

PREMIER
TALENT PARTNERS

OUTSOURCING PAYROLL





INTRODUCTION TO OUTSOURCING PAYROLL

For many businesses, payroll services offer an attractive and valuable alternative to in-house processing. Even the most meticulous and experienced professionals find that taking care of contractor workforces can be quite the headache. Slap on a stiff penalty for a tax filing omission, and now we're talking a full-blown financially-induced migraine.

Should you use in-house HR staff to process payroll internally? Companies often initially process payroll themselves for any number of the following reasons:

- **Budget:** they consider in-house processing to be more cost-effective than outsourcing.
- **Precedent:** they are protective of wage information because 'that's the way we've always done it'.
- **Limited:** they only have highly seasonal, short-term contractors (2-3 weeks over the holidays).
- **Automated Platform:** the limited functionality within fly-by-night payroll apps is sufficient for short-term needs.

REASONS TO OUTSOURCE PAYROLLING

Budget: Financial constraints are all too common barriers to professional payrolling and benefits administration services. As your company grows, time becomes the primary constraint. At which point you may seek payrolling partners to assist you in managing your contingent workforce. Without a dedicated staff member tending to tax law, you're on your own until you are in a place to be able to search, select, and hire a strategic payrolling solution.

Precedent: One of the most pivotal shifts you can make as a company is hiring a new HR manager. If your department has recently recommended or considered outsourcing payroll to a strategic partner, it may be the right time to reflect on why you haven't made the switch before, and what advantages can be gained by replacing 'the way you've always done it' with a proper payroll management firm.

Limited: As team sizes grow, tax law gets complicated and there's no justification for putting critical decisions around benefits administration on the back burner, especially when professional payroll partners exist to relieve you of a headache that inevitably comes with growing beyond a merely seasonal or short-term hiring timeline.

Automated Platform: Any time you come across a payrolling app, you should consider that very few if any systems can actually combine benefits administration and HR management. Relying on your phone to understand and interpret the nuanced and intricate risks associated with compliance is a gamble. It's important to be aware of the limitations of payrolling apps which don't provide dedicated account managers to guide you through challenges.

WHEN TO CONSIDER OUTSOURCING PAYROLL

MORE THAN AN APP

Self-serve payroll options certainly exist across all marketplaces, but that does little to justify their use beyond simple hiring tasks. While mobile and web-based apps tout 5-star customer service and responsive email support, this does little for growing teams that deserve a white glove service that can understand and invest in making payroll one of your most desirable traits for contractors. Likewise, drag-and-drop applications too often omit major compliance qualifications that cannot be corrected without a deeper knowledge of HR laws and regulations.



FUNDING ROUNDS

Headquartered in the San Francisco Bay Area, we are the payroll partners to some of the largest scaling tech companies in the world – many of which you have heard about or will soon. Raising a new round of funding is an emotionally exhaustive experience. Don't burden yourself or your existing team with additional tasks when there are staffing, payroll, and benefits administration services specifically designed to support you during and after these exciting circumstances.

REASSESSING YOUR CURRENT PROVIDER

No two payroll or contingent workforce solutions are alike. Relationships are forged during times of dire need, and if you locked yourself into a long-term contract with another provider, you may want to consider options now. There is no substitute for HR and payroll partners that go above and beyond, and if you're not seeing the quality or depth of service you deserve it may be time to make the switch.

LOSING CONTRACTORS

Too often, companies learn the hard way that contractors need more than just a paycheck every two weeks to remain happy. If you have found yourself unable or unwilling to expand your payroll and benefits offered to staff – temporary or contract-to-hire – your workers may be thinking of other suitable options which can leave you high and dry unless a noticeable change takes place.



ONBOARDING A TEAM

Bringing on a new department or adding substantial staff can lead to companies consider new Payrolling partners. Organizations with small or limited-scope HR departments appreciate the ability to include Payrolling partners to assist in bridging major gaps, especially if time is a factor.

QUICKER THAN THE COMPETITION

Seasonality aside, timeliness can be a critical element that forces your organization to rethink the approach to payrolling. With nuanced needs and complex benefits administration, you shouldn't rely on your limited internal staff to meet deadlines without expert support staff from a payroll partner.

COMMONLY ASKED QUESTIONS

Why Do Most Companies Outsource Payroll?

Employers may choose to outsource payroll operations strictly for a cost-savings initiative, but that doesn't mean there aren't ancillary factors that contribute to why it's worth discussing at all. If you're looking into outsourcing payroll, it may be to reduce time that can be allocated in other areas of the business. In this case, you may find that choosing not to outsource payroll may have more costly, long-term impacts that ought to be considered fully.

Contractors and employers do not work in isolation, so it's necessary to start with how those relationships are fostered.

One common trend among contractors is constant turnover. How do you add value to contractors that you want to keep, yet can't commit to bringing them on full-time? You need to change something, and that may lead you to offer benefits to your contractors. It's no surprise Bay Area jobs receive such high acclaim in the tech community, which can be hard to manage at scale. This initiative to spur growth in the gig economy is flourishing and contractors couldn't be happier with the benefits offered to them. Benefits they wouldn't receive otherwise.

Who Benefits from a Switch to Outsourced Payroll?

Companies actively growing and scaling their staff are the most likely candidates to outsource payroll, for several reasons. First, you need to remember that in metropolitan areas with above average population density, moderately skilled workers may be able to float several offers, thus increasing the requirement of a competitive offer. When compared with companies that outsource payroll and benefits, companies that choose not to offer benefits to contractors will have a more difficult time swaying candidates during the selection process. Makes sense, right?

Do You Need To Payroll Across State Lines?

If you currently payroll across multiple states, you may want to use Premier as an ally to support your transition to outsourced processing. It's a benefit to partner with us if you are payrolling across state lines because you can rest assured that we understand the compliance/regulations required in the difference states. As an employer, you can know that having a phone number with a familiar voice on the other line is critical when you have a question or concern. We understand if your business isn't headquartered in California, and we won't hold it against you.

What happens if an Outsourced Payroll Provider isn't making Federal Tax deposits?

Many employers outsource some or all payroll duties to third-party payroll service providers. These providers help ensure compliance with the IRS filing and deposit requirements. In the event of default by a third party, the employer remains responsible for the deposit of the federal tax liabilities and timely filing of returns.

A series of issues may arise if you accidentally select a fly-by-night payroll providers to handle your affairs. If you suspect your payroll service provider of improper or fraudulent activities involving the deposit of your federal taxes or the filing of your returns, you can file a complaint using [Form 14157 Complaint: Tax Return Preparer](#).





IN-HOUSE VS. OUTSOURCED PAYROLL

THE FACTS

Someone in every company is responsible for paying salaries, covering payroll tax, and picking benefit plans for the workforce. Is that someone you? You may not know it, but there is a growing shift to outsource payroll services to staffing firms. A [survey](#) conducted by the Journal of Accountancy provides more insight into this trend. We've highlighted a few of their findings below.

47% of U.S. companies reported outsourcing payroll

73% of U.S. companies with revenues of \$5 billion or more outsource the payroll function

IN-HOUSE PAYROLLING

Common practice for managers is to process the payroll ahead of time. Human resources managers may devise a payroll-processing schedule that allows some time to process payroll and correct issues before employees receive their paychecks. For the average business owner, payroll processing should be completed three to five days before the actual pay date.

For the majority of employers across the United States, payroll is not an inherently complicated set of tasks, operationally. Companies that only have salaried, permanent, and direct hire staff typically utilize in-house as the tax complications come into play when contractors are added to the equation.

OUTSOURCE PAYROLLING

Oddly enough, companies will often outsource payroll in an effort to transition full-time employees to 1099 contractors. Outsourcing payroll is most beneficial when you want to get someone off your payroll. There are many tax advantages to this option, and it couldn't be more simple to get started. Outsourced payrolling companies like Premier Talent Partners will help you hand over the weekly responsibilities of what it means to pay someone – you just submit your information and we take it from there.

From a management perspective, there's nothing else for you to do beyond supplying basic information. After that, payroll processing companies will manage your entire back office, send out W-2s, and manage reporting for the employee.

REMOVE ROADBLOCKS WHEN YOU CAN

Processing payroll is important, but is it the best way to spend your time? Management professionals and senior executives should not waste time processing payroll unless it's cost-effective to do so, which typically occurs in companies that have a staff larger than seven. The advantage of human resources management professionals is creating available time for senior leadership to concentrate on the core business. If you find yourself paying an undesirable opportunity cost, it might be time to outsource payroll and focus on strategic tasks that ultimately affect your bottom line. Payroll is not now nor has ever been appropriate to handle at the last minute as there are rules and regulations of paying workers, and you must strictly adhere to these in order to stay compliant and mitigate risk. Outsourced payroll reduces these potential roadblocks, In-house payroll inadvertently drifts towards them.

PROJECT-BASED WORK IN THE NEW GIG ECONOMY

If you're outsourcing payroll, it's actually quite simple to scale and add additional contractors, especially for time-sensitive hires. Some organizations will use in-house payroll for FTEs and use outsourced processing with any contractors to hire for coverage. This is one of the most important reasons why Premier Talent Partners is a champion for the contractor community.

The gig economy doesn't delude contractors into thinking they will be retained long-term. They are brought on specifically to perform a function, and if they're still around a year later, they might be hired into a full-time, salaried position. In the interim, you may find that there is a disparity between retention of salaried and contract workers, especially if your contractors receive zero benefits. This should be one of the most influential reasons for business owners to outsource payroll – to benefit workers.





OUTSOURCING VS. WEB-BASED PLATFORMS

Payrolling through an Outsourced Partner isn't for everyone. In fact, we sometimes recommend apps such as Gusto as services that anyone with wifi can use. This is a healthy first step when you're onboarding your first employee.

You get an email with information and never expect to hear from anyone. It's very automated, which is fine. If you're looking to hire someone to payroll from Christmas to New Years, it's a no-brainer.

As a full-service HR, Payrolling and Contingent Workforce Management Solution, Premier Talent Partners probably isn't the best payrolling service to use if you're looking for business solutions in the App Store.

Payrolling companies like Premier are more than an app. We're doing more than just writing paychecks. High level service, high level touch, personal connection. More than payrolling, it's having a phone number and an email with a real person that goes much further than a digital help desk.

Cloud-based payrolling can be technical and complicated, which leaves out a level of comfort and knowledge that comes with having an account manager to answer your questions – no wifi required.

TRADEOFFS & BENEFITS

Payroll is a foundational aspect of your company to keep human capital operating – fueling production and sales. It can be resource intensive, and every company in your industry has to deal with the same trivial payroll issues that you do. Done is better than perfect, but anything less than perfect and you may have tax penalties to deal with if you're not careful.

What are your options to keep management and contingent staff happy? Should you outsource your payroll activities to the company your competitors use or tie up in-house resources with the limited capabilities of a SaaS app?

SaaS and Managed Payroll

Payroll apps allow you to purchase as a subscription which can be used by your in-house HR or payroll administrator. This is useful to own the payroll process when you have a limited employee count. Managed Payroll or Outsourced HR services are unique in that they leverage payroll experts outside of your company to maintain and process payroll. This allows you to focus on your core business. SaaS Payroll is a Quick Fix. Drag and drop payroll solutions offer timely benefits for brand new organizations. Packaged solutions instantly allow you to feel in control of a fairly limited payroll system and financial tools.

HR managers appreciate an intuitive interface to feel in control of data, and the ease of automation on payroll software platforms. SaaS payroll is an effective solution to consider when comparing whether you should outsource to a payroll partner.

MANAGED PAYROLL IS COMPREHENSIVE

As organizations grow they want to lower costs and look at ways to increase efficiencies. Trusted Payroll and HR service providers offer both of these as solutions to processing payroll through a person, not an app.

Benefits of managed HR solutions include:

- Increased level of comfort for clients
- Decreased pressure on in-hour HR resources
- Lifecycle management (from hire to retire)
- Error-free payroll cycles

The Key to a Perfect Payroll Cycle

Often, when you think payroll, you think salaries. But ask your HR department and they will have an entirely different response. The key to successful HR lies in the scalability and effectiveness of employee-level payroll and benefits administration activities.

Premier Talent Partners can help you select the right payroll service—as well as coach you on switching to a new one. In addition to offering up the nitty gritty on payroll services, we will simplify the industry and empower you with the solid working knowledge to apply to your search for a provider.