



INCREASE RETURN ON INVESTMENT WITH PAYROLL EXCELLENCE



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REAP SUPERIOR OUTCOMES WITH THE PROPER PAYROLL SERVICE AND ADEQUATE TALENT AND RESOURCES

Senior management of corporate America is answerable to stockholders and charged with maximizing return. Small and mid-sized employers cannot employ a dedicated full-time employee to administer payroll. Yet for employers in many sectors, labor cost is the largest single expense. Managing labor cost is a priority, and no place for skimping. Money spent to procure professional payroll processing services, talent, systems, and infrastructure can increase Return On Investment for organizations of any size.

SUCCESSES AND CHALLENGES OF PAYROLL ADMINISTRATION

Come budget time, it is more intuitive for decision makers to allocate resources to revenue-generating activities. Payroll administration too often gets the short end of the stick. At small employers, the same person who administers payroll may be responsible for a myriad of other tasks. For employers of all sizes, the pressure to cut administrative cost in difficult times can be daunting.

The marginal return on the dollar spent on payroll administration can contribute to both the top line and the bottom line. In the process of upgrading its payroll platform, a manufacturing firm finds that consolidating its five time and attendance systems into a single system that also uses biometrics to monitor worksite access reduces absences and labor cost. A healthcare organization finds that upgrading its payroll administration system to support advances on accrued pay contains financial stress, reduces 403(b) plan loan utilization, enhances retirement readiness, increases employee retention and revenue from elective surgery. A retail shop owner saves precious time outsourcing payroll to a dedicated payroll processor that provides the know-how, fact-finding, and customer care needed to keep the owner focused on running the business.

We hear first-hand from payroll administrators in focus groups that their department is underappreciated, short-staffed, lacks the financial resources and systems support needed to stay ahead.

If you go to your boss and say, "I need more money," he'd be like, "No, you don't." And I don't need that. I need more money.

Vice President of HR Operations - Inventory Data Management Firm
10,000+ employees – West Coast

We have been able to reduce our headcount by one because of the efficiency gained by our new payroll system. We set up EDIs with all of our benefits providers, so we no longer have to transmit or key into multiple sites.

Vice President of HR - Commercial Real Estate Firm
125 employees - Northeast

Inadequate resources for payroll administration can expose an employer to risks in other functional areas. For instance, improper administration of 401(k) plan contribution calculations, or faulty 401(k) plan loan administration exposes the organization to possible breach of fiduciary duty or the loss of tax-favored status for the plan. Both could result in substantial litigation costs. Pinching pennies in payroll administration can be pound-foolish in other areas. Regular meetings of payroll administrator and 401(k) plan administrator to review current practices, to identify problem areas, and to make progress in addressing common issues such as systematic errors in data feeds can go a long way toward demonstrating Excellence.

Payroll administrators face disheartening professional challenges

1. **Complexity of regulations and tax laws (number of jurisdictions)**
2. **Distraction - functions other than payroll administration**
3. **Low compensation of payroll administrators (\$15 to \$25/hour)**
4. **High turnover in the position**
5. **Lacking employer support and recognition**
6. **Payroll service processor or service level selected not a good fit for the situation**
7. **Antiquated technology**
8. **Lack of systems integration (e.g. payroll, benefits, time management, workers' compensation, and security)**
9. **Complacency with ongoing data feeds**
10. **Communication disconnect between HR, accounting/finance, payroll administration, and retirement plan administration**

What circumstances instill change? What brings senior management of larger employers and owners of small firms to take a serious look at the resources they dedicate to payroll administration? M& A activity and systems failure (e.g. missed payroll, missed garnishments, late 401(k) plan contributions, unpaid taxes) are frequent triggers of introspection and best practices adoption.

THE MEANING AND BENEFITS OF PAYROLL EXCELLENCE

Payroll Excellence starts with strong internal practices: payroll processor selection, talent management, compensation, systems infrastructure, and resource allocation. Payroll Excellence involves the partners selected to administer payroll and related functions. Payroll decision makers tell us that customer service, dedicated service teams, strong listening skills, suggestions for best practices, and data integration with the 401(k) plan service provider make the better payroll platforms stand out.

Excellence means the providers are offering suggestions for best practices, new ways of using the system more effectively, and they listen and roll-up requests for enhancements to the programmers. Customers' needs are addressed - yes!

Vice President of HR - Commercial Real Estate Firm
125 employees - Northeast

For me, Payroll Excellence means premier customer service, accuracy, prompt service, dedicated team for processing issues.

Accounting Supervisor – Utility Company
3,500 employees – Midwest

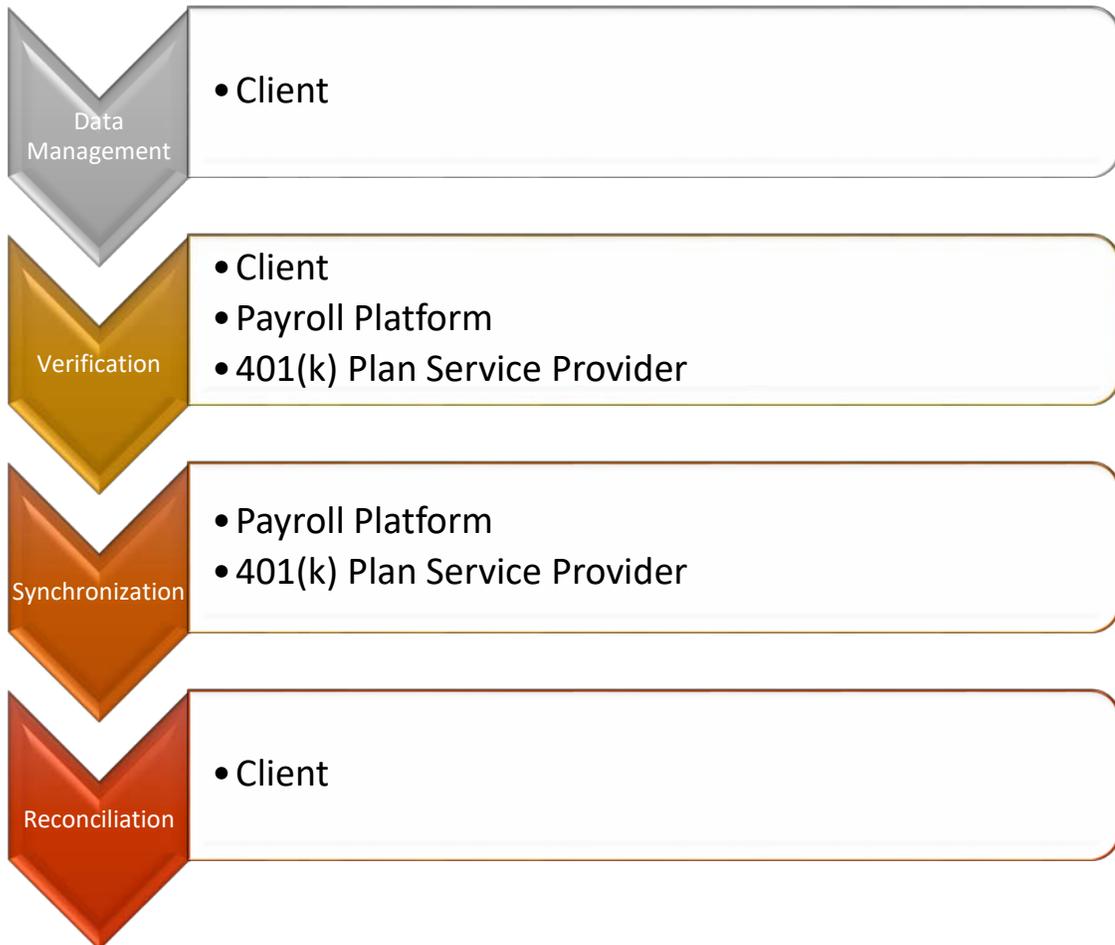
Our payroll and 401k providers work directly together, and the process of syncing data has been very easy

Human Services Support Center Manager – Software Firm
200 employees – Northeast

SYNCING AND RECONCILING DATA

One telltale sign of Payroll Excellence is the process for exchanging data between payroll and 401(k) plan systems at each pay period.

- How is data entered and managed? Filters in place to avoid blank or missing values in critical fields.
- What data verification and quality control screens does the payroll administrator employ to check for errors before data submission?
- How does the organization periodically review the synchronization process between systems to avoid recurring data transformation errors?
- Where does the responsibility reside for data reconciliation at every payroll cycle?



Excellence requires an understanding of roles and responsibilities at each step of the process. At larger firms with dedicated payroll administration personnel, the responsibility might be split between the payroll administrator, the retirement plan administrator, and other staff. At smaller firms where the business owner wears multiple hats, a specialized payroll processing firm may be needed to perform these functions. Check with your 401(k) plan service provider for their perspective.

Employers need adequate tools and resources to handle their toughest business challenges whether it's payroll deductions, tax compliance, or Electronic Retirement reporting. Empowered with an HR solution that meets their needs, business leaders are free to focus attention on their core business. Organizational success requires best in class HCM technology combined with industry expertise.

Debbie Heideman | Principal EDI Analyst, Client Services, at Paycor, Inc.

A commitment to maintain a solid payroll process with the right checks and balances can result in efficiency gains and operational cost savings. With adequate systems and resources in place, a business can be relieved of 401(k) plan administration duties they are legally required to perform. Better served than sorry.

Andrea Davis | Supervisor – Data Exchange, Financial Operations at Securian Financial

With adequate resources dedicated to the payroll function, employers can monitor financial wellness success metrics and avoid costly mistakes when it comes to processing 401(k) contributions and loan repayments. Workforce turnover, employee retention, retirement readiness, emergency savings, employee morale, job satisfaction, and engagement can have a measurable impact on employee product.

Karen Rund | New Business & Support | Lead Manager, at T. Rowe Price Retirement Plan Services, Inc.

THE COST OF A FINANCIALLY UNWELL WORKFORCE

HCM/Payroll platforms and 401(k)/403(b)/457 retirement plan service providers can demonstrate Excellence by collaborating to advocate for financial wellness in the American workforce.

The PwC 2019 Financial Wellness study found that 58% of employees report being stressed about finances, 50% say personal financial matters are a distraction at work¹. There are steps HCM/payroll platforms and retirement plan providers can take together to enhance the financial wellness of a distracted workforce, to inspire full employee engagement in the success of the firm.

Symptoms of a Financially Unwell Workforce

Payroll Administration

- Low incidence of direct deposit
- High incidence of garnishments
- Frequent requests for advances
- Preference for tips over wages
- Aversion toward biweekly pay cycles

Retirement Plans

- Low participation rate
- Low contributions
- High loan utilization
- Low retirement readiness scores
- Delayed retirements

¹ [PwC -Employee Financial Wellness Survey, 2020](#)

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

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



@payexcellence



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

ABOUT EACH ENTERPRISE

Coalition for Payroll Excellence is a brand of EACH Enterprise, LLC. It is the mission of EACH Enterprise 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 HCM/payroll software platforms achieve this objective. With a clear understanding of the diversity of service models in the industry, clients 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 set themselves apart from other firms.

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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