

PAYTIMES

Volume 5, Issue 1

Summer 2006

PAYTIME, THE PROFESSIONAL PAYROLL SERVICE



Celebrating 25 years of service

Passing the silver in search of the gold.

Time for a quiz. In what year did these things occur:

Ronald Reagan inaugurated as President.

1st space shuttle mission – 1st flight of space shuttle Columbia.

John Hinkly attempted to assassinate President Reagan.

Sandra Day O'Conner nominated as first woman on US Supreme Court.

Prince Charles marries Lady Dianna.

After 19 years presenting the CBS Evening News, Walter Cronkite signs off for the last time.

The first IBM PC is introduced. (Running an Intel 8088 processor and 16KB of memory, WOW!)

The FDA approves the use of aspartame (Nutrisweet).

Oakland Raiders defeat Philadelphia Eagles (27 – 10) in Super Bowl XV.

LA Dodgers defeated the NY Yankees (4-2) in the World Series.

MTV debuts on cable TV with "Video Killed the Radio Star".

Pacman, Donkey Kong, Frogger, Galaga video games are introduced.

Raiders of the Lost Ark is the top grossing film.

Christopher Cross wins the Song of the Year award with "Sailing" and the Album of the Year award with "Christopher Cross" (My kids don't even know what an album is!).

I suspect that you may have guessed it by now but the year was 1981! It was a year with much excitement. For Paytime, it was the year we opened for business! 25 years ago Mary Ann Shamis, John Nasea and a few others in the accounting industry decided it was time to create a payroll company that revolved around customer service. Ever since that early beginning, Paytime has focused on providing superior customer service.

Although much has changed in 25 years, remaining passionate about superior customer service is one cornerstone in the Paytime philosophy that will not change. Technology has probably seen the biggest changes (besides my hairline). Just in the past year we started offering our web based payroll (Payentry), employee self service, and more. We believe we offer more than just great technology. We offer a great experienced staff working together to fulfill your payroll processing needs.

25 years is a notable milestone in any relationship. Whether business, or personal, 25 years of togetherness is achieved through listening, adapting, serving, persistence and steadfast integrity. Paytime employees attempt to follow all of these touch points as they relate to fellow staff members within Paytime and toward Paytime clients. Thank you for the past 25 years. We are honored to have you as our client and want you to stay with Paytime for at least the next 25 years! [We are on our way to the gold.](#)

Always feel free to reach me at X106.

Sincerely,

Robert Gialamas, President

Health Insurance Plans

By Mary Ann Shamis, PAYTIME Director of Finance

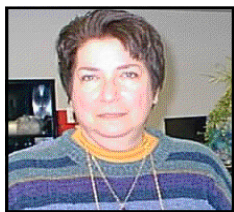
Back twenty-five years ago when we started doing payroll it was a pretty straight forward task. Basically there was Gross wages and the regular taxes of Federal, Social Security, State and City to be concerned with. Through the years there have been many changes. 401k plans came about in the eighties, cafeteria plans in the nineties, along with direct deposit options and a host of many other deductions. The latest change to payroll and employee deductions has involved many options for controlling health costs. These changes are affecting employers and employees. Health Savings Accounts and Health Reimbursement Arrangements are becoming more and more popular as an option to control these health costs.

New as of January 1, 2004 Health Savings Accounts (H.S.A.'s) are available to individuals who participate in an employer sponsored health plan with a high deductible. The deductible limits for these accounts for 2006 are a minimum of \$1050 for single coverage and \$2100 for family coverage. The contribution limits are \$1050 to a maximum of \$2700 for single and \$2100 to a maximum of \$5450. Employers may also contribute to these employee accounts. Contributions to these plans are tax-deductible and withdrawals are tax-free if used for qualified medical expenses. Individuals may open an account at a bank or financial institution offering the plans. In a recent Cleveland Plain Dealer article two web-sites, www.hsainsider.com and www.hsafinder.com were cited for

help in finding account providers.

Health Reimbursement Arrangements (H.R.A.'s) are similar to cafeteria flexible spending accounts but are funded with only employer contributions. The accounts are used to reimburse medical expenses not covered by other insurance. The employer funds a set amount of dollars and there are no limits involved. The employer also takes a deduction for contributions paid to cover remitted claims.

These H.S.A. and H.R.A. plans may be used in conjunction with other plan offerings. All of these plans are complex to understand. We recommend getting advice from your accountant or insurance provider before making any changes to your company health plan.



Paula Nisenson,

Farewell, Paula!!

It is with mixed emotions that we at PAYTIME bid our Paula a fond adieu. Faithfully serving our clients since March of 1992, Paula has seen many changes in payroll procedures.

"The client would call in the hours and I would write it down in pencil on green and white 11X14 paper; then I'd give it to the keypunch person; the checks would print out on continuous feed paper."

Paula says the most challenging thing for her during her 14 years was learning to use the computer. The first payroll system was a DOS based system written in FoxPro. There was still no manual check "wizard", so all manuals and gross ups had to be calculated by hand, using the **Circular E**.

Her most memorable time with us was when we threw her a 60th birthday party, where the theme was shoes, shoes, shoes. And those of you who know Paula, know **why** the theme was shoes, shoes, shoes!

Paula and her husband, Walt will soon be moving from Beachwood, OH to Estero, FL where they plan to settle down close to friends. She said she once swore that she'd never move to Florida, but then their friends did. For that, and health reasons, they decided Florida was the place after all.

Some of Paula's clients have been with PAYTIME as long as she has. Her words to them are, "I'm leaving you in good hands".

Paula, we wish you the best of luck as you begin this exciting new chapter in your life!

Seasonal employment of minors doesn't have to cause headaches

By Carol Heiss, CPP, PAYTIME Tax Department Manager

With summer quickly approaching, many employers will be looking for seasonal employees, and students will be looking for summer jobs. The employment of minors comes with its own unique set of challenges, so be sure that you are on top of the regulations before the summer arrives.

Collect information first

Since there is often high turnover with seasonal positions, it is important to get all of the required paperwork at the very beginning of employment. Each employee should be asked to complete Form W-4 (Employee's Withholding Allowance Certificate) and Form I-9 (Employment Eligibility Verification). Verify the employee's social security number by looking at their social security card and be sure to use their name as it appears on the card to prevent name/SSN mismatches from the Social Security Administration.

Seasonal employees should be paid through payroll (not "under the table") and they should be paid at least the federal minimum wage (currently \$5.15), unless the state minimum wage is higher. The employees are subject to federal and state unemployment taxes and worker's compensation insurance.

Know the laws

The child labor provisions

of the Fair Labor Standards Act (FLSA) restrict the type of employment for minors under the age of 18. Minors may not work in a job that the Wage and Hour Division has deemed as hazardous, such as mining, logging, meat packing, and working with dangerous machinery.

Workers who are 14 or 15 years of age can work in a variety of non-hazardous jobs while they're not in school, but their hours are restricted to the following:

No more than three hours on a school day.

A limit of 18 hours in a school week.

No more than eight hours on a non-school day.

A limit of 40 hours in a non-school week

These 14 and 15 year old workers are not permitted to start work before 7 a.m. and may not work past 7 p.m. (except between June 1 and Labor Day when they may work until 9 p.m.). Workers who are 16 or 17 years old have no hour restrictions.

While the FLSA provides guidance on child labor, most states have their own laws governing employment of youth under the age of 18. When there are both FLSA and state laws, the law that is more strict applies. While federal law only restricts the

hours that 14 and 15 year olds can work, most states restrict hours on all employees under the age of 18.

FLSA does not require employers to keep work permits or employment certificates, but many states do require the employer to maintain copies authorizing the employment of minors. For more information on child labor, go to www.youthrules.dol.gov.

Avoid penalties

Penalties for non-compliance can be severe. For each violation of federal child labor law, the Department of Labor (DOL) can assess civil money penalties of up to \$11,000. FLSA also provides for criminal fines of up to \$10,000 for willful violation of the Act. For a second conviction for willful violation they can assess a fine of up to \$10,000 and imprisonment for up to six months. States may also impose penalties for non-compliance of state labor laws.

Enjoy the season

Seasonal employment is a fact of life for many companies, but it doesn't have to make life miserable for the payroll department. By collecting the required documents and following the child labor laws, employers can ensure a headache-free summer.



What is human resources? How can a company benefit by outsourcing this critical function?

By Richard J. Hughes, CEBS, President & CEO of MagnaHR—a company that specializes in HR outsourcing, administration and strategic consulting services.

Recently, I was asked to speak at a COSE (Council of Smaller Enterprises) seminar about human resources (HR). I was told that the title of the seminar was HR ABC's and that I was to touch on those areas of HR that were important to small and mid-sized organizations. Puzzled, I asked them which parts of HR weren't important to these organizations? I wondered if smaller companies had less HR issues than their larger counterparts. Ultimately, we determined that there really aren't any unimportant aspects of HR, only those areas that may be more important at any given moment due to a compliance issue or a crisis situation.

What is HR?

Before we go on, we should establish a definition for human resources. According to Dictionary.com, human resources is, "the persons employed in a business or organization; personnel." As this definition highlights, the original term for the department that is responsible for the management of the people side of the business was Personnel. Over time, this has gone through several iterations including Human Resources, Human Asset Management, Human Capital, People Management, and several other buzzwords preferred by the big consulting firms. Next, we need to identify the functional parts of HR such as Benefits & Compensation, Employee & Labor Relations, Performance Management,

Staffing & Recruiting and Training & Development. Then, there are those areas that may or may not be part of the HR department such as Payroll, Safety and Workers' Compensation. Here, while these functions may be part of the HR function, they may also report to Finance (Payroll), Operations/Manufacturing (Safety) and/or Legal/Risk Management (Workers' Compensation).

Which HR Functions Should Be Outsourced?

Now that we have a general understanding of human resources, we can determine which functions should be outsourced and which functions should remain in-house and whether or not they have a dedicated HR function. In order to answer this question, we must first look at the size of the organization. In simple terms, all organizations should focus on their core business and outsource the non-core functions if they can be done better, faster, or cheaper by someone else. The advantage of outsourcing for companies without a dedicated HR function is that they can focus on their core business while allowing their outsourcing partner to improve the overall delivery of HR to the organization. The benefit for larger companies with a dedicated HR function is that they can allow their internal HR staff to focus on the strategic aspects of HR leaving HR administration in the hands of their outsourcing partner.

What is Strategic HR?

Strategic HR are those activities that continually "raise the bar" on the internal talent of the organization. This includes finding and hiring the next great top talent, providing training and development opportunities to the current workforce, helping managers become better leaders, managing the performance improvement process, etc. Here, HR is a business partner right along side Finance, IT, Legal, Marketing and Operations helping the company make business decisions that support both the short and long-term goals of the company.

What is HR Administration?

HR administration deals with the day-to-day transactions that are necessary to pay people properly and remain in compliance with the various rules and regulations. This includes the HRIS, time and attendance tracking, payroll processing, benefits administration, employee questions, etc. In today's environment, many of these functions can be automated by allowing employees to review and update data using a web portal or other Employee Self-Service (ESS) application. For example, using an electronic timekeeping system that's integrated with payroll, allowing employees to update their own personal data such as addresses, emergency contacts or beneficiary designations, enabling employees to make their own benefit selections as new hires or at the annual enrollment window,

maintaining the database of training and development courses and allowing employees to enroll on-line, etc. HR administration is a necessary evil but does little to support the company's goals and objectives.

What's the Solution?

If you look at the annual awards such as Inc's 100 Best Places to Work or ERC's North Coast 99 then you'll see that the majority of successful companies are those that are employee-centric and have great strategic HR initiatives and are not always driven strictly by the financial side of the business. You'll also notice that these companies tend to have better long-term financial results since they truly value their most important assets, their employees.

What's the solution? The solution is that while HR administration is necessary, the real value in HR lies in those initiatives that help to "raise the bar" on the internal talent within the organization. And, if you find that HR isn't highly valued in the organization, then I'll bet that it's because HR administration is consuming too much time and effort leaving little to no time to focus on those strategic HR initiatives that can really add value to the organization so it may be time to bring on an outsourcing partner. This way, you can do what you do best and outsource the rest!

Since 1981



You may contact any of our management team at the following extensions:

- Rob Gialamas, President106
- John Nasea, Director of Sales....107
- Joetta Humphrey, General Manager....110
- Carol Heiss, Tax Department Manager....113

Q: What is EFTPS & How do I enroll?

Q: If I am not utilizing the "Full Tax Service" at Paytime but I am mandated to pay my federal taxes electronically, how do I enroll in the EFTPS?

A: EFTPS is a tax payment system provided free by the U.S. Department of Treasury. Pay federal taxes electronically on-line or by

phone. EFTPS offers you the convenience and flexibility of making your tax payments through the Internet, or by phone 24 hours a day, 7 days a week. By 8:00p.m. (E.T.) at least one calendar day in advance of due date, you access EFTPS directly to report your tax information.

You will instruct EFTPS to move the funds from your account to the Treasury's account for payment of your federal taxes. Funds will not move from your account until the date you indicate. You receive immediate acknowledgment of your payment instructions, and your bank

statement will confirm the payment was made.

To use EFTPS you must first enroll. To enroll or for more information online visit www.EFTPS.gov or to receive an enrollment form, call EFTPS Customer Service at

1-800-555-4477.

PAYTIME 2006 HOLIDAY SCHEDULE

INDEPENDENCE DAY:

Tuesday, July 4th

LABOR DAY:

Monday, Sept. 4th

STAFF RETREAT:

Friday, Nov. 3rd

THANKSGIVING:

Thursday & Friday,

Nov. 23rd & 24th

CHRISTMAS:

Monday, Dec. 25th

www.paytime.com

EDITOR: Jennifer Clemens

EDITOR IN CHIEF: Joetta Humphrey

Payentry.com and Employee Self Service (ESS)

By John Nasea, PAYTIME Director of Sales

Would you like to have quick, easy and secure access to your payroll information made available to you almost anywhere? Would you like the opportunity to offer your employees access to their personal payroll information? If you answered yes to either of these questions you may be interested in Paytime's web based payroll and human resource systems, payentry.com.

Payentry is a web-based payroll and human resources management interface that makes payroll and HR as easy as 1-2-3. Employees can use the employee self service interface to easily view their data. Security is not a problem because Payentry uses 128 bit SSL encryption and no additional software is needed. The best feature of Payentry is that it is available anytime and anywhere for your use.

Payentry provides completely secure access to your corporate payroll and human resource data. The customizable payroll entry screens make payroll entry quick and easy. Files from time clocks can also be imported. The pre-process register gives you the opportunity to approve your payroll before you submit it. Payentry has over 60 standard reports, and a powerful and very easy to use custom report writer.

Offering your employees access to Paytime's ESS, gives them the ability to view their personal payroll information. ESS gives each employee secure access to only their employee data, including demographics, earnings, deductions, taxes and prior checks.

Please feel free to contact me for more information on these services and pricing at X107.