



BENEFITS OF OUTSOURCING  
**PAYROLL**

# BENEFITS OF OUTSOURCING PAYROLL

Unlike other industries, payroll processing in construction is far more complex. Rather than fixed salaries and a static workforce, construction companies deal with varying pay scales, contracts, unions, banked hours, deductions, fringes, prevailing wages, multi-state and local taxes, worker's compensation and certified payroll. With so many things to account for, businesses often find themselves bogged down, having to calculate, enter and process payroll for all employees. This outdated system has proven to be detrimental to construction companies, and deprives them of what is more important -- growing and improving the business.







## **HOW WILL OUTSOURCING PAYROLL BENEFIT MY BUSINESS?**

Payroll processing is one of the many administrative tasks that construction companies must worry about. Furthermore, back office staff may often find themselves overwhelmed with various spreadsheets or manually rekeying payroll data. Outsourcing payroll and handing over responsibility to a third party expert provides your business with greater staff flexibility, allowing them to focus on catching exceptions and ensuring proper job costing processes are adhered to.

### **REDUCED COSTS**

The average salary of a full-time payroll specialist is approx. \$50,000. By outsourcing payroll to a reliable and reputable third party specialist, this costs is significantly reduced. With a Premier partner like ADP for example, costs range from \$10.00 to \$12.50 for pay run per check. This amounts to \$100 a week for 10 employees, and \$5,200 a year. This represents roughly 10% of the cost of a payroll specialist, but includes zero liability, and assurance that it is completed correctly on time, every time. More importantly, you are able to eliminate the long hours spent processing payroll, and are not held accountable for ensuring accurate calculations. In addition, you can be sure that the third party provider is adhering to the latest government legislative changes and taxes. Outsourcing not only reduces costs, it makes payroll stress free.

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## **CHANGE MANAGEMENT**

At first, many construction companies are hesitant to outsource payroll because it differs from how they traditionally run their business. In order to grow and expand however, many companies are now outsourcing several activities. For many General Contractors who subcontract over 50% of their work, outsourcing their payroll services is an obvious choice which yields cost savings from reduced overhead. Two of the main reasons businesses are afraid to outsource, is because they are not sure which provider to partner with, but more importantly, are unaware of the numerous benefits the change will bring.

One of the most important benefits of outsourcing payroll is ridding your business of liability. For example, Certified Payroll reports and Union reporting are cumbersome and difficult to create, but outsourcing payroll eliminates this responsibility, and puts it in the hands of an expert. Also, a third party payroll service provider is able to remit taxes for your business, ensuring there are no late payments. By providing you with one, straight forward invoice, you achieve quicker bank reconciliations as there are no longer hundreds of checks to reconcile. By outsourcing payroll, your business saves time and money printing checks, and relieves you the burden of ensuring payroll calculations, net pay and remittances are accurate. Change is often difficult, but is sometimes necessary for the business.

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## **MINIMIZE RISK**

Having a payroll specialist in-house may seem like the right business decision, but having a single person in charge only increases risk. Unpredictable changes like employee turnover, or an administrator who is not up to speed with the latest rules and regulations can leave your business in a panic. Moreover, having a payroll administrator puts all control in one person's hands, which increases the chance for human error, data-entry mistakes and miscalculations.

Once responsibility is handed over to a third party, your business is no longer liable for processing payroll. By outsourcing to partners like ADP and Ceridian, your business is not responsible for the calculation of taxes, 940 FUTA Remittance, 941 Federal Income Tax Remittance, cutting checks and direct deposit as these will all be taken care of for you.

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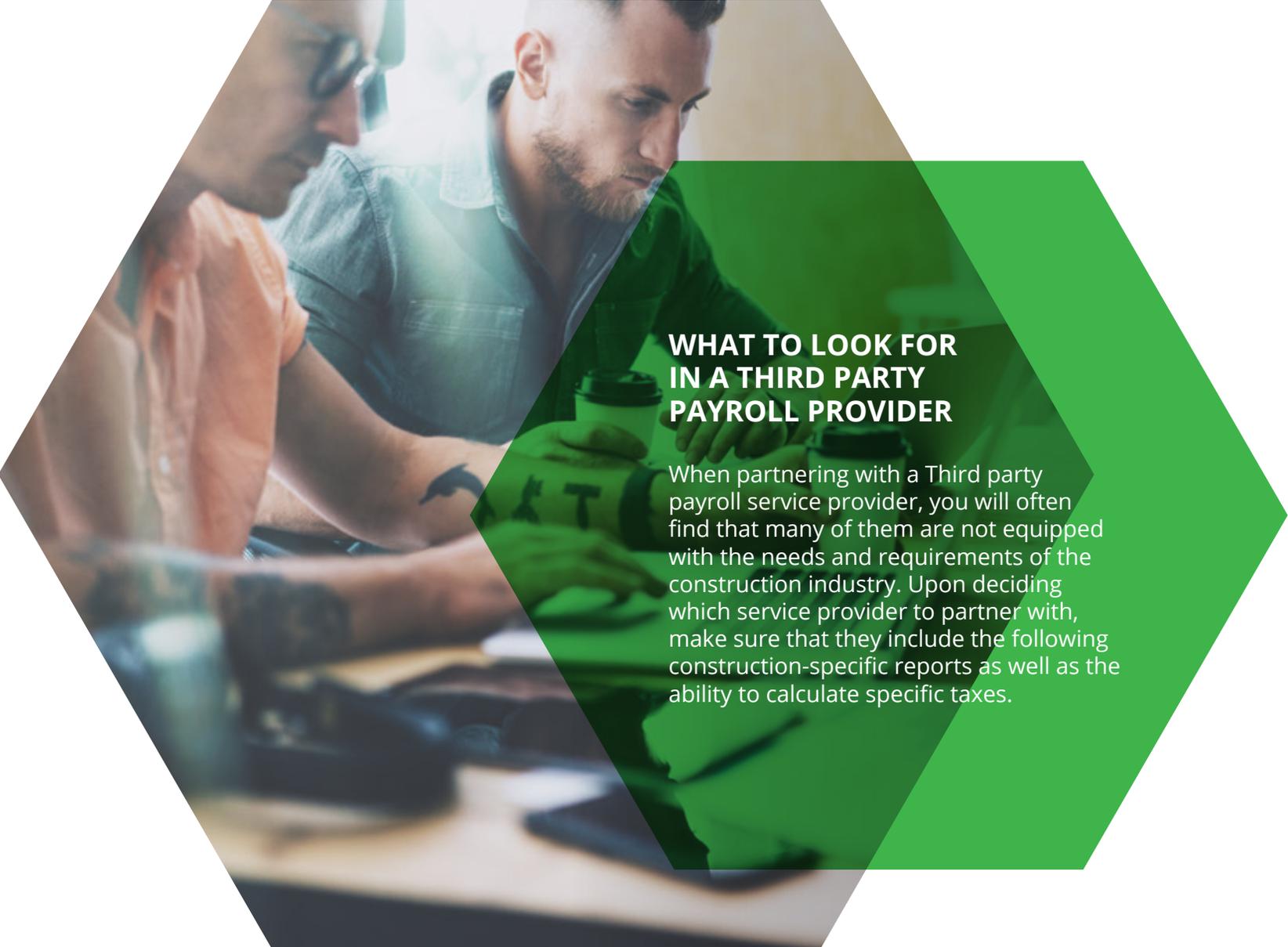
### **PREMIER'S INTEGRATION WITH THIRD PARTY PAYROLL PROVIDERS**

Although construction companies may feel reluctant to alter their current processes, Premier provides a smooth and simple solution for outsourcing payroll. Through the Premier app, field workers can enter time, send the request for approval and automatically post to the correct job. By efficiently entering time through the app, duplicate data entry and incorrect cost codes can be avoided. Real-time hours are costing direct against the job so Project Managers can compare the hours/amount against their job budget. With time and hours recorded in Premier, a third party payroll provider is able to extract data such as work hours and pay rates directly from your system, and seamlessly process your payroll for you.

With Premier's integration with payroll providers, you are able to directly import data, as well as receive and enter billing information. If there is a discrepancy between the costs posted vs. what has been entered in the third party, you can use a simple GL upload for the reconciliation. Time and hours are also recorded for job reporting. When time is entered in Premier, a committed cost is posted. When the payroll period is closed, it is counted as an actual cost. With this functionality, Project Managers can easily compare estimate vs. committed vs. actual hours, providing them with real time visibility and the ability to know where each project stands.

Lastly, by outsourcing payroll, you are no longer liable for any mistakes but are able to turn over this responsibility to experienced payroll experts. You can rest assured that your payroll provider is keeping up with government-regulated changes, and is processing payroll accurately and on time. Rather than worrying about cumbersome data-entry, you can shift focus toward better analyzing reports and executing projects more efficiently, which enable your business to scale and grow, without having to add any additional resources.

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## WHAT TO LOOK FOR IN A THIRD PARTY PAYROLL PROVIDER

When partnering with a Third party payroll service provider, you will often find that many of them are not equipped with the needs and requirements of the construction industry. Upon deciding which service provider to partner with, make sure that they include the following construction-specific reports as well as the ability to calculate specific taxes.

**Certified Payroll Reports:** Certified payroll reports can be very complicated and time-consuming to prepare. An effective payroll service provider is capable of generating certified payroll reports for every worker, as well as specialized forms for specific states and cities.

**Union Reporting:** Union reporting adds another level of complexity to the payroll process. All unions have specific requirements which can significantly differ from one another. The right payroll partner should be able to easily handle various types of union reporting.

**Reciprocity Tax:** Income tax differs from each state, but many construction companies operate in numerous states. This makes the calculation of taxes more difficult. However, some states, typically neighboring ones, have reciprocal agreements that make it possible for residents of one state to work across state lines, and pay income tax in their home. Rather than putting the burden on your business to calculate this correctly, the right third party payroll provider must be able to do this for you.

**Prevailing Wage Rates:** Prevailing wage refers to the hourly wage, benefits and overtime paid to the majority of laborers in any given area. Because construction companies can have laborers across multiple states, calculating prevailing wages can become a difficult task. Third party payroll providers must be knowledgeable with prevailing wage rates and are capable of ensuring that laborers are getting paid correctly every pay period.

In addition to the calculation of complex payroll, the right payroll system must be able to adapt to changing local, state and federal withholdings which are government mandated. It is the payroll service provider's responsibility to properly fill out forms, and make tax payments on time. By partnering with a reputable payroll service provider, construction companies can rely on their expertise and trust that payroll is being processed correctly.

**CLICK HERE** to learn more about how Premier can outsource payroll with ADP.

**CLICK HERE** to learn more about how Premier can outsource payroll Ceridian.

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# ABOUT JONAS PREMIER

Jonas Premier is the #1 All in One Construction Cloud based software solution that provides accounting, job costing, project/drawing/document management. Ideal for General Contractors, Design Build, Land Developers, Homebuilders, Civil, Fit Out & Specialty Contractors. Running in the cloud, it provides you with the ability to access and input key business information anytime, anywhere. It is built on modern software architecture, fully flexible and is simple to use. The complete offering for contractors includes: Accounting, Job Cost, Subcontract Management, Billing, Progress Billing, T&M Billing, Financials, Project Management, Bank Management, Purchase Order, Inventory, Time Entry, Document Storage, Field Mobile Apps, and Vendor and Customer Portals.



**WHO WE ARE**  
FIND OUT WHAT WE BELIEVE



**WHAT WE DO**  
TAKE THE PREMIER  
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SIMPLE. MODERN. POWERFUL.



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