The SCOOP

INSIDE:

COALITION FOR PAYROLL EXCELLENCE

About the Coalition

The Coalition sustains the dialogue between HCM / Payroll software firms, payroll processors, bundled payroll service providers, and retirement plan service providers.

- **Define payroll administration quality and drivers of excellence**
- **Advocate for employer adoption of preferred practices**
- **Facilitate 360 data exchange**

The 2021 Annual Meeting of the Coalition for Payroll Excellence is slated to take place online September 23, 2021. HCM/Payroll service providers and 401(k) plan service providers in attendance will discuss best-in-class practices for the convenient exchange, reconciliation, and quality control of data. Payroll administrators and 401(k) plan sponsors benefit in the form of administrative cost savings and business benefits from reduced employee financial stress.

Aggregation of compensation, retirement savings, and time management information can provide employees convenient access to a consolidated view on multiple aspects of their financial life, giving them information to enhance their financial well-being and retirement readiness. Ultimately, connections between payroll and retirement plan service providers that observe best-in-class practices helps employers contain workforce aging, control labor cost, and enhance competitiveness.

MEETING AGENDA

THE COALITION IS EXPANDING STAFF

To support the growth of the organization, we are looking for a Member Relationship Development Consultant at our CT Headquarters.
POSITION DESCRIPTION

NEW HEADQUARTERS

The Coalition has moved to brand new headquarters in East Windsor, CT. New headquarters (the Coalition's own) are more modern, with twice as much space including a conference room to facilitate industry meetings and house our growing staff.

NEW MEMBERS

Welcome to our latest new members Securian Financial.

Transforming Employee and Payroll Data Integration into Retirement Recordkeeping Systems

By Sue Rickard - Cognizant

About Cognizant

Cognizant (Nasdaq-100: CTSH) is one of the world's leading professional services companies, transforming clients' business, operating and technology models for the digital era. Our unique industry-based, consultative approach helps clients envision, build, and run more innovative and efficient businesses. Headquartered in the U.S., Cognizant is ranked 185 on the Fortune 500 and is consistently listed among the most admired companies in the world. Learn how Cognizant helps clients lead with digital at **www.cognizant.com** or follow @Cognizant. Learn More about Cognizant Retirement Operations at **https://www.cognizant.com/us/en/products-and-plat-forms/digital-retirement-operations-solutions**

Susan (Sue) Rickard

Sue is an executive technology leader, responsible for driving cutting-edge innovation, digital transformation, development and delivery of strategic technology solutions that maximize business results. Sue has over 30 years of technology experience across multiple areas of the insurance industry, where she has led technology architecture organizations.

Retirement plan sponsors stand to benefit from a streamlined retirement services experience, using modern technologies to boost efficiency while reducing costs. Integrating employee payroll information into recordkeeping systems accurately and effectively is an age-old problem. Cognizant sees Artificial Intelligence (AI) and Machine Learning (ML) as game changers, simultaneously saving time and resources while markedly improving the accuracy of critical employer data.

"Cognizant sees Artificial Intelligence (AI) and Machine Learning (ML) are game changers, simultaneously saving time and resources while markedly improving the accuracy of critical employer data. "

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Retirement providers regularly receive employee payroll information from hundreds or even thousands of employers. It requires a significant effort for retirement providers to create and maintain individual processes for each employer providing employee and payroll data. These files and the processes from which they spring present recordkeepers with several issues, including:

- Insufficient or missing information
- High volumes of errors
- Complex error resolutions often require a manually intensive solution

Typically, these issues are addressed via email, which results in delays, ambiguity, and a less than favorable experience for the plan sponsor. Is there a better way to process all that data efficiently and effectively?

We believe AI and ML offer recordkeepers a new way to address this problem. Retirement providers who have traditionally struggled to transform and simplify the integrations between employer's recordkeeping systems should take another look.

Automated payroll data processing can help retirement providers build and effectively manage the end-to-end payroll integration process by combining highly automated cloud services and machine learning to transform, secure, and validate their data. A dashboard that can provide real time updates on the process is accessible from any device and seamlessly embedded into any employer or provider application(s), portals, and websites to ensure complete transparency.

Such a solution can provide the ability to pre-process the employee and payroll data files on a cloud platform before transmitting the data to the retirement provider's

> "We believe AI and ML offer recordkeepers a new way to address this problem. Retirement providers who have traditionally struggled to transform and simplify the integrations between employer's recordkeeping systems should take another look"

recordkeeping systems. By leveraging modern cloud-based architectures, high-performance computing, and machine learning models, we can intelligently map inbound files, make data-driven decisions to correct errors and provide recommendations for additional corrections. The operational dashboards augment business intelligence with leading-edge analytics to increase collaboration across teams and increase productivity.

KEY BUSINESS BENEFITS

- Improved quality: Use of machine learning to understand historical errors and how these errors were corrected previously and apply these same rules moving forward to achieve automation.

- Process improvement and simplification: Automating the processes will reduce manual intervention and increase accuracy. The number of unique processes is reduced drastically by leveraging a machine-learning algorithm to intelligently map the different inbound file types into a standard industry format to pre-process the file.

- Greater transparency: Plan sponsors, payroll providers, and retirement recordkeepers have easy access to the information they need, including current statuses and cases where error resolution may be required.

- Enhanced customer experience: This highly automated approach improves the user experience by reducing manual workarounds and proactively correcting data issues.

By leveraging cloud-based technology platforms, these solutions provide new ways for plan sponsors to handle exceptions that previously relied on human intervention. All it takes is strategic thinking and intelligent solutions applied.

Are you still submitting data to your 401(k) plan service provider every pay period?

Thousands of small and micro employers benefit from the services Pay(k)onnect provides behind the scenes.

This month, The SCOOP interviewed Danny Cook, CEO of Pay(k)onnect, a company that helps payroll processors submit contribution data to 401(k) plan service providers every pay period. Employers who still submit data to their retirement plan service providers can save precious time and avoid errors when their payroll processor uses Pay(k)onnect.

About Pay(k)onnect
Software platform aimed at assisting payroll companies and recordkeepers transmit important data between their products. https://www.paykonnect.com/
https://www.linkedin.com/company/paykonnect-tn/

Danny Cook, CEO and Founder
After a 10-year career as CTO of Avintus, a Nashville based TPA firm now part of Ascensus, Danny saw a need in the industry and decided to create Pay(k)onnect. Since 2019, Danny is entirely dedicated to Pay(k)onnect, which has quickly grown to support over 50 payroll companies and over 70 recordkeepers. Danny resides in Nashville, TN with his wife and two daughters. In his free time, he likes to hunt, fish, play beach volleyball, or do anything else involving the outdoors.

The SCOOP

Please describe the service that Pay(k)onnect provides for our readers, payroll and plan decision-makers and employers of all sizes around the U.S.

Danny Cook

What we provide is an integration platform for payroll firms and 401(k) plan recordkeeping service providers to transmit data back and forth. A payroll processing firm can come on board with us, set up its integration, and instantly gain access to 70-plus 401(k) plan recordkeepers available on our platform. Vice versa, a recordkeeping service provider can be added to our platform and instantly have access to 40-plus payroll companies that are currently on our platform.

Clients of payroll firms benefit because they receive the full 360 integration with their 401(k) plan service provider. For a plan sponsor, it ensures that their data is getting to the recordkeeping service provider in a timely manner and that the data is correct. For many employers, without Pay(k)onnect, the process is manual. There's somebody manually editing files, uploading files to the 401(k) plan recordkeeper's website. If an employee makes a change, or information about the employee changes, someone must manually go to the plan sponsor's website and update information on the site. Enabling the flow of data both ways without staff touching it makes updates happen automatically, correctly and in a timely fashion. With the correct data in hand, the 401(k) plan service provider can relieve the plan sponsor of administrative functions that no longer require HR intervention such as eligibility determination, automatic enrollment, deferral increases, loans, terminations, and distributions.

The SCOOP

Why should an employer consider asking their payroll processor to transmit the data to their 401(k) or 403(b) plan service provider directly using Pay(k)onnect? What's the benefit? What's in it for the employer?

> **"Clients of payroll firms benefit because they receive the full 360 integration with their 401(k) plan service provider. For a plan sponsor, it ensures that their data is getting to the recordkeeping service provider in a timely manner and that the data is correct."**

Danny Cook

Well, there are a couple of good reasons. One is that it makes things happen correctly instead of being hand keyed. Another is that it makes things happens in a timely manner. There are cases of payroll companies transmitting data files a week after the payroll period. Sometimes there could be lost earnings and other consequences. Another big deal is that for most plans, we push full demographic and census information at every pay period in addition to contribution amounts and loan data. So, there's no data collection for the recordkeeper to do at the end of the year to administer census and discrimination testing. We're compiling the data for the plan as the year progresses. If we're asking for all the right data points and we're getting correct data, the recordkeeper is receiving information such as year-to-date compensation and year-to-date hours throughout the year.

The SCOOP

Who pays for the service, and how does an employer know that their payroll processor uses Pay(k)onnect?

Danny Cook

Most payroll firms publish on their website that they work with Pay(k)onnect. If they don't, one way to find out is to ask.

As far as the billing goes, we primarily bill the payroll processing companies. Our contract is with the payroll company. We have billed some recordkeepers directly and we are looking to offer a solution for recordkeepers in the future. The service would allow a 401(k) plan recordkeeping service provider to set up a plan on our website, select the payroll company of the client, and the recordkeeper would receive a data file from the payroll service provider at each pay period.

The SCOOP

Is there a profile or a type of employer that benefits or would benefit more from your services than others?

Danny Cook

Any employer offering a retirement plan can benefit. Employers of any size can benefit. It may be less work for one plan sponsor over the other based on the size of the workforce, but the service applies to all regardless of size.

The SCOOP

Could an employer that self-administers payroll use your services?

Danny Cook

They absolutely can if both the payroll software firm they are using and their 401(k) plan recordkeeper are on the Pay(k)onnect platform. If they aren't using a Third-Party Administrator (TPA) to administer the plan, they can still use us just to transmit contribution changes and loan data back and forth.

The SCOOP

Cybersecurity is a top-of-mind issue for employers these days. What do you do to safeguard data from fraud and cyberattacks?

Danny Cook

Well, we do a lot. Our whole network is hosted on the Microsoft Azure platform. Everything that we transmit is encrypted and transfers are through an SSL or SFTP connection. Everything during transmission is encrypted. Any data that could be considered Personal Identification (PI) is encrypted at rest through our Azure cloud storage and through our SQL servers hosted on Azure.

The SCOOP

What data should an employer ask their payroll processor and their 401(k) plan service provider to exchange at every payroll period? You mentioned demographics, what kind of demographics should be exchanged? Are there other data?

Danny Cook

Usually, the 401(k) plan recordkeeper will give its clients a standard file format and that's what they're going to accept. They're not going to accept different file formats; they're not going to accept more data points or fewer data points. Some recordkeepers are way better in this space; others collect very little information.

> **"For our 70 different recordkeeper connections, we know which fields they should be asking for and which ones make it a lot easier on the plan sponsor every pay period and at year-end and anytime during the year."**

For our 70 different recordkeeper connections, we know which fields they should be asking for and which ones make it a lot easier on the plan sponsor every pay period and at year-end and anytime during the year.[1]

All contribution amount data and loan repayment information are the obvious datapoints they should be asking for. In my opinion, they should also ask for anything that helps administer the plan and track eligibility, things that would tell if a participant is eligible and when they should be enrolled in the plan. They should be asking for hire date and full demographic data so they can make sure that notices and communications are sent to the right email addresses. The list includes year-to-date compensation, year-to-date plan compensation, year-to-date hours worked.

The SCOOP

Can you speak to the compensation, the difference between W2 comp and plan-definition comp?

Danny Cook

Some sorts of compensation aren't considered compensation for the purpose of the 401(k) plan. The amount of eligible compensation and conversely the amount of ineligible compensation can be used to perform calculations. Some recordkeepers ask for non-eligible compensation, I'm seeing it more often now, and I think it's an important piece that they could be collecting.

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1 A list of field requested by all and by most members of the Coalition for Payroll Excellence is posted at
https://www.payrollexcellence.us/pdf/Viewpoint_1_-_Fields_other_than_comp_and_contrib.pdf

The SCOOP

How about for new hires and termination? What are some best practices?

Danny Cook

Some of the better recordkeepers out there are getting new hire data at every pay period – regardless of whether the new hire is eligible, regardless of whether the new hire is contributing. Knowing when a new staff is hired, having the hire date, year-to-date hours, and compensation amount, the recordkeeper is able to do the right things to encourage the employee to participate in the plan when they become eligible.

Same thing on the termination side. Recordkeepers need to know that somebody is terminated. Employers want to make sure that the recordkeeper receives the most up-to-date demographic and census information in a timely manner at each payroll cycle. Having accurate information is also going to make plan administration run more smoothly at the end of the year. Employers should verify that the data sent to the 401(k) plan provider is accurate.

The SCOOP

What's the ideal frequency of data exchange, is that every pay period?

Danny Cook

Right now, everybody accepts a data exchange at every pay period. The frequency depends on the employer's payroll cycle. Some people get paid weekly, others are paid biweekly, and some are monthly. As long as the recordkeeper is receiving the information at every pay period, all changes that happened since the last file exchange would be reflected in the datafile.

The SCOOP

CFOs must be cost conscious in their selection of a payroll service provider. How can spending a few extra bucks on

payroll administration help them achieve a better Return on Investment? How can your services for example help them achieve a higher Return on Investment?

Danny Cook

I look at this a few different ways. We're a high-volume, low-cost option compared to what a payroll processor is doing manually for clients: copy, paste, and upload the data to a website. They put themselves at risk by doing these data entries manually or by relying on a person to change employee information on the recordkeeper's website. I've seen all types of things mis-keyed. Having to track down the error at year-end and not knowing in what payroll file to find the error is inefficient.

Among payroll processors that use our services, client retention rate is way better. Once a client or a plan sponsor has 360 integration turned on, there's nothing they have to do at every pay period. Clients end up staying around once they have the integration in place because neither the payroll administrator nor the plan administrator want to go backwards. They're less likely to move to another payroll company, or another recordkeeper, which is good for everybody.

So that's how employers get a return on their investment in payroll technology. The client doesn't have to key anything manually every week, doesn't have to pay somebody to do the work every week. Not having to do this stuff every single pay period and staying on top of it to verify that nothing's forgotten and nothing was sent that shouldn't have been input saves a lot of time and effort.

> "So that's how employers get a return on their investment in payroll technology. The client doesn't have to key anything manually every week, doesn't have to pay somebody to do the work every week."

The SCOOP

Some employers have better payroll administration processes than others. How would you describe excellence in payroll administration? What makes the difference between an employer that has an excellent payroll administration and one that doesn't?

Danny Cook

Having these sorts of integrations obviously makes everything better. We have tons of data validation and tons of things that we do before a file goes out. We catch a lot of errors before the data gets delivered to the recordkeeper. Still, I think that it's a two-way street. With a great payroll administration system and a not very good recordkeeper, you would still be in trouble. It's very important that plan sponsors pick the right recordkeeper for their situation, that they pick a payroll system with these types of integrations with their recordkeeper to make their life easier and better for the long term.

The SCOOP

How do you think an employer's excellence in payroll administration affects the financial wellness of their employees and the likelihood that their employees will achieve retirement success?

Danny Cook

Excellence in payroll administration allows employees to go in the retirement plan system, look at their account, and make changes to their plan when they want to, to take effect immediately. Knowing that if they make a change to their account — a new deduction for example or new investment elections – their new deductions and their new allocations are happening in a timely manner. I've seen situations where data wasn't pushed back to the payroll system and lost earnings had to be paid. Payroll integration ensures that everything happens correctly and in a timely manner.

The SCOOP

Are some fields more often missing than others in the data that you receive from employers?

Danny Cook

We sometimes have trouble getting an accurate calculation of year-to-date compensation. Some payroll platforms are better than others on the distinction between plan compensation and other compensation. We've seen some inaccuracies, usually from issues in the payroll system. However, everyone is coming up to a level, trying to catch up with best-in-class providers and making sure they're doing what it takes. It's been getting better over the last couple of years.

The SCOOP

Final words of wisdom for our readers: Is there anything they should consider?

Danny Cook

They should make sure that the payroll integration process is smooth. A smooth process is going to help payroll processors retain more clients, and it's going to allow employees to get closer to their retirement goals, as data exchanges are more accurate and more timely. Making sure that data exchanges are done right is very important for your employees. I wish I could go out there, set a standard for the market, and make everybody do what they should be doing.

The SCOOP

Thank you very much, Danny.

> "Excellence in payroll administration allows employees to go in the retirement plan system, look at their account, and make changes to their plan when they want to, to take effect immediately."

Case-in-Point: Simplification and Productive Relationship with Payroll Service Provider Save Processing Time, Reduce Errors and Lower 401(k) Audit Cost

Joe Savidge, Chief Financial Officer of Masonic Health System of Massachusetts, and Bill Gemme, Payroll Manager, share lessons learned and best practices uncovered over the last three years, as they implemented a host of changes to enhance payroll administration.

**Joseph (Joe) Savidge, MBA, CPA -
Chief Financial Officer**

Joe Savidge has considerable experience in all finance functions, technology, due diligence, third party billing, process re-engineering and improvement. He began his career with PricewaterhouseCoopers in New York City with major clients like CBS, NYNEX, AT&T, AIG and Alfred Dunhill of London. He has been the CFO or senior financial leader of public, private, and non-profit entities in a variety of industries, including Healthcare, Banking and Financial Services, Marketing and Direct Mail, and Quasi-public Organizations.

THE OVERLOOK CONTINUING CARE RETIREMENT COMMUNITY AND MASONIC HEALTH SYSTEM OF MASSACHUSETTS

https://www.overlook-mass.org/

ANNUAL REVENUE: $50-$55 million

EMPLOYEES: 550 (650 pre-COVID)

WILLIAM (BILL) GEMME, CPP PAYROLL MANAGER

Prior to taking his Payroll Manager position at CCRC, Bill Gemme held Accountant/Controller positions for almost 40 years, with oversight over payroll. Bill has been involved in many accounting, payroll, and 401k audits over the years, including audits from the U.S. Department Of Labor (DOL), Massachusetts Attorney General, and the New Hampshire DOL. Bill has also been involved in several payroll software conversions, most recently in 2016/2017 while working as a corporate accountant for a multi-state employer with 1,300 employees. Bill has been a member of the American Payroll Association for nearly 5 years and received his CPP certification from the American Payroll Association in 2017 prior to taking this position at The Overlook.

The SCOOP:
Please tell us about The Overlook and Masonic Health System of Massachusetts

Joe Savidge:
Masonic Health System of Massachusetts is not necessarily just one company, but three companies, and its mission is to provide opportunity for seniors at all stages of the life cycle. Seniors come in to live in our independent living facility. As they need to, they avail themselves of a nursing facility or a visiting nurse service. Our health center has associated with it four units: A post-acute unit, a skilled nursing unit, an enhanced living unit or a form of assisted living; and a memory care unit.

The organization was transformed five years ago when a new CEO, Tameryn Campbell, came in bringing in new leadership. We took an organization losing $15 to $30 million a year to break even. In fact, in three of those years, we made a profit.

Bill Gemme, our payroll manager, was brought in to help transform payroll back-office functions. Bill is a payroll expert and manager who could establish a vision and direction for the payroll department.

At the time, we had nine different payroll entities, despite only three legal entities. Payroll processing and analytics were awkward to say the least. These nine entities had grown independently, and each had its own business rules: different rates, different week measures, different overtime policies, different types of policies, and even different billing codes for similar activities.   One of Bill's major accomplishments was to consolidate these entities down to one, and at the same time change all the business rules to add continuity and consistency.

Bill also converted and updated our time and attendance system and is now working diligently on implementing a scheduling system.

This consistency makes our ability to manage operations much easier by providing the information we need to make better decisions about our investment in staff so we can retain and attract the best talent. Of course, before making payroll changes, it is critical to have a detailed understanding of the underlying processes. This knowledge will help ascertain the financial and personnel impact any changes from a new system might have on operations before migrating.

The SCOOP:
You mentioned nine entities, but how many different payroll submission sites do you have?

Bill Gemme:
When I came here four years ago, payroll was decentralized somewhat and done in two or three different locations. The visiting nurses group had multiple sites, each responsible for its own payroll, and one person would pull the data together. The processes used by each visiting nurses' group had grown over time in its own direction as needed to fulfill requirements. The payroll processes didn't have the structure and discipline needed for a truly centralized and efficient system. The payroll department seemed to operate where "if it comes up, we'll fix it in a manual way, so that we can get payroll out this week."

We had to standardize the way things were being done. In many cases, the automation was available, but we weren't using the functionality as intended or in an efficient way. At first, we streamlined the processes and reduced the number of work hours required to process payroll. By streamlining the process, we became more efficient, both in payroll processing software cost and in labor cost.

The SCOOP:
Please explain your approach to payroll administration.

> *"We had to standardize the way things were being done. In many cases, the automation was available, but we weren't using the functionality as intended or in an efficient way. At first, we streamlined the processes and reduced the number of work hours required to process payroll. By streamlining the process, we became more efficient, both in payroll processing software cost and in labor cost."*

Bill Gemme:

Paylocity is our third-party provider. Paylocity handles all tax filings. We rely a lot on Paylocity's Web Benefits software. We use it for 401(k) plan transmittals and payments. Paylocity software also handles benefits enrollment, all benefit changes, and employee notices. Another software called: "HR Enhanced" handles all employee self-service.

As for in-house staff, we are two working full-time. When I first came, we had two full-time people, one part-time person, and one person in Accounting spending 15-to-20 hours a week trying to patch things up and taking care of problems as they came up. We were able to streamline it down to two people.

Roughly 400 staff working on campus get paid biweekly. We use a punch clock here.

We used to mail out paystubs every week, to every employee, even though 95% of our employees had direct deposit. We put everyone on direct deposit and offered a pay card to unbanked employees. We stopped printing pay stubs. All employees now retrieve payroll information on Paylocity's HR Enhanced system.

Employees can download HR Enhanced on their phone. When we come right down to it, most people want to access the information right off their phone. They can

change passwords if need be; they don't have to call us. We want to automate as much as possible and we want to make the information transparent to employees. If an employee applies for a car loan on a weekend, I want them to be able to print their last three stubs right away and not to have to wait till Monday to file a request.

For time and attendance, we selected Attendance On Demand (AOD), because their system is a little bit more robust than Paylocity's when it comes to scheduling. AOD partners with Paylocity and offers a nice integration. For staff, the convenience is the same for time and attendance as for payroll: They can go on their phone and look at their timecard anytime.

In addition to the 400 on-campus employees who get paid biweekly, visiting nurses were once organized in six different companies, each with its own pay codes and unique set of rules. All are now on one single tax ID, all filed with the same tax return. These folks are on the road. We collect their time and attendance using the same software they already use for all scheduling and activity that feeds our billing system. The Paylocity software pulls data needed for payroll processing from that system weekly, but payroll is processed biweekly. On-campus employee payroll is processed one week, and off-campus employee payroll is processed the other week. All employees have the same level of access to payroll information, benefits open enrollment, employee newsletter, employee handbook, and employee self-service.

All employee onboarding is done through Paylocity as well. Employee onboarding is a good starting point for staff because the login information and everything needed for self-service is set up on the date of hire. Once employees start punching in, they can go to Paylocity's app to get the information they need.

The SCOOP:
Are employee terminations also handled on the Paylocity system?

Bill Gemme:
Yes, HR handles all terminations and changes through Paylocity's system. We have only one paper form left for terminating employees that needs to be signed by the appropriate manager. Those forms then come to payroll to make final changes to the system.

The SCOOP:
Can you tell me a little about your retirement plans or your retirement program?

Bill Gemme:
We've got a 401(k) plan with immediate eligibility, one-year waiting period for employer contributions, and five-year graded vesting. The plan does not allow loans. We've got a frozen defined benefit plan that pays out people. How we audit contribution amounts is one of the more productive implications of the changes we made. We were just processing payroll. The lady in payroll would try to put together a spreadsheet of 401k contributions and matches, and to identify errors: contributions from an employee who shouldn't have contributions; employer contributions for employees not eligible for matching contributions; or incorrect match calculations.

She would find discrepancies. Someone in HR handled the plan audit at year end. HR and the plan auditors reconciled all these discrepancies at year-end.

We liked the way Paylocity worked with us to create a report that would identify discrepancies after each payroll cycle that showed both employee and employer matching contributions. It was one of the first changes we put in place.

Paylocity put together a custom report for us. They worked back and forth with us to get it to work. They charged us, I want to say $250, which for me was terrific because now I've got a report that we can run after every payroll that will point out to us if there are discrepancies in somebody's 401k contribution or in their match. We've got a pre-processing report that we can check BEFORE payroll goes out.

We save our post payroll reports so that when the auditors come in, we've got 26 reports that tie out and we should be able to catch any error before it happens.

> **Q: Did changing your payroll approach save you money on the cost of your annual 401(k) plan audit?**
>
> **A: Oh, absolutely. Absolutely. The number of hours in that audit, the number of hours we have for worker's comp audits. We used to do that by hand. Just the automation of so many things.**

Paylocity sends the contributions file directly to our 401(k) plan service provider. That's why I wanted the pre-processing report. It was important to me to make sure everything ties out right to the penny before payroll even happens.

The SCOOP:
Did changing your payroll approach save you money on the cost of your annual 401(k) plan audit?

Bill Gemme:
Oh, absolutely. Absolutely. The number of hours in that audit, the number of hours we have for worker's comp audits. We used to do that by hand. Just the automation of so many things. The employer cost of health benefits, that was calculated on the side month-by-month so that every now and then, we could do the manual entry to get them in there. Well, of course we can set that up. We've got the Web Benefits software. It knows what the cost is for the employee. All we have left to do is calculate the matching employer costs and make sure it goes as part of payroll. Now, the two things happen at once. It's all automated. We don't even think about it. So, it'll save us on year-end, and it'll save us during the year, having to plug in those amounts.

The SCOOP:
How did you go about selecting Paylocity?

Joe Savidge:
One motivating reason was that we had outgrown the prior system. The folks who worked in Payroll at the time did not want to go with other larger third party providers, because of a perceived lack of customer service. They went with Paylocity who could accommodate their needs. Paylocity was more responsive in terms of customer service.

The SCOOP:
What does "service" mean to you? What kind of service makes the better payroll service providers stand out?

Bill Gemme:

When I first came here, I heard: "Paylocity is not very good. The service isn't very good. We don't like the rep we have." Well, some of their criticisms were due to the lack of consistency in our payroll practices. I knew that organizing things right from the beginning would help, like combining the six visiting nurses' entities into one. And we reached out to Paylocity for help with that.

Shortly after that, I asked them if they could send somebody on site for a couple of days, to go through their software, so I could understand it better, hear what they would recommend. We had a biweekly call after that, where we kept up with all the changes we had discussed while they were here for two days.

So, what makes a good provider is at least somebody who is responsive to our questions. No provider is going to be perfect because every company, every employer has unique characteristics. Your service manager may or may not be familiar with all these unique circumstances. Good reps start to know who we are.

It is important also that the client company have some internal knowledge of payroll and accounting. It is unrealistic to expect an outside provider to do everything.

To me, responsiveness is most important. I like that if I ask Paylocity to escalate something, they will. If I ask for a meeting, they will meet. And when I reached out to them for reports, they were very accommodating, and the cost was reasonable.

Joe Savidge:

When Bill came on board, we talked about establishing a relationship with Paylocity. Our relationship was somewhat deteriorated when we came in, and it wasn't all because of them. It might have been because of the lack of integrity of our payroll processes. Our setup was awkward, cumbersome, and difficult. Bill's personality, his understanding, and his diligence in keeping in touch with Paylocity was important. Straightening out our own issues and our own business rules made it easier for Paylocity to respond to us in a way that could provide integrity to their solutions to our problems.

"With any payroll system, it will certainly be a project to convert, to upgrade, or even to change a system. I suggest that the project team be very carefully considered, and that the project lead be the payroll manager. The payroll manager should be fully supported by leadership and by those who will work in the department. "

The SCOOP:

Any final words of wisdom that you would like us to share with our readers.

Joe Savidge:

With any payroll system, it will certainly be a project to convert, to upgrade, or even to change a system. I suggest that the project team be very carefully considered, and that the project lead be the payroll manager. The payroll manager should be fully supported by leadership and by those who will work in the department. The team must be comprised of folks who are personally or peripherally involved in payroll. So, the team is important, and team structure is important, structure to the meetings is important. Timelines, action plans, diligence and follow-up on issues are not only important, but essential.

When the project timeline deteriorates, the manager needs to keep leadership of the organization apprised so that they can react. Communication with senior leadership has to happen, and senior leadership must be open to receive the information and then to act on it. This has to be established before commencing the project.

The SCOOP:

Thank you so much for your time and insights.