benefit Administration Services

10. Benefit Services — a full range of outsourced benefit administration solutions
11. Benefits eXpertSM — benefit administration system with Web-based employee self service
12. COBRA Services — ADP provides administrative services in connection with continued health coverage for terminated employees
13. ADP Flexible Spending Account Services — employees use pre-tax dollars to pay for certain health and daycare expenses
14. Premium Only Plan — fights rising group insurance costs by letting employees pay their share of premiums on a pre-tax basis
15. Section 125 Compliance — ADP handles the reporting for your pre-tax plan
16. ADP’s Payroll integrated with 401(k) Plans — we make it easy to offer this popular benefit
17. ADP’s 529 Payroll Deduction Plan — convenient saving for college through automatic deductions
18. Executive Deferred Compensation Services — ADP administers your non-qualified executive retirement program

### Payroll Management

19. Pay eXpertSM — ADP’s Internet payroll service lets you access your payroll processing from anywhere, anytime
20. ADP PC/Payroll for Windows — prepare payroll data on your own PC
21. Pay Statements — employees can update their own W-4 information, view and print their own copies of pay statements and W-2 forms
22. Automatic check insertion into window envelopes
23. Automatic laser check signing
24. Customized management reports — ADP generates reports based on your payroll data

### Banking Services

25. Full Service Direct Deposit (FSDD) — salary payments go directly to your employees’ bank accounts
26. TotalPaySM Card — employee pay is electronically transferred to a stored value card, good at most ATM machines and merchants who honor VisaSM debit cards
27. ADPCheckSM — ADP signs and stuffs your payroll checks; you reconcile just one debit for net payroll each processing
28. TotalPaySM — combines the convenience of FSDD and ADPCheckSM
29. Direct debit of fees — eliminates the need for manual payment of ADP’s fees

### Reporting Options

30. iReports — secure online access and searching of your payroll and tax reports
31. CheckView — review individual checks or entire pay histories online
32. DocuMaxSM — payroll reports, W-2s, earning records, and wage and tax register delivered on CD-ROM
33. ReportSmithSM for ADP PC/Payroll for Windows — custom-design reports based on your payroll information
34. Data Access — custom reports from Masterfile, year-to-date and payroll data

### Print Services

35. Forms W-2 and 1099 — let ADP print these payroll statements for you
36. Laser Print Back — ADP processes your payroll, you print checks and statements at your convenience

### Tax Filing and Compliance Services

37. Total TaxPlusSM — employer-related tax filing and deposit, plus Unemployment Compensation Management to help avoid unnecessary claims
38. Unemployment Compensation Services — helps you manage claims and lower SUI costs
39. Pay-by-PaySM Program for Workers’ Compensation — improves your cash flow by using actual (not estimated) payroll data to calculate Workers’ Compensation insurance premiums
40. Wage Garnishment and Income Withholding Processing Service — ADP calculates, deducts, and disburses payments for all employee liens and withholding orders
41. New Hire Reporting Service — ADP helps you comply with this nationwide requirement
42. Payroll Tax Filing and Deposit Services — helps ensure accurate payroll tax filing and deposits for all state, local, and federal jurisdictions

### Time & Labor Management

43. eTIME® — automated time and labor management system, integrated with ADP’s Payroll
44. ezLaborManagerSM — Web-hosted time and labor management solution, integrated with ADP’s Payroll
45. Enterprise eTIME® — scalable, Web-based time and labor management solution for large companies, integrated with ADP’s Payroll
46. TimeSaverSM — time and labor management solution for the hospitality industry, integrated with ADP’s Payroll

### Expense Management

47. Expense eXpertSM — automates your travel and expense reimbursement process

---

**Enjoy a Starbucks Card, loaded with $5, as our gift!**

Do you know other companies that could benefit from the time savings and accuracy of ADP’s services? Refer them to us and we’ll send you a Starbucks Card loaded with $5!

Enjoy a refreshing break with our compliments at any participating Starbucks retail location in the United States or Canada.

Please help us keep your accountant up-to-date on payroll tax regulations.

With more than 500 payroll tax law changes each year, we like to keep our clients’ accountants well informed. Please help us make sure your accountant is on our mailing list:

<table>
<thead>
<tr>
<th>Your Accountant’s Name</th>
<th>Your Accountant’s Firm</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>City/State/Zip</td>
</tr>
</tbody>
</table>

Fax this form to: 1-800-462-4006. Or detach, fold, seal and drop it in any mailbox.