

# Payroll Service Providers Unlock Value and Gain



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# PAYROLL SERVICE PROVIDERS UNLOCK VALUE AND GAIN

## PROVIDING DATA FIELDS MOST REQUESTED BY RETIREMENT PLAN SERVICE PROVIDERS

Across size bands and markets, approximately 65% of 401(k) plan sponsors outsource the payroll function to a service bureau. 8-10% of plan sponsors exchange enhanced payroll data (including absence management and HRIS data) with their retirement plan service providers and recordkeepers for every pay period, and 10-15% of sponsors exchange a daily feed of indicative data.

## DATA IS DIFFERENTIATION: THE MOST REQUESTED FIELDS

For employers to receive best-in-class client service, payroll service bureaus must include in their payroll 360 file template the fields that most 401(k) and 403(b) retirement plan service providers request. At the very least, the template must include the data fields that ALL retirement plan service providers request from clients with every pay period. Increasingly, products and services focus on personal and personalized solutions to each employee/plan participant. The retirement readiness of employees and employers' ability to contain labor cost depend on the payroll service provider's ability to deliver high quality data consistently over time.

An analysis by the Coalition found 143 data fields in addition to contribution amounts and money types requested by Coalition members. The research revealed that:

- Not all fields are needed for all plans
- Fields required depend on plan characteristics,
- Fields required depend on the level of service purchased by the client,
- Changes in field values from one pay period to the next trigger mandated tasks,
- Data integrity and consistency overtime is of paramount importance to fulfill plan sponsor obligations,
- Nine (9) fields are universally requested by all 16 members of the Coalition

The nine universally requested data points are:

- 1. Social Security Number or Employee/Participant ID**
- 2. Full Name (or First Name)**
- 3. Address Line 1**
- 4. Address Line 2**
- 5. City**
- 6. State**
- 7. Zip**
- 8. Date of Birth**
- 9. Original Hire Date**

In addition, the analysis identified **14 fields requested by 10 or more members** of the Coalition

1. Rehire Date
2. Termination Date
3. Pay Date
4. Last Name (separately from "First Name")
5. Email Address
6. Employee Number
7. Division Code
8. Gender
9. Marital Status
10. Payroll Frequency
11. Plan Code / Plan Number
12. Participant Status
13. Hours Worked
14. Union Status

## IMPACT OF SPECIFIC DATA POINTS

Data points impact different aspects of overall plan administration and management:

- Plans with multiple payroll sites, and perhaps multiple payroll service providers present a greater challenge.
- Hire, Rehire, and Internal Transfer codes help administer eligibility determination, enrollment, automatic plan features, termination notices, and distribution
- It is not enough to have fields populated; data also need to be accurate and consistent from one pay period to the next
- Common plan features such as automatic enrollment and escalation require high quality data provided consistently at every pay period
- Increasingly, communication and authentication needs demand the collection of cell phone numbers and email addresses (directly and through the employer / payroll service provider).

## ABOUT THIS REPORT

This report was produced with input and feedback from the Payroll Feed Standards Committee of the Coalition for Payroll Excellence. The report also addressed issues such as the length of each field requested. Special thanks to Mike Aufrecht of Wells Fargo Institutional Retirement and Trust for his leadership.

## ABOUT THE ANNUAL MEETING OF THE COALITION

Payroll Service Providers will engage in discussions with 401k plan recordkeepers at the Annual Meeting focusing on making connections between payroll and retirement service providers. The meeting takes place on September 8-10, 2020 in Owings Mills, MD.



The graphic features a top-down view of several people's hands stacked together in a circle, symbolizing unity and collaboration. The background is a light, neutral color. Text is overlaid on the right side of the image.

**2020 ANNUAL MEETING**  
**September 8-10 2020**  
**Owings Mills, MD**

*Creating Connections  
in Payroll and Retirement*



COALITION  
FOR PAYROLL  
EXCELLENCE

## ABOUT THE COALITION

The mission of the Coalition is to advocate for payroll administration excellence, to define payroll administration excellence and best practices, and finally, to encourage employers and their payroll providers to adopt those best practices. At its Annual Meeting, the Coalition sustains the dialogue between retirement plan service providers, payroll service providers and payroll administration software firms to fulfill its mission statement. The Coalition is managed by EACH Enterprise, LLC. Learn more at [www.payrollexcellence.us](http://www.payrollexcellence.us)

<b>The Coalition at a Glance</b>	
<b>Member Firms:</b>	<b>16</b>
<b>Plans Represented:</b>	<b>391,500</b>
<b>Retirement Plan Participants:</b>	<b>50.8 million</b>
<b>Assets Under Administration:</b>	<b>\$3.5 trillion</b>



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<https://www.linkedin.com/company/coalition-for-payroll-excellence>

## ABOUT EACH ENTERPRISE

It is the mission of EACH Enterprise, LLC to help client companies establish and maintain a clear position in target markets. Only through differentiation in product, service, communication and pricing approach can retirement plan service providers and payroll service providers achieve this objective. With a clear understanding of the diversity of service models in the industry, providers are better able to position their own offering and to enhance overall competitiveness. Armed with information from deliberations, members of the Coalition for Payroll excellence are better able to set themselves apart from other players.

EACH Enterprise encourages competition and differentiation. Individuals attending Coalition meetings must be mindful of the constraints imposed by federal and state antitrust laws. Members represent firms that are in direct competition with one another. The purpose of the Coalition is to provide a forum for the free exchange of ideas on designated topics. It would be contrary to our purpose to reach any agreement that could have anticompetitive effects.



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