



Why you should outsource your payroll...

How outsourcing can reduce costs, reduce exposure, & increase cash flow

As we enter the 2nd decade of the 21st century, U.S. businesses are faced with big financial hurdles as they try to remain profitable and continue to provide for their employees. Some may choose to eliminate vendors where possible, tasking their staff with additional admin responsibilities for the sake of reducing costs. **But in doing so, these businesses typically realize just the opposite - INCREASED COSTS & EXPOSURE due to the impact of bringing payroll in-house, along with the accompanying liability.** Pinnacle makes a case for why you should outsource your payroll.

SOFT COSTS AND MAXIMIZING TIME SPENT ON "REVENUE GENERATING ACTIVITIES" – A business owner has two primary types of activity that have to be delegated so as to effectively run their business: Revenue Generating Activities (RGA) and Non-Revenue Generating Activities (NGA). As much as possible, the more a business owner and staff can focus on RGA's as opposed to NGA's the better. Admittedly, NGA's can only be minimized, not eliminated – and payroll is definitely a NGA. **The time a business owner and staff spend on an activity (RGA or NGA) has a "cost" associated with it – this is often referred to as a "SOFT COST"**. Thus when an activity is brought "in-house" it moves the "cost" of this activity in-house as well – in terms of internal time & resources now allocated to this activity. **A company like Pinnacle focuses exclusively on payroll, and does this task every day for clients nationwide. By definition, Pinnacle will be more efficient at this activity than a client's internal staff, and will free staff to focus on more Revenue Generating Activities – a very good thing.** If in doubt about "Soft Costs", a business owner should consider this question – *does it cost you more than \$1.95 a check in time, resources & liability to process payroll internally?*

PAYROLL TAXES & W2 COMPLIANCE IN THE "POST-ACA" U.S. ECONOMY – The only thing U.S. business owners can be certain of in coming years is that their payroll tax & W2 compliance is going to become more difficult to manage. Due to the Affordable Care Act of 2010, constantly changing guidelines coming from the IRS & HHS (Health & Human Services), and the potential for additional stimulus measures – employers and their internal administrators will have a lot to keep track of. **As the Government seeks more revenue in a weak economy, compliance is CRUCIAL. More than ever it makes sense to outsource this liability to a payroll provider that specializes in these types of details.**

ACCESS TO ADDITIONAL SERVICES FOR INCREASED CASH FLOW & TIME FOR RGA – Another benefit of outsourcing payroll is access to additional services that the client will receive. **Many of these services will increase cash flow for the client's business, and help to free up additional time & resources for RGA's.** Payroll companies like Pinnacle forge alliances with other provider-vendors to bring clients more value and to give their clients access to services they could probably not get on their own. **Here are some examples of additional services Pinnacle provides:**

- ✓ **HRIS (Human Resource Information System) solutions** (to help clients make their HR process paperless)
- ✓ **Work Comp "Pay As You Go" Cash Flow Management** (with Multiple Carriers to choose from)
- ✓ **Time & Labor Management Solutions** (to reduce administrative burden & a client's cost of labor as much as 8%)
- ✓ **Tax Credit Processing for new hires with NO UPFRONT FEE** (up to \$9,000 per new hire in available credits)
- ✓ **Unemployment Cost Control Solutions** (to outsource the management of unemployment claims & administration)
- ✓ **Employee Loan Programs** (to help outsource the internal administration of employee loans & advances)
- ✓ **Section 125 Administrative Services** (if your health broker isn't already providing this valuable service)
- ✓ **General Ledger Custom Import File Creation** (automates the GL posting process into a client's accounting system)
- ✓ **Rx Prescription Discount Cards** (to give employees an additional & popular benefit at no cost to the employer)
- ✓ **Payroll Debit Cards** (to help increase the number of employees paid by direct deposit at no additional cost)
- ✓ **401k Deduction File Secure Uploads** (so staff won't have to manually send this data to your 401k vendor / TPA)
- ✓ **On-Site Live Checking Printing** (Pinnacle can provide a compatible HP printer free w/ a 2-year commitment)
- ✓ **Client Remittance Option for Payroll Taxes** (Pinnacle can also let clients pay their own taxes for no additional cost)
- ✓ **Garnishment Processing & Agency Payment** (reduce costs & liability by outsourcing garnishment processing)

