NEWSLETTER

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The Annual Performance Review of Your Payroll Provider: A Small Business Imperative

Running a small business comes with its fair share of challenges, and one of the critical tasks that often goes under the radar is the annual performance review of your payroll provider. However, this seemingly mundane task is far from inconsequential. It can significantly impact your business's financial health, compliance, and overall efficiency. In this article, we'll explore why an annual performance review is essential, what key indicators small business owners should look for, and how to know when it's time to make a change. We'll also acknowledge the challenges of transitioning to a new payroll provider and highlight the invaluable support a reliable partner can offer throughout the process.

The Importance of an Annual Performance Review

Annual performance reviews of your payroll provider may not be as thrilling as strategic planning or marketing initiatives, but they are undeniably crucial. Here's why:

1. **Financial Health:** Accurate and on-time payroll

processing is vital for the financial stability of your business. Errors or delays can lead to disgruntled employees and potential legal complications.

2. **Compliance:** Tax laws and regulations are ever evolving. A competent payroll provider should ensure that your business stays compliant with these changes. Failure to do so can result in fines, penalties, and legal issues.

3. **Operational Efficiency:** Your payroll provider should streamline your payroll process, saving you time and resources. An inefficient system can lead to unnecessary overhead and resource drain.

4. **Data Security:** Payroll providers handle sensitive employee information. It's essential that they have robust data security measures in place to protect this information from breaches.

Key Indicators to Look For

During your annual performance review, consider these key indicators:

1. **Accuracy:** Check for errors or discrepancies in employee payments and tax calculations. Even a small error can have significant consequences.

2. **Timeliness:** Late paychecks or tax filings can create unnecessary stress for both you and your employees.

3. **Transparency:** Assess how well your provider communicates about fees, processes, and any issues that may arise.

4. **Compliance:** Ensure that your provider is up to date with tax laws and regulations to prevent compliance issues.

5. **Technology:** Review the technology and tools your provider uses. Outdated systems can lead to inefficiencies and potential security vulnerabilities.

Knowing When It's Time to Make a Change

Sometimes, despite your provider's history, it may be time to consider a change. You should consider making a switch when you notice:

1. **Repetitive Issues:** If the same problems persist despite addressing them with your provider, it may be time for a change.

2. **Lack of Support:** If your provider is unresponsive or unable to address your concerns adequately, it's a sign they may not be the right fit.

3. **Growing Business Needs:** As your business evolves and grows, your payroll requirements may change. A provider unable to adapt can hinder your progress.

4. **Better Alternatives:** If you discover a local or specialized payroll provider that offers a better fit for your needs, it might be time to explore this opportunity.

Challenges of Changing Payroll Providers

Changing payroll providers can seem daunting, but with the right partner, it can be a seamless transition. Challenges may include data migration, employee training, and adapting to new systems. However, many providers offer support to help mitigate these challenges.

A reliable partner will assist with the transition process, ensuring your data is safely transferred, training your team on the new system, and providing ongoing support to address any questions or issues that arise. They should work closely with you to make the transition as smooth as possible.

In conclusion, the annual performance review of your payroll provider is not a mere formality; it's a vital process to ensure your business's financial health, compliance, and efficiency. Small business owners should continuously assess their payroll providers, looking for key indicators that signal whether a change is needed. Don't fear the transition; with the right partner, it can be a step toward improving your business operations and employee satisfaction.

IRS Announces 401(k) and IRA Limits for New Year

The Internal Revenue Service has announced that the amount individuals can contribute to their 401(k) plans in 2024 has increased to $23,000, up from $22,500 for 2023. That's just the beginning: The IRS also has issued technical guidance regarding all the cost-of-living adjustments affecting dollar limitations for pension plans and other retirement-related items.

Highlights of changes for 2024

The contribution limit for employees who participate in 401(k), 403(b) and most 457 plans, as well as the federal government's Thrift Savings Plan, is increased to $23,000, up modestly from $22,500.

The limit on annual contributions to an IRA increased to $7,000, up from $6,500. The IRA catch-up contribution limit for individuals aged 50 and over was amended under the SECURE 2.0 Act of 2022 to include an annual cost-of-living adjustment but remains $1,000 for 2024.

The catch-up contribution limit for employees aged 50 and over who participate in 401(k), 403(b) and most 457 plans, as well as the federal government's Thrift Savings Plan, remains $7,500 for 2024. Therefore, participants in 401(k), 403(b) and most 457 plans, as well as the federal government's Thrift Savings Plan, who are 50 and older can contribute up to $30,500, starting in 2024. The catch-up contribution limit for employees 50 and over who participate in SIMPLE plans remains $3,500 for 2024.

The income ranges for determining eligibility to make deductible contributions to traditional individual retirement arrangements, to contribute to Roth IRAs and to claim the Saver's Credit all increased for 2024.

Taxpayers can deduct contributions to a traditional IRA if they meet certain conditions. If during the year either the taxpayer or the taxpayer's spouse was covered by a retirement plan at work, the deduction may be reduced — or phased out — until it is eliminated, depending on filing status and income. (If neither the taxpayer nor the spouse is covered by a retirement plan at work, the phase-outs of the deduction do not apply.) Here are the phase-out ranges for 2024:

- For single taxpayers covered by a workplace retirement plan, the phase-out range is increased to between $77,000 and $87,000, up from between $73,000 and $83,000.

- For married couples filing jointly, if the spouse making the IRA contribution is covered by a workplace retirement plan, the phase-out range is increased to between $123,000 and $143,000, up from between $116,000 and $136,000.

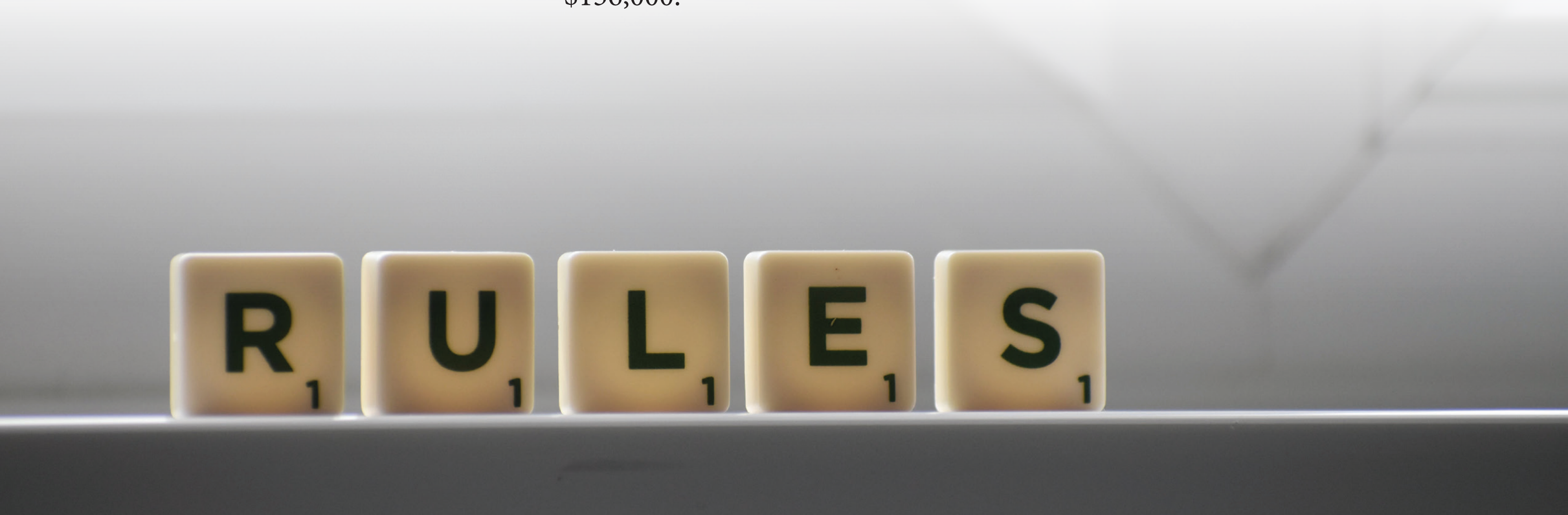
- For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the phase-out range is increased to between $230,000 and $240,000, up from between $218,000 and $228,000.

- For a married individual filing a separate return who is covered by a workplace retirement plan, the phase-out range is not subject to an annual cost-of-living adjustment and remains between $0 and $10,000.

Roth phase-out changes

The income phase-out range for taxpayers making contributions to a Roth IRA is increased to between $146,000 and $161,000 for singles and heads of household, up from between $138,000 and $153,000. For married couples filing jointly, the income phase-out range is increased to between $230,000 and $240,000, up from between $218,000 and $228,000. The phase-out range for a married individual filing a separate return who makes contributions to a Roth IRA is not subject to an annual cost-of-living adjustment and remains between $0 and $10,000.

The income limit for the Saver's Credit (also known as the



Retirement Savings Contributions Credit) for low- and moderate-income workers is $76,500 for married couples filing jointly, up from $73,000; $57,375 for heads of household, up from $54,750; and $38,250 for singles and married individuals filing separately, up from $36,500.

The amount individuals can contribute to their SIMPLE retirement accounts is increased to $16,000, up from $15,500.

Additional changes made under SECURE 2.0 are as follows:

- The limitation on premiums paid with respect to a qualifying longevity annuity contract to $200,000. For 2024, this limitation remains $200,000.

- Added an adjustment to the deductible limit on charitable distributions. For 2024, this limitation is increased to $105,000, up from $100,000.

- Added a deductible limit for a one-time election to treat a distribution from an individual retirement account made directly by the trustee to a split-interest entity. For 2024, this limitation is increased to $53,000, up from $50,000.

Although most of these changes are fairly modest, you should consult both tax and estate planning professionals to see how they may change your retirement plans.

Welcome Aboard!

The science of onboarding is much more elaborate today. It should not be confused with orientation, which is basically a crash course where you find out where the nearest restroom is and other essential information. Onboarding is an extended process that can last from about three months to a year and is intended to introduce the company's policies, culture, business processes and systems to a new employee.

A positive experience

Onboarding starts from the time a new hire accepts a job offer and continues until they are fully integrated into the company and up to speed on work performance. There are many components:

- Completing new-hire paperwork.

- Communicating firm policy and culture.

- Familiarizing the new hire with the employee handbook.

- Explanation of benefits and administration.

- Touring the facility and office.

- Making introductions to the team and management.

When onboarding is successfully executed, the new hire should come away feeling more comfortable in and familiar with their new environment. The entire experience is beneficial for both employee and employer. It should not only help the employee acclimate but also set realistic expectations about roles and boundaries and build positive relationships with co-workers. Moreover, onboarding steadily develops trust and confidence between the individual and the firm.

Onboarding also establishes a platform for management and HR departments to work together. Management understands that the program is an investment and the effort put in early should yield long-term results. The immediate goal is to make new hires productive as soon as possible by providing the right tools and knowledge. Longer term, the hope is to promote retention, especially considering how expensive and disruptive turnover is to a company.

A busy agenda

As soon as their job acceptance is on the table, the new hire can be given access to the online onboarding portal. The site may include material such as welcome messages, useful first-day information, a glos-

sary of in-house acronyms (newbies know the torture of trying to decipher an unknown company word salad) or what they should wear to work on their first day. Consider sending other background information as well, like the latest employee newsletter, selected company press releases or executive bios.

Before that big day, there is plenty to prepare on-site:

- New workstation, with computer and chair.
- Office supplies.
- Connections to the internet and a printer.
- Parking spot and keycard.
- A first-day schedule, including when to arrive and with whom to check in.
- Style guides (for designers or copywriters).

In addition, a lot can be accomplished by email before the new hire arrives. Or you might them send a swag package, containing items like T-shirts, a hat, pens or other branded gifts. On a more serious note, you can send paperwork to be filled out and signed electronically, such as tax forms, direct deposit information, benefits enrollment documents, noncompete and nondisclosure agreements, and emergency contacts.

Many companies assign a co-worker to help ease the onboarding process and answer questions; others let recent hires choose a colleague themselves for that role. Some organizations arrange for new hires to shadow co-workers in various departments. When the new employee first arrives, make sure somebody is there to greet them. The direct report supervisor should also try to be available, while co-workers can personally introduce themselves.

Make the first day fun

First impressions are lasting ones. You might arrange a pleasant lunch — paid for by the company, of course — and an office tour with introductions. Try to include one or two senior leaders, which signals that you value and respect the new employee.

Don't overwhelm them with tasks and information. In fact, avoid hard deadlines for a week or so, and thereafter assign work gradually. Break the process into smaller time slots, if possible, to keep stress down. For example, try to wait a week or two before you launch into discussions of standards and metrics.

You will be checking back again regularly. For now, reinforce for them that they made the right decision. Remember that 90% of employees decide in their first six months whether to stay with the new company.

Consider the Benefits of Flexible Hours

Offering workers the opportunity to have flexible hours gives your business an edge in recruitment, staying ahead of the competition. Flexible hours tend to vary by job requirement, how your business operates in its industry and workers' preferences and needs.

Service industries, such as retail, have schedules dependent on sales during operating hours, so flexibility is limited. In contrast, the information technology industry is more open to flexible hours as long as team members complete projects on time. So consider what works best for your business.

Among the components of offering flexibility in scheduling are:

Allowing employees to choose where they want to work.

Letting employees create a work schedule that works best for them, including scheduling their workday as they wish or need.

Reducing weekly workdays — working 40 hours over four days instead of five.

Providing alternative job schedules — working a second or third shift.

Although the thought of keeping track of different hours and employment statuses may seem challenging to manage, just counter it with how maintaining happier employees and being seen as a more desirable firm for people to work for is a definite plus.

You can still be efficient

You don't have to lose control: You can require your employees to work certain core hours, overlapping with other team members so everyone can attend weekly team meetings or be available for clients in specific time zones.

You'll see improved retention of valuable staff. In 2018, 80% of workers said they'd choose a job that offers a flexible schedule, while 30% of respondents said they'd even take flexible work over additional vacation time. And 35% noted they'd prioritize flexible work over having a more prestigious title or position.

In a 2019 survey, 30% of respondents left their jobs because the company didn't offer flexible work options, while 16% said they were hunting for a new job because they wanted flexible options. Considering that the average company's cost to recruit, hire and train new staff is around $4,000 per person, preventing your workforce from leaving is a significant cost saving in the long run. Flexible options can also help you recruit top talent.

You may still be skeptical because you like to keep an eye on your workers. But providing flexible work schedules can increase worker productivity. According to the 2019 survey above, remote employees worked 1.4 more days per month than in-office employees. Flexibility facilitates a results-oriented culture — not just checking bodies at work but concentrating on the work they've produced.

What about employee engagement? Employees like to feel that what they do contributes to their company's success, and flexible hours create a workplace that empowers and respects workers. You're saying that you trust your team. In turn, you'll see fewer missed days of work and less turnover due to loyalty from workers when they can balance work and home.

There are multiple options

Flexible working hours mean employees can come to work earlier or later than at set business hours, work through a lunch hour or even take a much longer one but work later. Workers gain more control when they can reschedule work during times they know they can accomplish more, while you gain continuity of staff coverage by one employee when another isn't working.

Increased employee job satisfaction and reaping the same quality and quantity of work as any other full-time employee results from implementing measurable goals and ensuring that employees and managers understand them. Employees can work around rush hours, so they avoid wasted time commuting to and from work and/or avoid traffic altogether when working from home.

You and your team may want to discuss how a lack of boundaries and less structure can affect workers who'll need more discipline and might miss the connection and collaboration of coworkers. You may float the idea of trial schedules at first — maybe for 90 days — to assess how well the arrangement works and then see whether it's worth continuing on a more permanent basis. By addressing these issues together, you'll not only get a happier, more productive workforce, but you'll also build a reputation as a personally rewarding place to work.

The Johari Window: A Strategy for Improving Team Communication

Healthy communication among team members heavily contributes to the culture, organization and performance of the workplace. So, when communication breaks down or becomes uncomfortable among team members, the productivity of everyone in the workplace will likely suffer.

However, this isn't an inevitable outcome that employers and employees alike have to accept. Instead, there are ways to prevent either a lack of communication or the deterioration of it.

In fact, psychologists have dedicated a lot of time to the creation of various communication models over the years. Today, we're taking a close look at the Johari Window. Let's get started.

Background on the Johari Window

In 1955, American psychologists Harry Ingham and Joseph Luft developed the Johari Window. Ever since then, it has been used to improve personal relationships and communication skills among people operating within the same group.

According to Communicationtheory.org, "The idea was derived as the upshot of the group dynamics [at the]… University of California and was later improved by Joseph Luft." In fact, the name of this group communication model, Johari, is a combination of the names Joseph and Harry.

The Johari Window now utilizes a literal window frame that contains four panes. It is designed to allow each group member to get a more well-rounded understanding of themselves as well as one another. Let's take a look at a breakdown of each pane and its role in a Johari Window group communication exercise.

Pane No. 1: Known to you, known to others

This quadrant is open, meaning information you know about yourself and that others also know about you. These qualities can be based on your behaviors in social settings, attitudes in stressful situations, emotions in general, skills in the workplace, perceptions of the world and other traits or general factual information about you.

For instance, if you believe yourself to be a punctual person and your fellow team members also view you that way, then that quality belongs in the open quadrant. When you start the Johari Window communication exercise, the open quadrant is the ideal place to begin the process.

This is because none of the information in this pane should surprise anyone in the group. When you begin with information everyone can relate to and bond over, you'll establish a foundation of familiarity and camaraderie among team members. This makes more difficult communication later on in the exercise a lot easier.

Pane No. 2: Unknown to you, known to others

This area is blind, meaning characteristics others see in you, yet you do not see them in yourself. The second pane is quite literally all about blind spots. They can be positive strengths or negative weaknesses.

For instance, let's say you don't realize that you accidentally interrupt your co-workers when they are speaking. However, other people on your team notice this, so they should bring this insight to your attention during this stage of the exercise.

You can reduce your blind spots by seeking feedback from others and applying objectivity upon receiving the feedback.

Pane No. 3: Known to you, unknown to others

This section is hidden, meaning qualities you embody, yet they go undetected by everyone but you. By addressing your hidden qualities, you can let people get to know you and better understand your motivations.

The hidden area requires you to be more vulnerable as these are often characteristics that you either don't want other people to know about or that you hide for a reason. That said, respecting personal boundaries is crucial here, and refraining from judging people for what they open up about in this part of the exercise is key.

Pane No. 4: Not known to anyone

Last but not least, the fourth quadrant is an unknown area. It contains characteristics you do not recognize in yourself, and the group won't recognize them in you either. To make this area smaller, prioritize self-improvement so that you can reach your potential and let your unrecognized talents emerge for everyone to see.

In summary

All in all, the four panes of the Johari Window can help everyone who's part of the team. Each member can strive to improve their self-awareness while bettering how everyone communicates as a whole by focusing on the open, blind, hidden and unknown panes of the Johari Window.

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