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# Choosing the Right Payroll Provider for Your Business

ADP Payroll Buyer's Guide

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# What is a Payroll Service Provider?

Running payroll is one of the most important responsibilities of any business owner, but it doesn't have to be the most stressful. When you work with a payroll service provider, you get the peace of mind of knowing you have the resources to help you pay your employees and taxes accurately and on-time. And you get to focus on more important things, such as growing your business. That's why nearly 60 percent of companies with more than five employees now use an external payroll company, according to the National Small Business Association.<sup>1</sup>

A full-service payroll provider goes way beyond the basics of payroll calculations. They'll handle deposits and withdrawals, withholding and paying garnishments, and filing federal, state and local taxes. Most full-service payroll providers also integrate time and attendance and benefits administration.

In this guide, you'll find the essential information you need to decide if a payroll service provider is right for your business, which one best suits your needs, and you'll hear from small business owners and managers like you.

**Let's get started.**

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# What Can a Payroll Service Provider Do for My Business?

Of all the options for running payroll, a payroll service provider is your best bet for outsourcing the job while maintaining maximum control over the process. With a payroll service provider, the payroll processing time is drastically reduced because most of the process is automated.

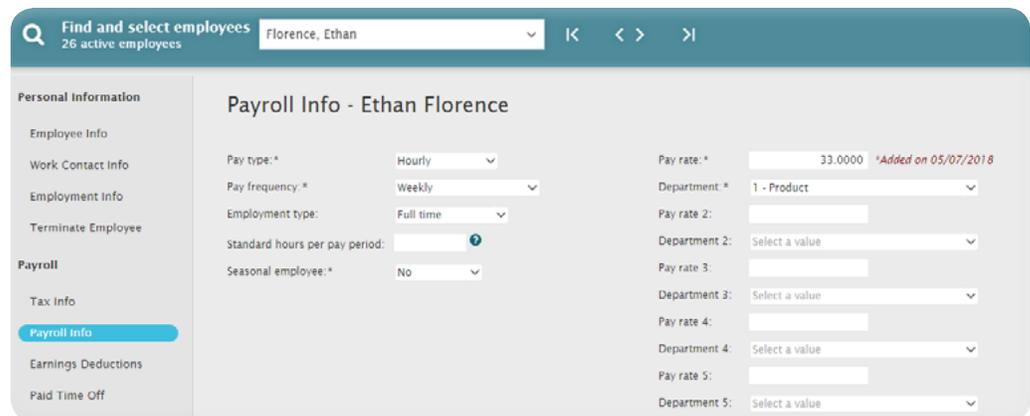
## What do you get with a payroll service provider?

Here are some of the services you should expect.

### Payroll Processing



A high-quality payroll service provider can help you drastically reduce the time it takes to run payroll by automating the most labor-intensive aspects, like calculations, tax withholding and payment options, paper checks, or digital payments like direct deposit, pay cards, debit cards, and mobile payments. These days, most good providers offer web-based interfaces that allow you to store your employees' information — names, wages, Social Security numbers and garnishments — so all you have to do is enter their hours for the pay period and hit "Run."



The screenshot shows a web-based payroll management interface. At the top, there is a search bar with the text "Find and select employees" and "26 active employees". Below this, there is a navigation bar with "Florence, Ethan" and navigation icons. The main content area is divided into two columns. The left column contains a sidebar menu with options: "Employee Info", "Work Contact Info", "Employment Info", "Terminate Employee", "Payroll", "Tax Info", "Payroll Info" (highlighted), "Earnings Deductions", and "Paid Time Off". The right column is titled "Payroll Info - Ethan Florence" and contains several fields: "Pay type:" (Hourly), "Pay frequency:" (Weekly), "Employment type:" (Full time), "Standard hours per pay period:" (with a help icon), "Seasonal employee:" (No), "Pay rate:" (33.0000, with a note "Added on 05/07/2018"), "Department:" (1 - Product), "Pay rate 2:", "Department 2:", "Pay rate 3:", "Department 3:", "Pay rate 4:", "Department 4:", "Pay rate 5:", and "Department 5:".

Many providers also offer time and attendance solutions that sync with their payroll programs to make the entire process quick and seamless.



"In terms of time, I don't worry at all about payroll. I go into payroll and it takes me literally five minutes to run. If I had to do payroll on my own, it might save me money, but it would make me crazy. What takes me five minutes to do, would take me maybe an hour, but I'd always wonder if I did it right."

– Adrienne Fudge, owner for 40 Dreams Catering

## Calculate, Withhold & Pay Taxes



Errors in calculating and paying taxes are among the most common — and expensive — payroll mistakes. A professional service provider helps to eliminate mistakes by automatically calculating and withholding the right amount of taxes for your employees and your business, then forwarding those funds to the appropriate agencies at the proper time. If something does go wrong and it's caused by the payroll provider, many providers will cover the cost of making it right.

Payroll Cash Required: \$11,784.00		06/08/2018		Payroll Notes			
7 employees paid this pay period		Biweekly: 05/18/2018 to 06/01/2018		CL post date: 06/08/2018			
Employee Name	Type	Total Hours	Gross Pay	Taxes	Deductions	Net Pay	Employer Taxes
Adams, Alexander	Regular	80.00	960.00	192.00	0.00	768.00	96.00
Lin, Colin	Regular	80.00	3,000.00	600.00	0.00	2,400.00	300.00
Smith, John	Regular	80.00	3,000.00	600.00	0.00	2,400.00	300.00
Lee, Victoria	Regular	80.00	960.00	192.00	0.00	768.00	96.00
Jones, Ian	Regular	80.00	960.00	192.00	0.00	768.00	96.00
Nichols, Samantha	Regular	80.00	960.00	192.00	0.00	768.00	96.00
Smith, Consulting	Regular	80.00	960.00	0.00	0.00	960.00	0.00
<b>Totals</b>		<b>560.00</b>	<b>\$10,800.00</b>	<b>\$1,968.00</b>	<b>\$0.00</b>	<b>\$8,832.00</b>	<b>\$984.00</b>

Payroll Total: \$11,784.00    Reports    Payroll Cash Required: \$11,784.00

Buttons: Check Stub Message, Previous, Finish Later, Approve



"We were having some issues with our previous payroll company. They never really told us the correct amount we were supposed to be paying every week for taxes, so we would get unexpected bills in the mail. We spoke with them quite a few times, and they pretty much blew us off. It seemed like every quarter we were having to play catch-up. We were with this company for over 20 years, so we just assumed this happened everywhere. Then, we realized what was going on was not right. Our current provider assured us that they would be there for us through all of it. And they have been."

– Rebecca DiMatteo, co-owner of Child's Creative Development Center

## Compliance



Forms W-2, 1099, 941, W-9 — the list of forms required to keep your business compliant with local, state and federal regulations is long and confusing. A high-quality payroll service provider takes the lead in making sure all your paperwork is filed and up-to-date. Expect easy access to mandatory forms and notifications about regulatory changes, like minimum wage or tax laws.

Federal	State	All
Year: 2018	Quarter: Third	
Forms	Instructions	
<b>FEDERAL</b>		
941 Employer's Quarterly Federal Tax Return	941 Instructions	
941R Allocation Schedule For Aggregate Form 941 Filers	941R Instructions	
941X Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund	941X Instructions	
940 Employer's Annual Federal Unemployment (FUTA) Tax Return	940 Instructions	
943 Employer's Annual Federal Tax Return for Agricultural Employees	943 Instructions	
944 Employer's Annual Federal Tax Return	944 Instructions	



"When it comes to the paperwork at the end of year, they automatically prepare and file the Forms 1099. I don't have to hire a CPA to do that. My payroll provider takes care of it. The Department of Labor gets what they are owed. I wouldn't even know how to compute all of that. It saves time ... I really appreciate that."

– Emilie O'Leary, CEO of Sunshine Solar, LLC.

## New-Hire Reporting



Federal law requires employers to report certain information on new and rehired employees within 20 days of their hiring to a designated state agency. In some states, the deadline is even tighter. States match these reports against their child support records to locate parents, establish a child support order, or enforce an existing order. In addition to matching within a state, states transmit the new hire reports to the National Directory of New Hires (NDNH). A payroll service provider should ensure the reports are filed with the proper agency on time and include all the required information.

**New Hire Paperwork**

For: New Jersey | Employers

**Notices 5**  
To distribute to new hire

**Forms 8**  
For new hire to complete and return

+ Required documents

DOCUMENT NAME	DESCRIPTION
Federal W-4	Have each employee complete this form to determine the amount of federal income tax to withhold from earnings. Employers in CO, ID, MN, MS, MT, NE, NM, ND, OR, RI, and UT should also use this form for state tax withholding purposes. AK, FL, IL, IN, NH, SD, TN, TX, WA, and WY do not have state tax withholding. The remaining states have their own forms for state tax withholding.
I-9 Form: Employment Eligibility Verification	This form must be completed on an employee's date of hire to verify that he or she is eligible to work in the U.S. Retain for at least three years, or for one year after termination, whichever is later.
Direct Deposit Authorization	If you offer direct deposit, have new hires complete this form to have their pay deposited directly into their bank account.
Emergency Contact Form	Have new hires complete this form in order to identify contacts to be called in case of an emergency.
Employee Acknowledgment of Handbook	Have new hires sign this form to confirm receipt and understanding of the employee handbook.
Federal W-4 (Spanish)	This is the Spanish version of Form W-4.



"My payroll provider took me through new hire reporting step by step, and as I added new employees, everything was so user-friendly. And if they notice anything, or something isn't right, boy, they're right there on top of it, asking, 'Are you sure this is what you meant to do?'"

– Vicky Roby, secretary for Story's Collision Center

## PTO Management



Keeping track of your employees' paid time off (PTO) — including vacation time, medical/parental leave, sick days and personal days — can be time-consuming and confusing. Payroll service providers can also offer automated and integrated systems to help you stay organized with tracking and managing employee absences.



"Everything is online. I can keep track of it. I like the simple way it's laid out, to be able to enter salaried versus hourly. Keeps track of all my paid time off — vacation, sick time, holiday, all of that kind of stuff. So that's a blessing."

– Dena Deweese, practice manager for Dayspring Family Care

## Employee Access

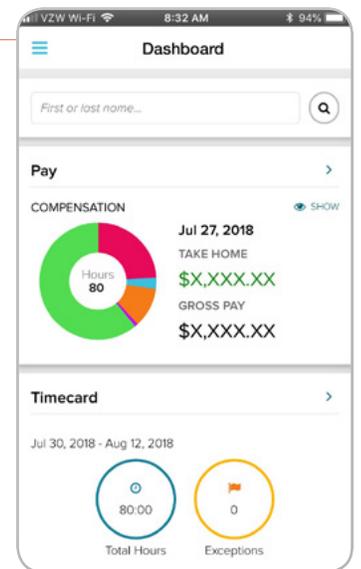


With a payroll service provider, your employees should be able to access their pay stubs, manage their withholdings and look up their pay information from their mobile devices whenever they need answers. This way, they don't have to wait for you to answer their questions. And, you are spending less time fielding their requests and more time on your business.



"We were using outdated technology and a clumsy process that had us calling in payroll data. Our former payroll provider never reached out to us to update and modernize. With our current payroll provider, we have a modern system that allows our employees to access their payroll reports and update information online. It couldn't be easier for us or our employees, and the support is just fantastic!"

– James S. McLean, finance director and business manager of Bethel International United Methodist Church



## Mobile Access

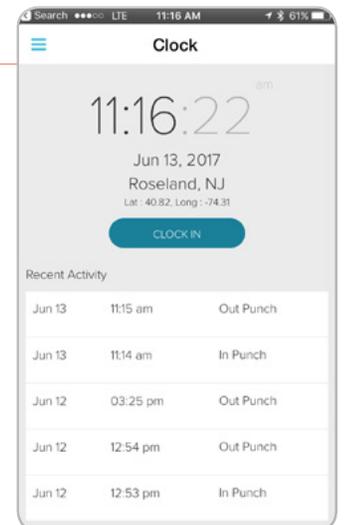


Whether it's running payroll, creating timesheets or checking tax payments, a leading payroll partner should offer these services via a mobile app. Many providers also offer mobile time and attendance solutions that allow employees to clock in from their mobile devices, assuming they are within a geographical boundary set by you.



"People were coming into me all the time asking me, 'How many days do I have left?' Now they can check it for themselves, anytime, anywhere on the mobile app. It's just wonderful."

– Lyn Dyer, office and payroll manager for McStain Home Builders



## Integration



Payroll has many moving parts, and nothing helps them work in sync like partnering with a payroll service provider. By integrating related functions like time and attendance, payroll, 401(k) contributions and insurance premiums, your experienced provider can save you from entering the same information over and over again and help to dramatically reduce errors.



"Not only are we spending less time and getting much more accurate and complete data, but our costs are down even more than we anticipated."

– James S. McLean, finance director and business manager for Bethel International United Methodist Church

# Self-Assessment

Before you decide if a full-service payroll provider is right for your business, take a moment to consider your priorities. Here are five questions to help you assess your payroll, compliance and benefits needs.

**Q: When it comes to processing payroll, which is your scarcest resources?**

- A Time
- B Peace of mind
- C Staff
- D Patience

*Outsourcing payroll can save time and money: Companies that automate the process reduce payroll costs by eighty percent by minimizing errors, according to the American Payroll Association.<sup>2</sup>*

**Q: Which of the following represents the greatest pain point for managing payroll for your business?**

- A Tax compliance
- B Payroll management
- C Calculating withholdings
- D Tracking time and attendance
- E Employment law compliance

*The majority of companies in North America now outsource payroll tax preparation and filing (76%), year-end tax form printing (87%), year-end tax form distribution (63%), check printing (57%), and garnishment administration (52%), according to Deloitte.<sup>3</sup>*

**Q: How do you want employees to access their payroll and benefits information?**

- A Business owner will field requests
- B Payroll manager will field requests
- C Employees should have direct access
- D Human resources team or specialist will control access

*Employees increasingly expect access to their own data: Eighty-two percent of employees say their employer provides a self-service portal to view pay and benefits information, according to the American Payroll Association.<sup>4</sup>*



**Q: Going beyond payroll, which of the following services do you need help with?**

- A Time and attendance
- B Benefits administration
- C Compliance
- D Recruiting
- E HR/ personnel management

*Seventy-four percent of businesses now outsource their time and attendance systems, and 79 percent outsource their HR system of record, according to EY.<sup>5</sup>*

**Q: Do you feel confident researching, calculating, and filing all taxes on time?**

- A Very confident
- B Confident
- C Somewhat confident
- D Not at all confident

*Don't let the true cost of taxes catch you by surprise! Fifty-eight percent of small businesses say that administering federal taxes is a bigger burden than actually paying them, according to the National Small Business Association.<sup>6</sup>*

# Questions to Ask

Before you commit to a payroll service provider, it's essential to make sure they offer the services your company needs. Here are some questions to ask of any potential payroll partner.:

## Q: How much does all this cost?

**A:** Different payroll providers offer different pricing structures, but certain factors — how frequently you run payroll, how many people you're paying, how often you add or remove payees, which services you need — will influence the cost. ADP will work with you to determine the right payroll setup for your business, no matter how simple or complex the solution.

## Can a payroll service provider integrate with my accounting software?

**Q:** Partnering with a payroll provider shouldn't force you to overhaul your internal process. ADP automatically

**A:** syncs with many popular accounting software products, including QuickBooks™, QuickBooks™ Online, Xero™, and Wave, to ensure a seamless transition of your data. Check with a payroll provider to make sure they pair up with your preferred program.

## Q: What if I need help, especially before or after business hours?

**A:** When you hit a snag with payroll, you can't wait days for someone to get back to you with the right answer. ADP offers direct access to certified, experienced payroll professionals available 24/7. Clients can also email questions to the Payroll Center at any time.

## Q: How do you pay employees when a disaster strikes?

**A:** ADP products are in the cloud, which provides the ability to run payroll from anywhere using a mobile device, and allows our clients pay their employees, regardless of what's going on locally. ADP can help you manage tracking employee leave during and after a disaster and advise you on benefits, policies and programs to help your employees recover.

## Q: How much time should I expect to spend on payroll with a service provider?

**A:** There's not much point to working with a payroll service provider that doesn't save you time. If you're doing payroll manually now, you should expect to significantly reduce the amount of time you're devoting to the process. How much depends on which services you choose. Do you want help in automated online payroll processing? Integrating payroll with tracking time and attendance? An ADP representative can explain your options and help you choose the package that best fits your business.

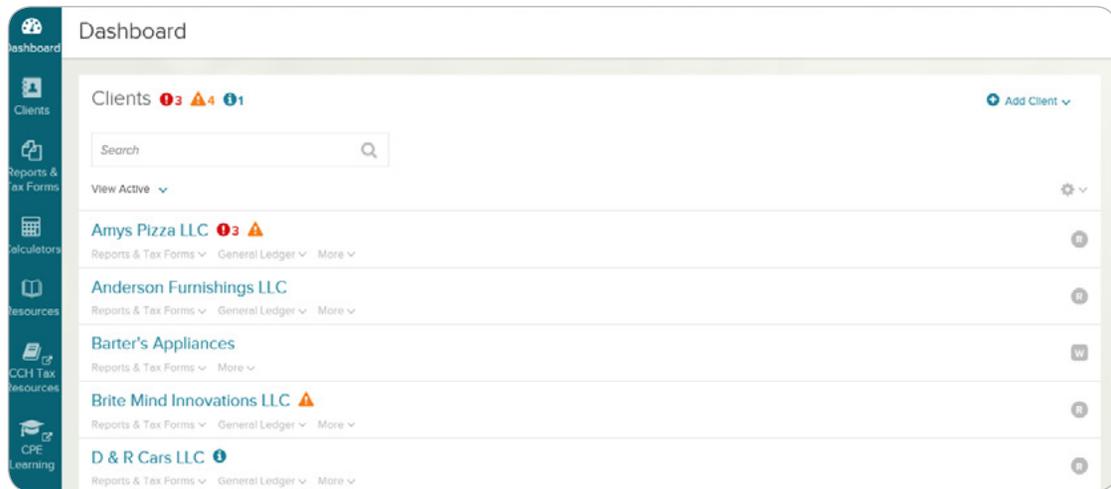


**Q: Will the provider handle my local taxes?**

**A:** Keeping up with local taxes, which can vary greatly from one municipality to the next and change with little notice, represents a unique challenge for small businesses. Unfortunately, not all payroll service providers offer assistance in this area, so be sure to ask

**Q: What if I'm already working with an accountant or bookkeeper?**

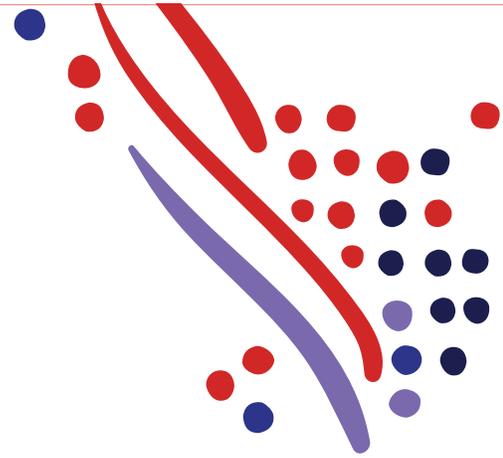
**A:** If you work with an accountant currently, they'll appreciate that you're using a trusted payroll service provider because it facilitates seamless integration of data, reporting and processing. This empowers accountants to do more work with greater efficiency so they'll have more time to work on strategies to help you run a better business. Many accountants have come to rely on products like ADP Accountant Connect, which is a front-end solution that readily enables access to what they need from their own clients' payroll service providers. It also helps to stay connected to the best practices and offerings across HCM services to help address clients' HCM needs.



Offering Big Four-caliber expertise to your clients is no easy feat for any small accounting firm. For **Neil Della Torre, founder and partner at Becher, Della Torre, Gitto & Company CPA's**, partnering with ADP TotalSource has helped his firm accomplish everything from streamlining insurance renewals to accessing Fortune 500® level benefits to help attract the best talent for their organization. Because they use it for their own firm, Neil and his fellow partners and staff can also recommend ADP TotalSource to their clients with confidence.

**Q: Does it matter what time of year I start?**

**A:** Though some people prefer to wait for the start of a new quarter, or even a new year, before switching over to a new payroll service provider, ADP can support your move at any time of year. Make sure any provider can give you a clear list of information you'll need to make a smooth transition.



#### SOURCES

- 1 <http://www.nsbabiz/wp-content/uploads/2017/04/Tax-Survey-2017.pdf>
- 2 <https://www.inc.com/guides/2010/12/how-to-automate-payroll.html>
- 3 <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/human-capital/us-hc-payroll-operations-survey-summary-results-010715.pdf>
- 4 <http://www.nationalpayrollweek.com/documents/2017GettingPaidInAmericaSurveyResults.pdf>
- 5 [http://www.ey.com/Publication/vwLUAssets/ey-2017-global-payroll-survey/\\$FILE/ey-2017-global-payroll-survey.pdf](http://www.ey.com/Publication/vwLUAssets/ey-2017-global-payroll-survey/$FILE/ey-2017-global-payroll-survey.pdf)
- 6 <http://www.nsbabiz/wp-content/uploads/2017/04/Tax-Survey-2017.pdf>

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