

The Essential Guide to Paperless Payroll



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Paperless Payroll: Efficient, Better, Faster

Paperless payroll is becoming a normal component of business strategy. All business types are recognizing the benefits of a paperless payroll solution to streamline the entire payroll process. The U.S. Department of Treasury even recognized the benefits of paperless transactions when it began processing government distributions electronically after May 1, 2011. More and more organizations are choosing paperless payroll as a means to eliminate the distribution of paper reports, direct deposit vouchers, and checks. No matter how large or small the company, the goal is the same: to manage the entire payroll process without paper.



Money Saved...Money Earned

The time and money saved from eliminating paycheck delivery and report storage costs are the primary reasons companies choose paperless payroll. According to a study conducted by The Electronic Payments Association (NACHA), it costs companies about \$2.20 to issue a paper check. For a single employee paid bi-weekly, this amounts to \$57.20 annually, not including the shipping costs and the labor cost involved in check reconciliation. For companies with several hundred employees, this cost adds up quickly.

Calculate Your Savings

Example: Biweekly Payroll

$\$57.20 \times \text{number of employees receiving paper checks} = \text{Annual Savings}$

Added Convenience for Employees

Another advantage of going paperless is the convenience to employees of having 24/7 access to their pay information. Utilizing an employee self-service model for pay information empowers employees and increases communication between employers and their workers. With the adoption of mobile banking applications, the convenience is even more apparent. Employees can receive email and text alerts on their smartphone when their pay is deposited into their bank account and immediately view the pay stub.

Making the Transition

Your company can achieve a [paperless payroll](#) in three easy steps.

1. **Start by using an online payroll solution.** Payroll software comes with a wide variety of capabilities that you will want to evaluate. For purposes of this discussion, you will need an online payroll solution with integrated employee self-service.
2. **Pay your employees electronically.** A widely adopted payment method is direct deposit. Direct deposit allows your employees' pay to be transferred into their bank account or multiple bank accounts, if desired. Another option of paying employees electronically is to use [paycards](#). A paycard is similar to a debit card issued through a bank. The card is tied to an actual bank account that does not have the services that a normal checking account would have, such as checks or statements. Instead, employees can access their pay from an ATM or use it as a debit card at numerous merchants.

3. **Launch an employee self-service solution.** Employee self-service (ESS) is the term that has been coined for a solution that allows employees to access their pay history, personal information, and company information through a secure website. As it relates to a paperless payroll process, ESS enables employees to receive their direct deposit vouchers electronically, therefore eliminating the need to print and distribute checks or vouchers. In our [online payroll solution](#), employee self-service is part of the core HR and payroll solution. This means that changes to employee information and new pay stub information is available in real-time online. In a truly unified cloud solution, employee self-service is part of the core HR and payroll solution. This means that changes to employee information and new pay stub information is always up-to-date on the employee site.

Paperless Beyond Payroll - Document Management

Many payroll-outsourcing companies send print copies of the payroll reports to their customers rather than making these reports available in a digital format. Some providers even distribute payroll reports on CDs and then purge the original data, which reduces paper but still means more time spent since it requires loading the CDs one at a time to retrieve the desired information. A truly unified cloud solution houses all data in one location where it is never purged and is easy to access anytime, anywhere.

While a paperless payroll solution is a great start, it doesn't deliver on the full opportunity to reduce waste and save money. Companies themselves spend a large amount of money printing handbooks, enrollment forms, time-off requests, and time cards. Each of these items can be managed electronically, if the right software is available.

Is a Paperless Payroll Solution Right for Your Business?

When evaluating it is important to consider the potential benefits to employees, as well as to your staff who perform routine core HR and payroll tasks. Here are some questions to ask:

- ✓ What percentage of your employees currently use direct deposit or have it as a payment option?
- ✓ Do your employees have Internet access?
- ✓ Could you provide a kiosk at each location?
- ✓ How many forms do you print and distribute to your employees?
- ✓ How do you track employee time & attendance data?
- ✓ What is the process for employees to request time off?
- ✓ How many check stubs or W2s do you reprint for employees?
- ✓ How often do employees inquire about vacation or sick time balances?
- ✓ How are you currently storing your payroll reports?

Based on the questions above you probably discovered some areas that need improvement. Companies can actually offset the cost of direct deposit and eliminate delivery fees, as well as reduce the administrative costs associated with antiquated paper processes.

Determining the best plan of action for moving to paperless payroll will ensure a smooth transition. It is important to choose a vendor, communicate the plan to employees, and consider additional strategies for a successful paperless payroll implementation.

According to a study done by The Hackett Group, over 70% of companies that mandate paperless payroll in states where they are permitted to do so have attained participation between 95% and 100%, compared to 42% of employers that have attained this level of participation using voluntary programs.

Choosing a Vendor

The most important decision during a paperless payroll adoption is to decide on the right vendor. Using the questions we posed earlier, your company's needs must be determined to ensure you make the best choice.

When choosing a vendor, it may not necessarily be enough just to look at the payroll aspect. It is also important to factor in core HR and time & attendance into the decision-making process. By implementing a unified cloud solution for core HR, payroll, and time & attendance, not only will the paperless conversion be easier, but employers will also be able to streamline other workforce management tasks and house all data in one location. This unified design allows companies to have the utmost confidence that data is accurate and complete because separate systems and databases are not being used. Some solutions claim to be unified even when the data is not in one location. It is also important to note that just because a system has a single login does not guarantee it is a unified system.

Support and Communication

Making a case to management for a paperless payroll solution is a lot easier than one might think. Since the advantages of a paperless payroll are so apparent, it is easy to present a return on investment for a paperless payroll conversion. The implementation process is relatively simple when compared to the benefits of a paperless payroll.

Another important step in the implementation process is open communication with employees. Educating employees about the paperless program and answering their questions is paramount to a successful conversion to paperless payroll.

Additional Strategies

- **Set your expectations high.** Employers who strive for a 100% paperless payroll are more likely to see increased participation. Look for a system that makes it easy to track participation.
- **Mandate paperless payroll.** Employers who made it a requirement for employees to convert to paperless payroll in states that permitted to do so are more successful with adoption. [View a list of PayChoice states](#) - states permitting employers to eliminate paper checks.
- **Communicate before, during and after.** Keeping track of progress with employees not only keeps them in the loop, but also allows a company culture to be built around paperless payroll. By surveying employees after implementation, employers are able to identify any areas of concern and address those issues immediately.

Ensuring a Successful Implementation

If your company is ready to take advantage of the benefits of paperless payroll, just remember that in order to be successful, the keys are support from management and a goal to achieve 100% participation. By striving for 100%, the cost savings and productivity benefits will truly be achieved. Companies that convert with these strategies in mind are much more successful than those who do not.

Focus on the benefits from an employee level all the way to a corporate level. Demonstrate a proven gain in efficiency, productivity, and reduction in overhead and the potential for check fraud. As you can see, the case for paperless payroll really makes itself.

Sources

- *The Hackett Group Study: Leading Payroll Decision-Makers View 100% Electronic Wage Payment as a Bonus to the Entire Company*



Questions? Just call or click!

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