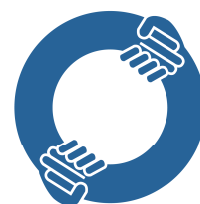


# PAYROLL WOES? 5 WAYS A PEO CAN HELP

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As a small or medium-sized business owner, you have to be a Jack (or Jill) of all trades. You're forced to wear many hats, including handling HR duties. Maybe you have an HR manager or small HR department, but juggling everything can still be overwhelming. There are so many areas to manage, but one that consistently causes headaches is payroll. You have to track hours successfully, make the correct calculations, and adhere to all state and federal regulations or face legal and financial penalties.

However, there is one solution that removes some of the burden regarding payroll management: Turning over those duties to a Professional Employer Organization (PEO) like StaffLink Outsourcing.



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# Explaining PEO Payroll Services

A PEO provides comprehensive HR management services for businesses. These services can include HR duties such as payroll, benefits administration, tax administration, compliance, employee training, onboarding, risk management and more.

When you hire a PEO like StaffLink Outsourcing to manage your payroll and taxes, we become a “co-employer” and assume the responsibilities of an HR professional, or we can supplement your existing HR department. We can then take care of payroll-related tasks, including:

- Tracking hours
- Administering payments to employees
- Managing employment taxes and filings
- Issuing W-2 forms
- Ensuring compliance to all municipality, state and federal regulations
- Administering payments to third-party vendors or contractors

Now that you understand what a PEO does let's discuss the five benefits of outsourcing payroll management.

## 1. Save Money

In business, time is money. The hours spent on payroll equals time not spent on other essential tasks. Even if you have an HR manager or a small department, you still might have to support them. That's time away from running your business.

Think of everything involved in payroll tasks:

- Calculating employee hours
- Calculating deductions
- Tracking Paid Time Off (PTO)
- Tracking sick days/leave
- Printing, signing and distributing checks
- Processing direct deposit/electronic payments
- Generating payroll reports
- Preparing/submitting local, state and federal payroll taxes



Small businesses spend up to 10 hours per month on payroll taxes. That adds up to three full work weeks, and that's on tax calculations and filings alone. Every single one of the points above requires time and money, too.

Here's an example:

The average payroll clerk spends  
**7 minutes per timecard each pay period**

Preparing 100 timecards could take  
**around 11.67 hours**

At a wage of \$15/hour, timecard prep would cost a  
**little over \$175 per pay period**

That's how the time calculation works out in financial terms. What about other expenses related to payroll every year?

The average small business spends \$1,000 or more every year on payroll, tax administration, internal costs, and legal fees. **Around 31% of small businesses spend \$1,000–\$5,000 every year.**

Perhaps you have an HR or office manager, but he or she is overwhelmed with other tasks? If you have to hire additional part-time or full-time staff, you're looking at a significant expense.

As you can see, partnering with a PEO and transferring payroll duties offers a significant ROI in four important ways:

1. Removes the administrative burden from your in-house HR team
2. Eliminates the need to hire additional staff to handle payroll duties
3. Reduces the number of hours spent on payroll duties
4. Reduces your overall office expenses

## 2. Make Fewer Mistakes

Correctly administering payroll is essential since mistakes can cost you. All employment regulations, data calculation, compliance issues, and tax laws must be followed. Failure to do so can result in fines, loss of licenses/certifications, and even legal action.



Add in different county and state regulations (on top of the federal ones), and there is more to worry about. The last thing you want is trouble with the IRS.

These regulations are changing all the time. Keeping up to date with them can be a full-time job.

What kinds of payroll mistakes can get you in trouble? Let's look at some common issues.

- Missing deadlines. Filing payroll taxes to federal and state agencies late can result in penalties and interest charges.
- Misclassifying workers. Every worker you employ (whether part-time, full-time, temporary or independent contractor) requires a specific classification for payroll tax purposes. Misclassification can result in fines or legal action.
- Not filing 1099s. Independent contractors who are paid \$600 or more in any given year should receive a 1099 form by January 31st.
- Poor record-keeping or data entry. Poor records can include missing/mismatched Social Security information and miscalculated employee hours. Data entry mistakes can result in government penalties.
- Mishandling garnishments, levies, or child support from employee paychecks.
- Miscalculating overtime pay.
- Not saving payroll records. State and federal agencies require businesses to keep certain records anywhere from 4-6 years. These can include timesheets, canceled checks and W-4 forms.
- Not maintaining confidentiality.
- Not having adequate backup. If the person who completes payroll cannot work due to illness or vacation, someone else must oversee those duties.

You can see all the areas where mistakes can add up. Payroll software, no matter how sophisticated, is not the failsafe you imagine, either. Any software requires frequent updates. It may not be infallible when it comes to changing tax regulations.

A PEO can help cut down on costly mistakes. We can help you remain compliant and keep up with changing regulations, whether at the local, state or national level. We will also maintain accurate records and help prepare data and tax filings while ensuring that you never miss a critical deadline.



### 3. Saves Time and Increase Productivity

We touched on the “saving time” element earlier. Business owners who do payroll in-house spend 3-5 hours a month on payroll. Around 40% of business owners spend 80 or more hours per year on taxes, payroll and dealing with accountants.

If you don't handle the payroll personally, you still have to pay someone else to do it. However, maybe that person could spend time on other crucial tasks that can help your company grow and thrive.

Instead of dealing with timecards, payments and tax filings, an HR manager could help with hiring and employee training. Perhaps he or she can take care of other duties such as invoicing, accounts receivable/payable, benefits administration and risk management.

A PEO means freeing up time so you can increase productivity, innovation, and job satisfaction for your employees.

### 4. Improve Data Security

One of the most prevalent problems of the modern era is cybersecurity. Every year, companies lose billions due to cyber thieves who infiltrate systems and steal sensitive data. It's not only large corporations and financial institutions that are at risk. Small and medium-sized businesses can be targets of cyber thieves as well.

In-house payroll leaves you vulnerable to risks such as identity theft and embezzlement. A payroll software program represents one area of risk and breaching that program can allow cyber thieves to access your entire network.

Also, there is always a risk that an in-house server could become damaged or break down, which could lead to the permanent loss of data.

A PEO offers the latest technology to protect and store data on secure, cloud-based servers. Cutting-edge encryption ensures that data cannot be read, while electronic payments help cut down on errors. If there is an error, the payment can be traced to mitigate against potential losses.

Finally, remote cloud servers provide an off-site backup of essential data. Even if your system goes down or your business suffers damage from a natural disaster, flooding or fire, your data will remain secure.



## 5. Reliance on Experts in the Field

Managing payroll requires a level of knowledge and expertise that most business owners don't have. Mistakes can be costly in many ways. Not to mention keeping track of regulations and changes in tax and employment laws.

**StaffLink Outsourcing** specializes in understanding the complexities of calculating payroll, as well as regulations, government compliance and taxes. We remove the burden from your shoulders so you can concentrate on running your business and dreaming up your next innovation.

# Rely on StaffLink Outsourcing for Your Payroll and HR Needs

As a full-service PEO, StaffLink Outsourcing can take over payroll management to save money, reduce mistakes, ensure compliance, and ultimately help improve your business.

We also provide other vital HR duties such as benefits management, risk management, workers' compensation, tax filing and oversight, compliance, employee training and developing policies and procedures.

StaffLink Outsourcing has been in business for 25 years, and we have the lowest attrition in the industry. We are devoted to our clients and deliver white glove customer service.





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