

# 6

## payroll questions your workers are asking

And how to be prepared to answer them



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# Seamless payroll is vital for your business

**According to a [2018 payday survey](#), people say payday makes them feel better than their birthday or other significant U.S. holidays.**

From your workers' point of view, payroll is vital. They need to know when it's happening and how they're getting paid. They need to have the confidence that nothing will go wrong when they fill out tax forms, set up [direct deposit](#), or update an address.

At the same time, from a small business owner's point of view, payroll can be daunting and time consuming. You know it's important, but it's likely that you're the only one making sure the checks go out on time—not to mention everything else you need to be doing to make your business a success.

This ebook will help you educate your employees and contractors and prepare you to answer their questions, so you can get back to growing your business.



# 01 What is the payday schedule?

This is one of the first payroll-related questions your workers will ask. But it involves more than just the day their checks go out.

Here's some additional information you can share with employees and contractors when they ask this question:



The payday schedule



Time tracking practices



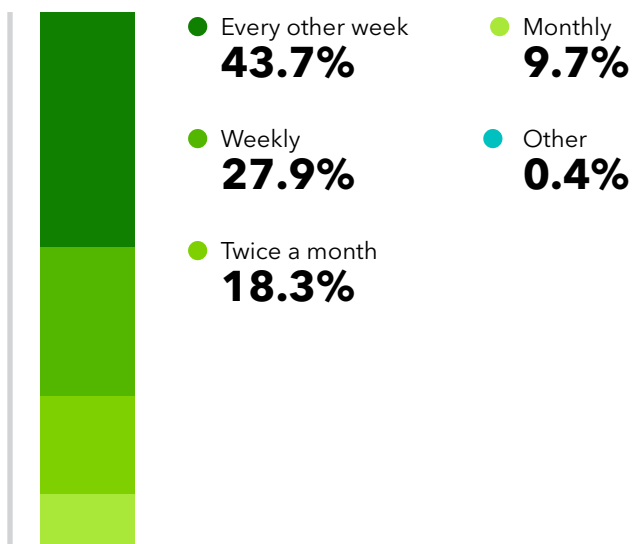
Paycheck distribution options

When you clearly communicate what needs to happen and when, you can manage expectations, anticipate questions that might otherwise lead to frustration, and build their confidence in the process. **Here's a look at common payroll practices of other small businesses.**

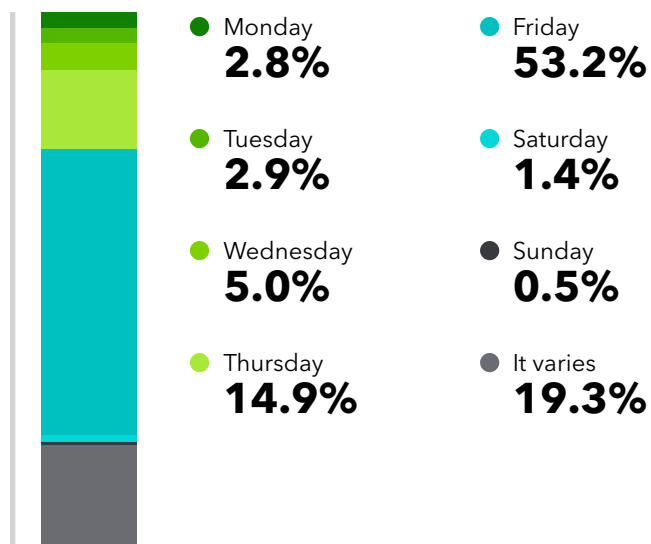
## Pay period best practices

We recently surveyed 1,000 U.S. employees over the age of 18 about all things payroll. Use these insights to make the best payroll decisions for your small business.

### [How often do you get paid?](#)



### [What day is payday?](#)

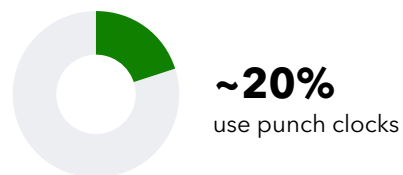
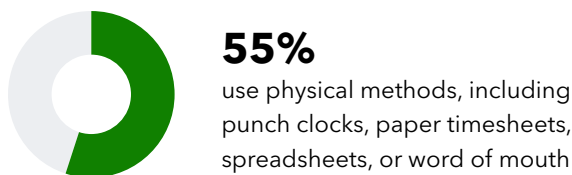
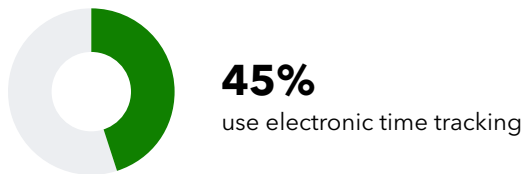


## Employee time tracking tips

As a small business owner, you need to define a process and communicate those expectations to your workers so they understand how to accurately report their time worked.

- [35% of employers](#) provide little or no training to help employees track their time.
- [74% of employees](#) aren't given the chance to review their own time cards.
- Employees using a traditional punch clock or paper timesheet were more likely to feel micromanaged.

### [How businesses track employee time:](#)



## What to look for in a payroll solution

At the end of the day, the most important consideration is to find a low-stress and accurate process that works for you and your workers. An automated payroll tool that can seamlessly integrate with your other bookkeeping tasks [can help you](#):

- Enable workers to track their own time and change their withholding information
- Give workers access to their paycheck information 24-7
- Easily add workers to payroll without additional manual work
- Automatically run payroll and enable direct deposits



# What employee benefits are available to me?

Benefits are a big consideration when employees accept a job offer. Once they're part of the team, you can help reduce confusion later in the process with (1) clear communication about what their [benefits](#) are, and (2) education on how to manage benefits, view statements, or make changes to their selections. Here's a look at common payroll practices of other small businesses.

## More than a paycheck

[QuickBooks Payroll](#) surveyed 1,000 U.S. employees over the age of 18 on what employees value most at work, and how company size influences job satisfaction. See what they had to say, and what to focus on for your business in order to find and keep great employees.

### [What employees value most at work:](#)



1. Pay



2. Job satisfaction



3. Benefits



4. Living close to work



5. Liking the people I work with

### [Most desirable benefits:](#)



Healthcare



Flexible work schedule



Dental



Retirement savings plan



Sick leave

*People who work for companies with 1-5 employees were the only ones to rank "job satisfaction" as No. 1 and "pay" as No. 2.*



Benefits that motivate employees to work harder:



**Flexible work schedules**  
**76%** want this  
**18%** get it



**Recognition awards/prizes**  
**63%** want this  
**7%** get it



**Performance-based annual raises**  
**73%** want this  
**10%** get it



**Option to work from home**  
**57%** want this  
**8%** get it



**Discretionary bonuses**  
**66%** want this  
**7%** get it

### Employee benefits information and management in one location

Using online payroll software provides an easy way for employers to manage benefits, and enables workers to see their benefit options. By using an online payroll software, [you can](#):



Set up healthcare insurance and retirement plans



Manage deductions and garnishments



Review employee data throughout the year



# Am I eligible for overtime pay?

This is a straightforward question from a worker's point of view, but when it comes to answering with confidence, there are a number of additional considerations to keep in mind.

## More than a paycheck

QuickBooks Payroll surveyed 1,000 U.S. employees over the age of 18 on what employees value most at work, and how company size influences job satisfaction. See what they had to say, and what to focus on for your business in order to find and keep great employees.

Being clear and managing overtime pay properly is a step in the right direction, but confusion, misclassifications, and human errors can lead to mistakes. Unfortunately, misclassification and employer errors are common when it comes to overtime pay:

**25%**

of workers eligible for overtime said their employer refuses to pay it.

**16%**

say they have been wrongly classified as exempt from overtime when they should be eligible for it.



## Managing employment classification: Exempt vs. non-exempt

When managing employment classification, the first step is to determine which type is right for your staff. To be considered an exempt employee, both of these requirements must be met, according to the [Fair Labor and Standards Act](#) (FLSA).

### Salary requirements:

\$455 per week gross pay (minimum)

Paid on a salary (non-hourly) basis.

### Job duties performed:

Exempt employees must perform exempt job duties in one of three categories:

- Executive
- Professional
- Administrative

### A deeper dive into exempt job duties

There are a number of job duties that fall within these categories.

[Learn more](#) about what that means so you properly classify your employees.









## The importance of compliance

Accurately paying your workers for time worked is a huge part of managing employment classifications, but there are larger considerations to keep in mind. Compliance with state and federal laws helps you avoid expensive penalties and fees.

The FLSA clearly states what is and is not a violation.

### Common violations include:

-  Misclassifying employees
-  Overlooking off-the-clock work
-  Failing to pay unauthorized overtime
-  Not tracking breaks properly
-  Keeping inaccurate or incomplete records
-  Not compensating interns or volunteers
-  Failing to stay up-to-date with regulations

### Small mistakes add up



**72%**

of all money recovered from employers by the Wage and Hour Division comes from FLSA violations, totaling \$2 billion.



**83%**

of that amount comes from overtime violations.



**79%**

of the cases pursued by the Department of Labor for wage and hours infractions resulted in back wages being awarded to employees.



### **The additional cost of violations**

Not only will you have to pay back wages if violations are given to workers, but you'll also have to cover the cost of civil penalties and legal fees for both you and your workers.

## Stay compliant with payroll tools

When researching payroll solutions, look for options that allow you to properly classify workers right from the start, and to make changes when needed—all in a way that's easily visible to your staff. Payroll solutions with reporting capabilities make it easy for you to find and manage the information you need to stay compliant. [You should be able to:](#)

- View and distribute [paystubs](#) with the information workers need
- Document employment status information so that workers can see and review it
- Generate reports for things like payroll process gaps, payroll accuracy, and benefits reporting (e.g., [workers comp](#), [health insurance](#), [labor law posters](#), etc.)

# 04 There's something wrong with my paycheck, how can I fix this?

Accurate paychecks are vital to your workers for a number of reasons, and errors or delays in pay can lead to some very unhappy employees.

In our payroll survey, we talked to employees across the country to discover their opinions about payroll as well as payroll trends.

How often do employees receive [late or inaccurate paychecks](#)?

Is your paycheck always on time?



Is your paycheck always accurate?



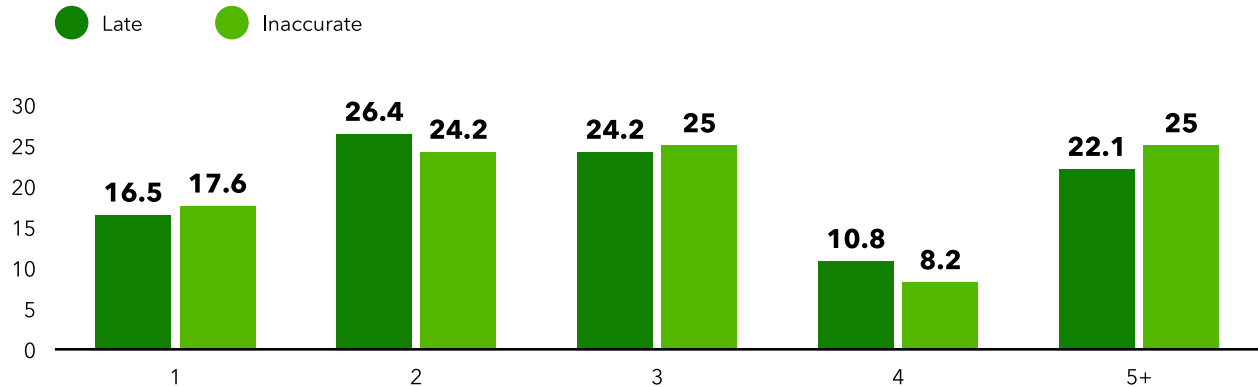
[1 in 4 employees](#) have received a paycheck with errors.





[1 in 6 employees](#) said one inaccurate paycheck would make them quit their job.

The [number of late or inaccurate paychecks](#) that would make an employee quit their job:



### Reduce payroll errors with automation

A payroll solution should empower workers to own, manage, and automate their payroll process to reduce errors. When researching payroll solutions, look for one that allows you to:



Keep track of worker data and changes that take place over the year



Enable workers to track their own hours and change their withholding information



Give them access to their paycheck information at any time of the day



Review reports so you can catch errors early

# When do W-2s get sent out?

Workers are often eager to get a head start on filing their taxes in the new year. You may face this common question as early as January 1, and January 31 is your deadline for providing W-2s and 1099s to your staff and independent contractors. Let them know where to find their information, and learn how to prepare W-2s so you're ready when the time comes.



The **W-2 form** is an employee's record of employment compensation. It reports:



Paid wages



State and federal deductions



The **1099 form** is a contract worker's record of compensation. It reports:



A record of payments to an independent contractor so they can file with the IRS.

You'll find the current version of these forms on the IRS website. You can order them from the IRS directly, or you can fill them out online.

## **The importance of staying compliant**

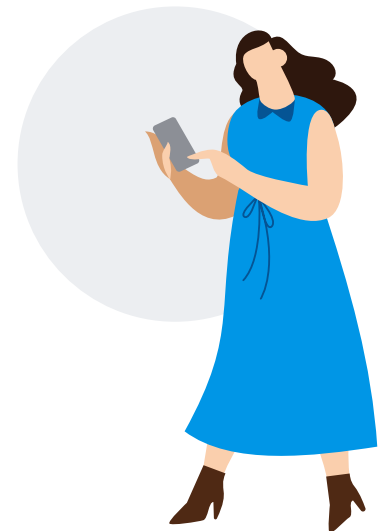
"Make timely W-2 and W-3 filings to the Social Security Administration. The penalty can range anywhere from \$50 to \$530 per form, depending on the lateness of the filing. If a company has 10 employees, the penalty could range from \$500-\$5,300."

### **Vern Gohanna**

Owner and President of TaxCorp

## **Need help deciding which type of employee to hire?**

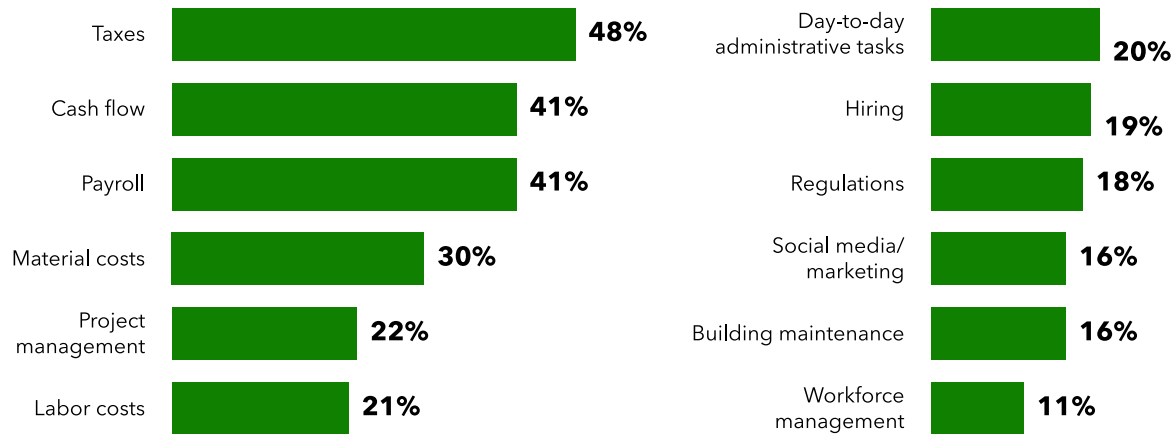
[Take this quiz](#) to explore your options.



## Tax challenges for small businesses

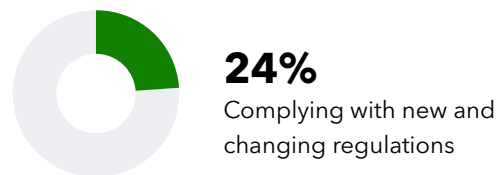
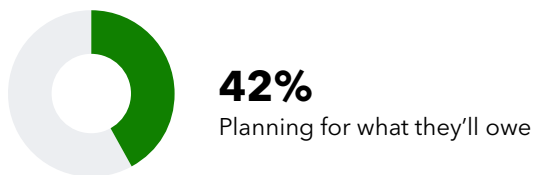
A year after the implementation of the Tax Cuts and Jobs Act, we surveyed [600 small business owners](#), accountants, and bookkeepers across the U.S. to find out how they have responded to tax reform. Explore how other small business owners feel about common business challenges.

### Top small business challenges



## The most stressful part of tax season

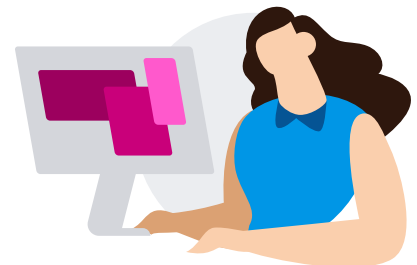
According to the same survey, when asked what aspects of tax season are most challenging, business owners responded:



## Built-in tax support

A payroll tool that allows you to fill out and distribute completed W-2s can save you a lot of time. Here are a few additional ways a good payroll solution can [prepare you for tax season](#):

- Enabling your workers to view their paycheck information on their own, any time. Making it possible for you to set up digital processes to pay taxes and automatically deposit what you owe to relevant entities.
- Tracking taxes and scheduling reminders for what you need to pay, and to whom.



# How can I change my address?

Workers will occasionally need to update their personal information that is required for payroll. Onboarding an employee correctly is the first step toward managing payroll with ease.

[Follow this guide](#) when you hire an employee:

- 1 Set up your Employer Identification Number online.
- 2 Decide if you're going to hire full time, part time, or a contractor.
- 3 Verify that they can legally work for you.
- 4 Report your hire to the state government within the first 20 days of employment.
- 5 Know employee rights (workers comp, post labor law posters, medical leave, etc.).
- 6 Fill out the required tax forms (W-4 or W-9).
- 7 Determine how you'll track hours worked and run payroll.
- 8 Make sure to file the right forms with the IRS and the your state government and to pay payroll and income taxes on time, or choose a tool to help you do so.

Once you've correctly entered the information in your payroll system, you can let your workers know which information they can update themselves. Common information updates include:



Address or other contact information



Marital status



Withholding amounts  
(ex. 401(k) contributions)

## Choose a tool that's there every step of the way

Getting payroll set up quickly and easily, with the added benefit of ongoing support and automation, is a huge part of choosing the right payroll tool. Find a solution that:

- Allows for easy and accurate set-up, reducing the need for you to go back in and make changes.
- Provides automated payroll to save time in the future.
- Lets employees retrieve their paycheck, view and download their W2s, and view their paid time off balances.

# Find a solution that helps address workers' concerns

Payroll can be complex, but tackling your workers' questions should be easy. Prepare yourself with the knowledge you need to answer their questions, and partner with a payroll solution that's there with you every step of the way.

QuickBooks provides a payroll platform that automates every element of the payroll process, so you can focus on growing your business.

## Looking for more resources to help answer your workers' payroll questions?

Check out our [Employee Toolkit for Small Businesses](#) to access free downloadable guides to distribute to your workers and help make the payroll process easier for everyone.

### Sources:

["7 Things You Need to Know About the All-American Payday,"](#) 2018, Quickbooks Payroll

["The true cause of timesheet errors and how to avoid them,"](#) 2018, TSheets

["How to use payroll software to effectively manage payroll,"](#) Quickbooks

["Guide to Employee Benefits for Small Business,"](#) Quickbooks

["FLSA wage and hour lawsuits are up 417%,"](#) TSheets, data from the Department of Labor's Wage and Hour Division

["What does the IRS Look For In An Audit?"](#) Quickbooks

["New Survey Reveals Small Business Reaction to Tax Reform,"](#) 2018, Quickbooks Payroll