



October 2010 Newsletter

Benefits of Payrolling Employees prior to hiring them

I wanted to speak about payrolling employees this month. In review of this year's book of business, we noticed a trend in payrolling employees for longer than the contracted amount of time. Because of this trend, I recently reached out to over a dozen clients who have chosen this option to ask them why.

There were three common themes that came out of my small survey. The first was that payrolling provides a level of comfort that comes from a true "at will" situation. With the last two years being such tough years for most businesses, there is still some trepidation about hiring on additional staff. Should business decrease again or should the professional hired suddenly act up in a way that warrants discharge, the employer is on the hook for unemployment and the separation process can be difficult and tedious. By outsourcing to a firm like Part-Time Pros, the risk to employers is reduced. One of our clients discharged one employee for misconduct that they did not payroll and their payroll burden went from .5% to 5.2% from this one employee. The system is a difficult one to manage and is not consistent with how they process claims and who is chosen to get benefits and who is not. Therefore, outsourcing is a good option to avoid dealing with having to personally reduce staff.

The second is healthcare costs and other benefits. There is so much uncertainty around the whole area that many employers are outsourcing their payroll because then that person would not be considered their employee. At Part-Time Pros, we are doing our best to stay on top of the new healthcare reform bill and understand how it will impact our business and our customers business. We are looking into benefit options for our temporary employees to hopefully make it easier for our customers to make sound business decisions when it comes to hiring additional staff members.

The last was because it made sense for contracted employees who would be on an assignment for a set period of time. Some time frames were as short as one week and others lasted as long as 12 months. Nevertheless, when companies had special projects that they wanted to accomplish it just made sense to run them through our payroll since they would never be a long-term employee. In closing, should any of you have any questions about this option or questions about costs please do not hesitate to call Brett or myself directly. We would love to help you if appropriate.

Again, Happy October!
Carey Baker