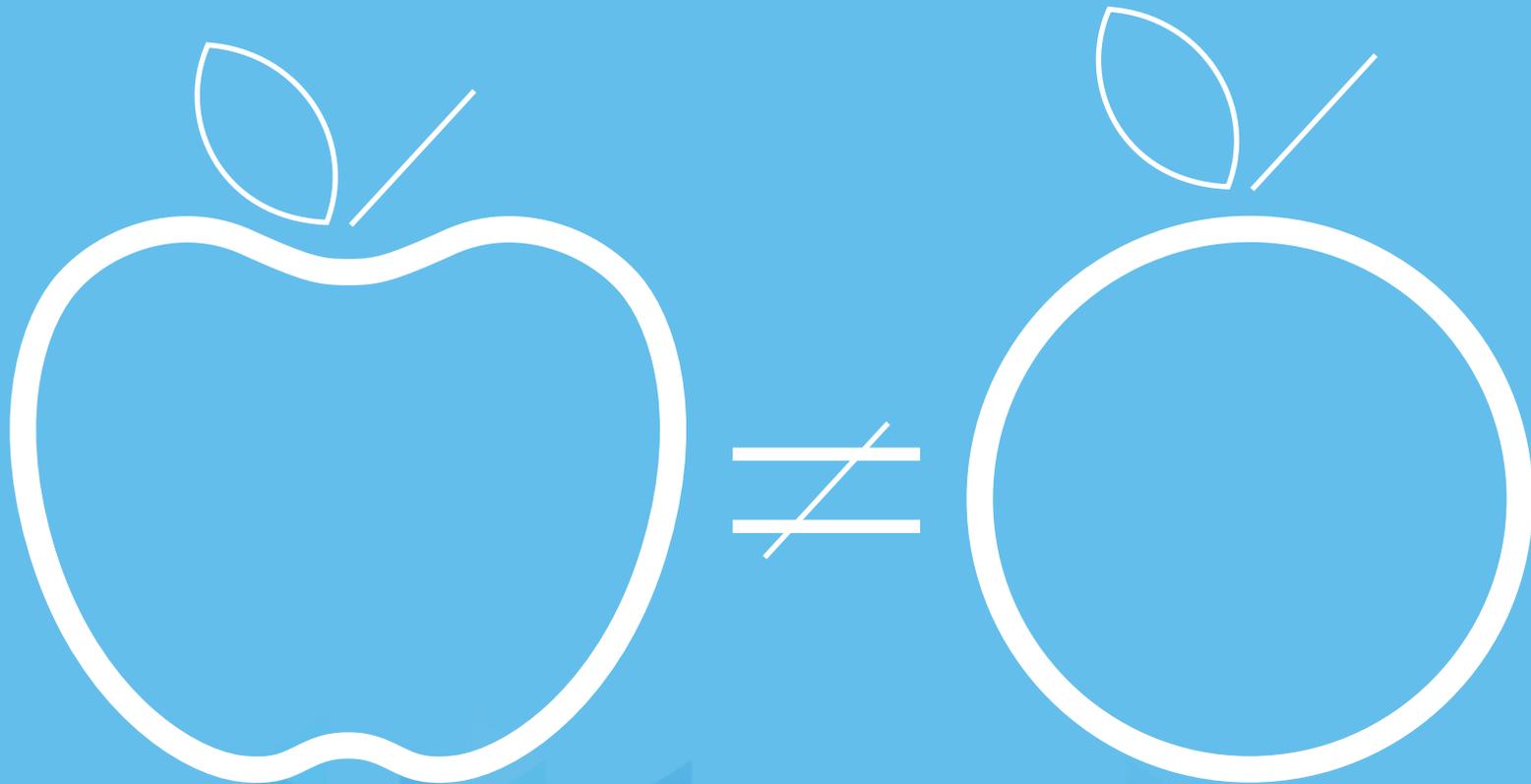


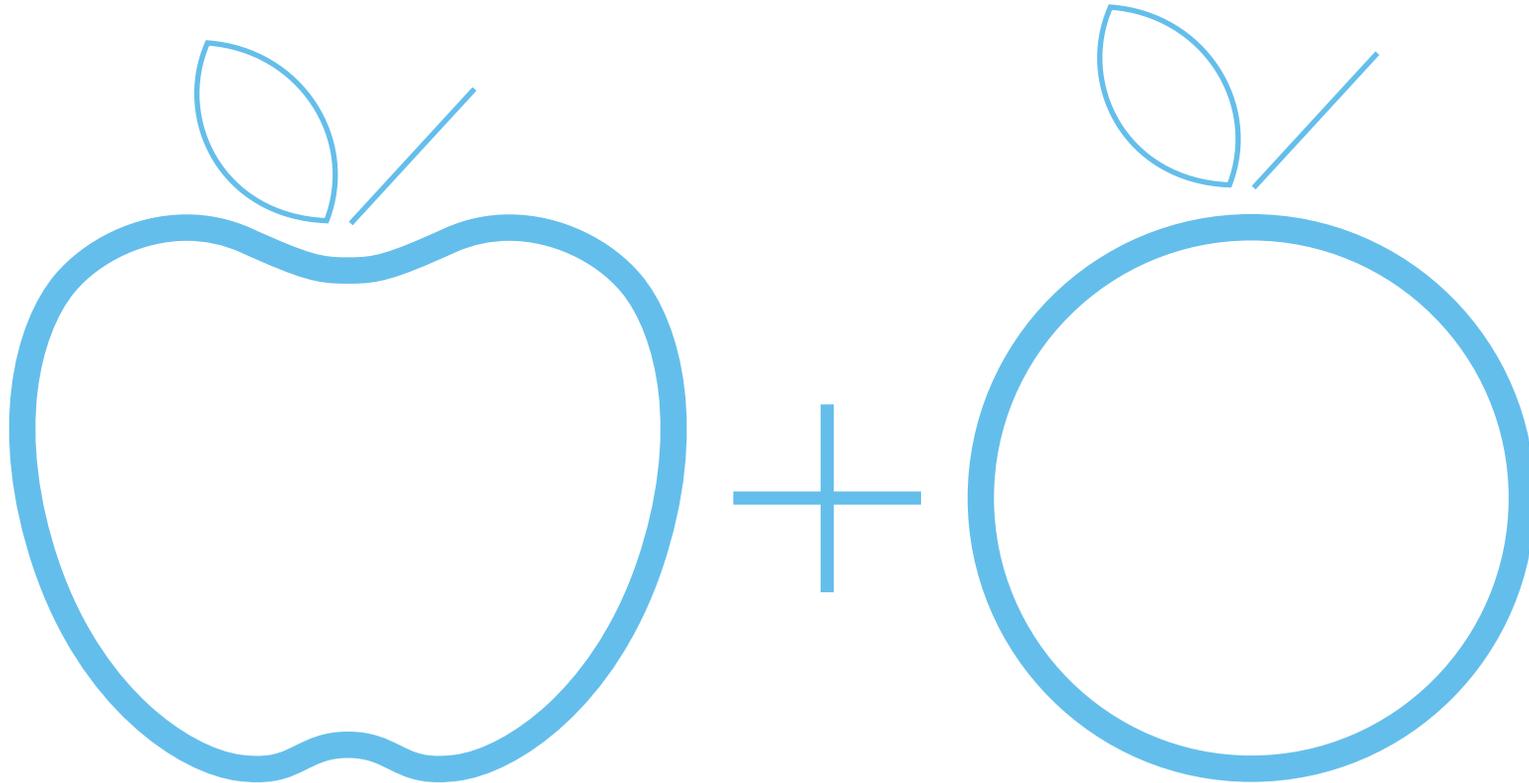
Not all payroll solutions are created equal

Get the facts and choose the best payroll option for your company



A more human resource.™

Apples and oranges – and lots of them



Software, outsourcing, service bureau, ASO, PEO... it's little wonder the market for payroll solutions has a reputation for being confusing and hard to navigate. Where does one solution end and the other begin? And how do you know which one you need? This complexity is the reason we've created a comparison guide.

Businesses have a wide spectrum of payroll options to choose from, and there are big differences between them, so like-for-like comparisons aren't possible across categories.

Before you start comparing vendors head-to-head, you need to decide which payroll style is best for you.

And before you make that decision, you need to know what you want in return.

Are you looking to save money? Save time? Eliminate errors? Do you want help minimizing tax compliance risks?

There are plenty of options available, and they all come with different pros and cons.

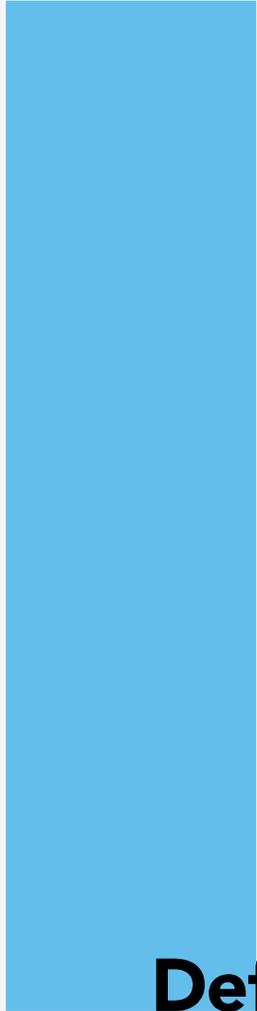
Let's get started.

Payroll vs payroll: How do the options stack up?

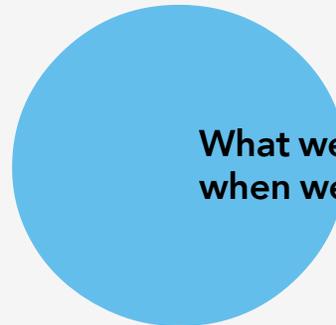
	Run payroll manually	Use off-the-shelf software	Use your accountant	Choose a full-service payroll provider	Use a PEO
Your time spent					
Your risk of errors					
Your compliance liability					
Cost to buy					
Access to tax expertise					
HR support beyond payroll					

* Optional

** Included



Defining the options



**What we mean
when we say...**

Defining the options

01

Running payroll manually

What it means

No surprises here: Doing payroll yourself by hand is the most time-intensive method. Even when you add spreadsheets to the mix, it's laborious and can be error-ridden. You're responsible for collecting hours worked, calculating wages and withholdings, writing and distributing paychecks, depositing withholdings, managing compliance with wage and hour regulations, and filing and paying employment taxes.

What to think about

Manual payroll is still a common choice for businesses just starting out, but it does require an eye for detail and a mind for numbers – and it's a time-sink. It also requires a significant amount of research to make sure you're fulfilling all your state and local tax responsibilities. And because it's not integrated with your other HR or benefits systems, there will likely be duplication of effort along the way.

02

Using off-the-shelf payroll software

What it means

Payroll software takes the hard work out of payroll calculations, and helps to simplify and automate the processes involved in paying your people. But while the technology is better, you're still responsible for entering all the data. The software provider may print the checks or process the direct deposits, but it's up to you to file and pay the right taxes at the right time, deduct the right amount for benefits, garnishments and so on – so the hard work is still on your desk.

What to think about

Look for a solution that's cloud-based so all you need is an internet connection, and mobile-enabled so you and your people can connect wherever you are, whenever you want. With self-service logins, your people get visibility into their payroll data – and don't need to ask you so many questions. And if you need help, most payroll software comes with some level of support. So make sure you check what kind of help comes with the software – ultimately, compliance will be your responsibility.

Defining the options

03

Using your accountant

What it means

Your accountant is one of your most trusted advisors and is likely to be very knowledgeable about how everything works in your local area or state. When you enlist the help of an accountant, they'll calculate wages and withholdings for you, create and distribute paychecks, and file and pay employment taxes. As well as saving a load of time, you'll get help with compliance and tax laws.

What to think about

Many businesses partner with an accountant to outsource payroll while maintaining some involvement in the process. Different accounting professionals will handle payroll management differently, so ask yours which provider they use, and what level of involvement they'll need from you. Some accountants will also manage your 401(k) administration. While accountants can have great expertise in their local area, there may be limits to this if you're looking for a national or international perspective.

But, unlike a payroll provider, accountants may not be reachable 24/7, and may not be able to get back to you right away on that burning question (especially during tax season). So if you need to process payroll right away, that could be an issue.

04

Choosing a full-service payroll provider

What it means

Small business owners can do so much more than simply paying their employees. A full-service payroll provider goes way beyond the basics of payroll calculations. They'll handle deposits and withdrawals, withholding and paying garnishments, and filing federal, state, and local taxes. They integrate time and attendance and benefits administration. Some even guarantee your taxes will be done right – or will pay to correct any errors.

There are different levels of support, so you can choose to retain control of the tasks you want and outsource the rest. You will have access to useful HR resources like toolkits and handbook wizards. If you want more HR support your options range from 24/7 access to HR experts, to HR staff dedicated to your company.

For more effective reporting (and to save precious hours) look for providers who can simplify your life by smartly integrating other areas of your business – like time clocks and retirement savings – with payroll.

There are usually no up-front costs. Unlike with DIY software, you don't pay anything until you actually run payroll. And, because some providers make direct deposits via their bank account (rather than yours), you get added security against fraud or lost payroll. It's a single, simple payment instead of multiple withdrawals (they may even handle garnishments payments) so you have better cash flow predictability and you don't need to wait for everyone to cash their checks before you close that month's books.

Defining the options

04

Choosing a full-service payroll provider

What to think about

Look for payroll service providers who offer services beyond payroll, like HR, insurance, retirement, time-tracking and analytics dashboards.

Then ask yourself:

- What would outsourcing my related HR and benefits administration allow me to do? How much time could I save? Would compliance improve?
- Would outsourcing payroll and administrative HR tasks help me support a growing workforce?

- How much support do I need? With full-service packages you can get help via a standard help desk, a dedicated representative, or an account manager who can visit you in-person.

- Could I benefit from guidance on Affordable Care Act requirements?

05

Using a PEO (Professional Employer Organization)

What it means

This method is similar to the kind of full-service payroll and HR outsourcing arrangements that many companies use – but goes further on compliance because the PEO acts as the employer of record for tax and insurance purposes. It's what's called a co-employment arrangement.

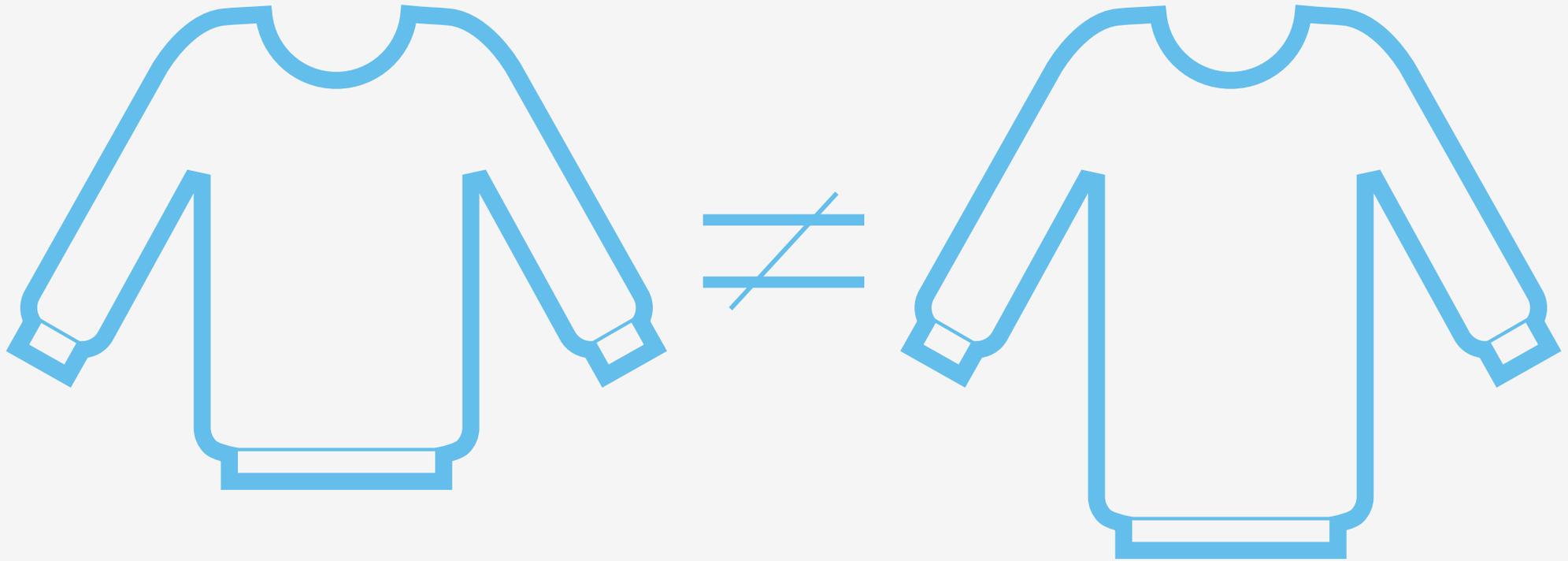
The benefits of this approach include access to cost-effective benefit plans for the employer and employees; the simplicity of having a single vendor to deal with; and the expertise to help you mitigate risk around tax payments and compliance issues. You might even get access to Fortune 500®-level benefits that you couldn't otherwise obtain.

What to think about

Outsourcing to a PEO gives you access to full-service payroll and HR solutions supported by your own, dedicated HR resource. This helps you offer a wider, more competitive benefits package. It's great for businesses that want to:

- Provide employees access to comprehensive, Fortune 500®-caliber benefits
- Handle everything through a single partner
- Minimize risk and stay on top of safety and compliance regulations
- Gain personalized insights into your workforce trends
- Use competitive benchmarking to make sure you stay ahead

One-size-fits-all doesn't fit all



One-size-fits-all doesn't fit all



No two businesses are the same, so you won't find the best payroll solution if you base your decision on something as simple as headcount.

The kinds of questions that will best guide your decision include:

Risk tolerance

How comfortable are you about taking on responsibility for compliance with regulations relating to tax, healthcare, overtime payments, and so on?

Are you confident you can stay in compliance to avoid fines?

Do you need help with garnishment payments?

Do you have a high proportion of 1099s in your workforce?

Degree of complexity

Do you employ people in more than one state?

Do you have a mix of contractors and permanent employees?

Do your people work different jobs at different hourly rates?

Do you employ anyone who performs multiple roles at different hourly rates?

Support needs

Do you want your employees to have self-service access?

Do you struggle to create accurate, useful reports?

Do you want to handle HR administration yourself or have someone else do it for you?

Would you value HR support and guidance?

In short, your payroll and HR demands are as unique as your business.

Start with your goals and look for a solution that you can configure to your needs from the start, to save you time and wasted effort.

What's in it for you?

No matter what kind or size of business you operate, accuracy, compliance and security are non-negotiable in a payroll and HR system. But they're not the only reason to make a change.

We asked 900 decision-makers¹ at small and mid-sized businesses why they started looking for a new solution. Here are the big reasons:

Cost-cutting

Improving efficiency and reducing expensive payroll errors.

Time saving

Freeing you and your people to focus on the bigger picture.

Consolidation

Managing all payroll and HR tasks with one integrated system.

Reporting

Helping you to record, analyze and act on your data with ease and flexibility.

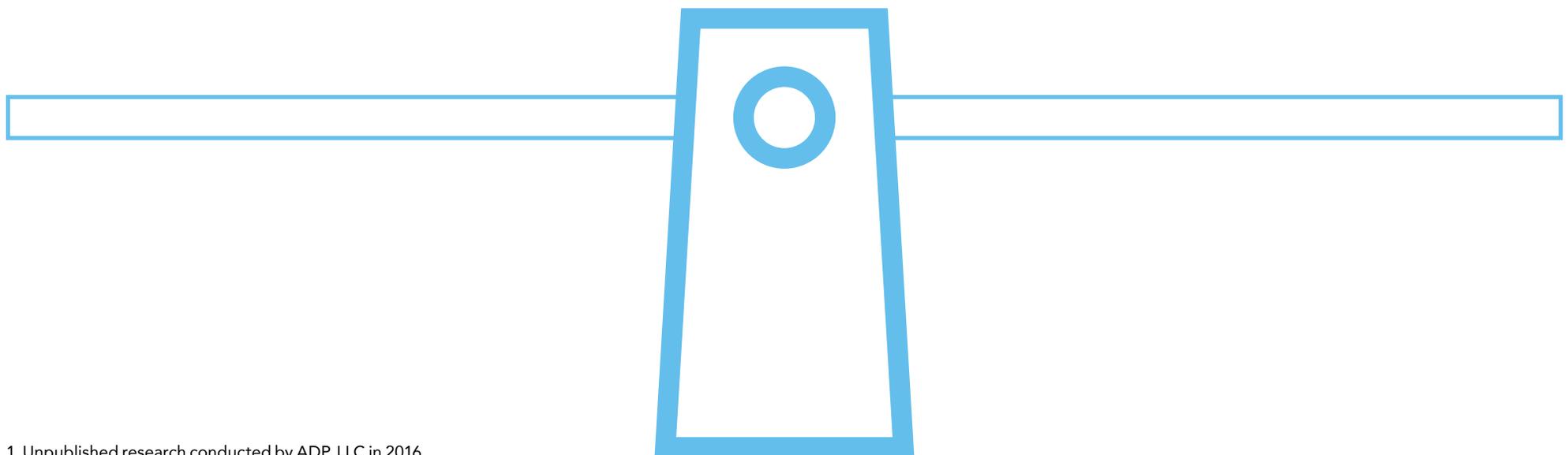
Accuracy

Cutting down on errors and helping reduce the risk of penalties – not just with payroll but in other compliance areas, such as tax reporting.

That's why people start shopping for a solution. When it comes time to make the final decision, they then have **value for money** and **ease of use** at the front of their minds.

For top management, the big incentives are to **free up time** for other tasks and to **reduce stress**.

Start thinking about improving your payroll processes by asking yourself 'Why?' and you'll end up with a list of criteria to guide your decision.



1. Unpublished research conducted by ADP, LLC in 2016



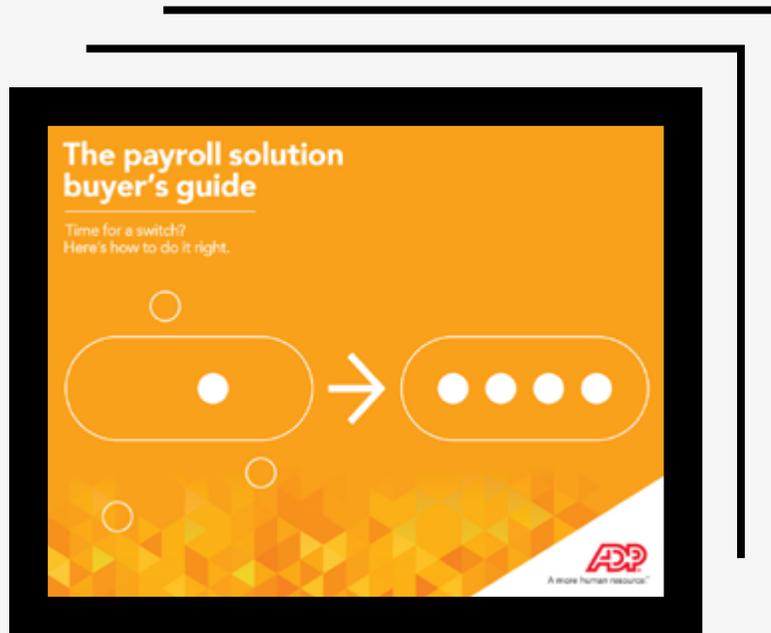
**So how do
you payroll?**

Switching payroll providers can seem like a daunting prospect, but it doesn't have to be.

Learn more about your options and find out which approach is best for your business.

[Get in touch.](#)

What's next?



Take a look at The payroll solution buyer's guide and learn:

- Why businesses should think about switching
- What to ask new providers, and what to expect
- How to get buy-in from your colleagues
- And how to pick the best solution for your business

ADP takes care of you and your people

Our cloud tools and support services streamline and automate payroll, tax filing, employee benefits and HR management – backing you up with proven advice and compliance assistance to help you take care of your people.

If you run a growing business or a busy HR department, you've got better things to do than paperwork, administration and managing compliance-related tasks.

We don't. This is what we do best.

That's why hundreds of thousands of businesses rely on us every day. And why we'd love to do it for you.

[Get in touch.](#)

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