

# How To...

# Choose a Payroll Service

Omaha Business Journal Pages

## Choosing right payroll services provider can bring many benefits to business

by Michelle Leach

Payroll. It's one of those critical functions of your business. But with so many responsibilities competing for your attention as you look to grow your business, how do you stay on top of paying your most vital asset — your people? And how do you promptly address paycheck problems?

Enter payroll outsourcing.

"As with all outsourcing, choosing the right payroll services provider can provide a cost-effective, simpler means of paying your employees, filing your taxes, and performing several other duties; however, if you select the wrong provider, it can be one of the most

frustrating experiences you will ever have in your business," said Christopher A. Baas, CPA with Baas & Associates.

Baas referenced a number of benefits when it comes to securing the right payroll services provider: Ensuring timely tax filing, heightened accuracy in terms of processing services, lower costs in terms of overhead (versus training and utilizing an individual in-house), decreased fraud prevention, ability to offer direct deposit and employee retention.

"Employees need to know their compensation is going to be paid on time, every time, and that all payroll calculations including overtime, sick pay, vacation days earned and used, and contributions to retirement and health plans are accurate," Baas said.

"Outsourcing payroll also provides a back-up plan," said Joe Sovo, president of Ideal Payroll Service.

Sovo recalled when a bookkeeper simply didn't show up for work one day; the business owner (who is now a client) was in a pickle.

Eventually, he said they were able to work with the owner and it was "seamless" as far as paying the employees in the end.

"They had no clue there was any turmoil," he said.

In addition, it's not always "people" turmoil that results in the need for good business continuity and disaster recovery.

"The other side of the backup plan is, if you do payroll on the computer, and the computer software crashes, you're out of that historical data completely," he said. "Whereas if independent records are kept,

that can be restored very easily.

"All those things save time and money." Sovo also referred to the costs associated with IRS penalties.

"The IRS expects perfection and is very unforgiving," he said. "Whatever the cost of a payroll service provider, it's well worth it if you can't do those things perfectly.

"Business owners need to stop giving their money away."

When asked about the different types of options you have in terms of an outsourcing vendor, Mike Abramson, partner with Frankel Zacharia, referred to payroll services providers like Paychex and ADP, in addition to individuals who provide such services and accounting firms with a client services department.

Regardless of your pick, Abramson referenced the importance of working with the same person for a long period of time.

"We will not only assist clients with preparing returns and scheduling tax payments, but we will also train their staff on how to process a payroll," he said. "We know our clients' needs a little better for year-end

reporting issues.

"We have to notify the payroll service providers about W-2 additions. When we process year-end Forms W-2 and 1099, the information is all in one place and can be easily accessed when preparing a client's year-end tax form."

Tied to forging a long-term relationship with the same faces, Abramson also indicated that you should watch out for companies with a high rate of employee turnover.

"They do not always know when a client needs to report additional information on Forms W-2," he said.

While President of DS Resources Inc., Dennis H. Stelzer, noted "payroll is payroll," and that the rules are "pretty straightforward," he also suggests that you may want to track labor to a cost center or location — notably, you'll want assistance in analyzing costs.

"This takes a little bit more in payroll than just writing a check to the employee," he said. "When one looks to outsource, we want to learn about the needs of the client and

Continued on next page.



Sovo

# How To...

## Choose a Payroll Service

## Use IRA to pay debts only as temporary fix

by Steve Buccì

Dear Debt Adviser: I was laid off from my job in February. I went on unemployment until my benefits ran out, and I still don't have a job. My husband

### CREDIT & DEBT

works, but without my income, we can't pay our bills. To make ends meet, I took \$10,000 out of my individual retirement account. But that's not going to last us very long. I'm 53 and may not be able to get another full-time job, so I'm thinking of dipping into my IRA again. It worries me, though. Do you get hit with penalties when you use your IRA to pay debts? — Debbie

Dear Debbie: I'm glad you wrote to me before you took more money out of your IRA. What you need is a new financial plan, which may or may not include early withdrawals from your IRA. Just because you're younger than the 59 1/2 age limit doesn't mean you have to pay a penalty on early withdrawal. I'll explain this later.

First, let's do some financial replanning. It seems you've concluded that you may

never again earn what you did before you lost your full-time position. And you can't afford to wait to find out. Given that, it's time to match your spending to those new expectations.

Start by documenting where all your money goes each month. You'll be surprised at how quickly you'll find waste and fluff. No one likes to reduce expenses, but it may be necessary to pay your bills. Additionally, if you are using your credit cards to extend your income, you must stop. Use cash or a debit card so you don't add to your existing debt load.

If you need help with trimming expenses, contact a reputable, nonprofit credit counseling agency at the National Foundation for Credit Counseling or the Association of Independent Consumer Credit Counseling Agencies. A certified credit counselor will review your expenses and income and make suggestions on other budget cuts. A counselor also may help with lowering payments on your credit card debt.

If your bare-bones expenses still outstrip your income, you might consider taking IRA  
Continued on next page.

Locally Owned • Personalized Service  
Compliance Guaranteed

Is your payroll service IDEAL?



402-614-3028  
info@idealphayrollservice.com

- Accounting & Financial Reporting
- Tax Preparation & Planning
- Bookkeeping Solutions
- New Business Consulting
- Business Valuation
- Payroll Processing & Reporting
- Software Support & Implementation

B a a s & A s s o c i a t e s P C  
Certified Public Accountants

7850 Nicholas Street, Ste. 352, Omaha, NE 68114 | 402.391.1300 | www.baaspcos.com

## Are you tired of feeling like the little guy?

DS Resources has been quietly serving the Lincoln and Omaha business community for nearly a decade. We understand that your business is unique and requires a customized solution. So, if you're looking for a new approach to payroll with plenty of personal attention, give us a call at 877.777.5038.



DS Resources Inc

HR MANAGEMENT AND PAYROLL SOLUTIONS

877.777.5038 | www.dsresourcesinc.com

## Right payroll service

**Continued from preceding page.**  
 how we can help and not just write the check.  
 "We like to view our clients as partners — we are completing a function that is critical to their success because employees want to be paid and timely if at all possible."

To this value add, Stelzer referred to gathering information that can then be used to help run your business.

"And as a by-product we take the burden of tax filings and year-end reporting off their plate, which is a time saver as well," he said.

Baas also suggests opting for providers that are "within reasonable driving distance," in case you need to pick up checks onsite if an emergency arises.

These characteristics are sought-after, but what are some red flags?

"Don't even consider a payroll service provider who will not provide references," Baas said, adding, "If after contacting a potential payroll service provider, you are told that someone will be contacting you shortly to answer any questions that you may have, and they don't in a timely manner, you can probably assume their customer service with you as a client will be as poor."

Beware of pricing — importantly, costs that are "overlooked" when quoting per pay period costs, like year-end W-2s, Baas said.

## Retirement anxiety up among young adults

by Michael A. Fletcher

Americans are more worried about having the wealth and income necessary to fund their retirements than they were at the end of the Great Recession, according to a Pew Research Center survey released on Oct. 22.

Despite a slowly improving economy and a rebounding stock market, nearly four in 10 Americans are not confident that they will have the financial wherewithal to retire. A similar report in 2009 found that one in four adults were concerned that they would not be financially ready for retirement, Pew said.

### FINANCE

Strikingly, that anxiety is now most pronounced among young adults, a marked shift over three years ago when workers in their 50s were most worried that they would outlive their retirement savings. More than half of adults aged 36 to 40 say that they are not confident that their nest eggs will last through retirement, three times the share who expressed similar doubts in 2009.

Pew researchers said the shift reflects seismic changes that have shaken the economy in recent times. Saddled with sharply declining home values, the median wealth of adults aged 35 to 44 was less than half of what it was for people who were in that age group in 2001, Pew said.

"The median net worth of this group has fallen at a far greater rate than for any other age group both in the past 10 years and since the beginning of the Great Recession," the report said.

By contrast, people aged 55 to 64 lost just over a fifth of their wealth in that time period, according to Pew, which polled 2,508 adults in its survey.

The retirement concerns of younger workers are compounded by the reality that younger workers are less likely than their older counterparts to have guaranteed pensions, meaning they have to rely on their own assets to supplement Social Security in retirement.

The Washington Post News Service

"Once a price proposal has been issued, request that the providers specifically state that there are 'no other costs involved other than those shown in their proposal and/or in other literature provided and clearly shown,'" he said.

While, at heart, payroll may be payroll, providers are not.

Sova also referenced the national companies versus the much-smaller local companies.

To the former, he said they may have hundreds of thousands of clients and are more "call center-based."

To that end, he references payroll services specialist to client ratios. 1:100, for example, is quite different than 1:10,000. Are you a big fish or a drop in the bucket?

"National companies do certain things well, and local companies do certain things well," he said. "You want to make sure they have the same goals as you, and aren't trying to make a quick sale and don't care about your business."

"You want to have a continued relation-

ship with them."

In addition, you should be on the look out for those businesses that "know" your specific business.

"Every small business is different," he said. "Retail is different than construction."

"You don't want to fit everybody into a box. You need to make sure they can meet your specific needs."

Sova also suggests getting to know just how much of a priority payroll is for that specific prospect provider.

"Some companies do a lot of other things,"

he said. "But if you're a small mom and pop, and something comes up with payroll, it can't wait — but payroll may be the third thing on their list — and that's not acceptable as to 'why' an employee's check isn't correct."

Time and time again, payroll specialists across business type referred to open lines of communication, responsive to one's needs and years of experience in payroll as key factors when considering such a partner who can keep costs associated with overhead and penalties contained, and can also help you keep your mind on growing one's business — as opposed to stressing into the wee hours of the morning about whether you completed an item related to payroll.

# How To...

## Choose a Payroll Service

## Use IRA to pay debts

**Continued from preceding page.**

withdrawals to bridge the gap as long as it is a temporary fix. But watch out: If you keep taking money out of your IRA, you'll have a horrible retirement. As part of a short-term bridge, the Internal Revenue Service allows you to take early withdrawals from your IRA without a penalty.

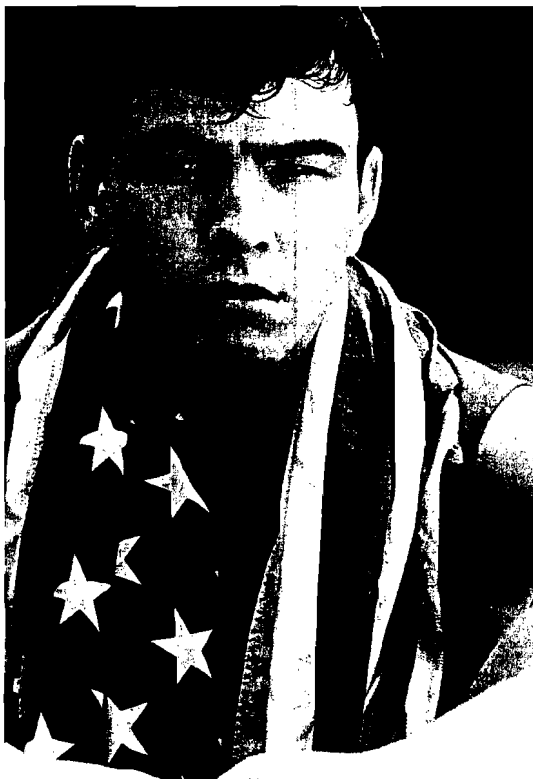
As a last resort, you might consider a

Chapter 13 bankruptcy filing. This could help you keep your house, and your unsecured creditors would have to settle for what the judge believes you can afford to pay over five years. You must be sure, however, that you can afford your current mortgage and all other expenses with your new income level. If not, it might be better to sell your home and downsize your living arrangements.

Bankrate.com

Scripts Howard News Service

# Pursuing your dream . . . as American as red, white and blue



Our firm understands the pursuit of excellence — the desire to achieve. But we know that reaching your goals takes more than hard work and dedication. Success requires preparation.

Guidance from a trusted adviser can help keep you on the right track. Our firm takes a personal interest in your future because we are an established part of the community. You can rely on us for all of your financial, tax and retirement planning needs.

Our firm is founded  
on lasting values . . .

**Honesty  
Independence  
Trust**

11404 W. Dodge Road  
Suite 700  
Omaha, NE 68154  
(402) 496-9100  
Fax: (402) 496-1024  
www.fzcpa.com

**FrankelZacharia**  
Certified Public Accountants

Frankel Zacharia, U.L.C. is a member of CPAmerica International — a national association of independent mid-sized firms dedicated to their local communities