

If you've been searching on the web for a payroll solution, you've probably become overwhelmed by the great variety of systems available for you and your business. Not only that, the price ranges are staggering: they range all the way from FREE to \$100,000+.

The feature sets among payroll programs vary exponentially more than the number of vendors. All payroll programs are definitely not created equal. When you are conducting your search, be sure to check into the flexibility of these features, which can vary greatly, and which you may not have thought about.



### • Payroll System Data Storage Limits

Will the payroll system freeze up after a limited number of employees have been added? Some systems limit data capacity, whether it's the number of employees, years of history, number of companies, etc. This may be fine for your business, or you may be surprised one day while processing payroll, when you get a message saying your capacity has been reached. Having this happen during payroll processing is extremely frustrating, especially because employees expect to be paid on time, and this can be difficult if your data limits have been reached. Knowing what your payroll system allows for ahead of time will prepare you for what to expect.

### • Payroll Deductions/Earnings

Is there a limit to the number of codes available? Can you create your own custom codes? Every employer has its own way of setting up and calculating deductions and earnings. Some earning calculations can be complex, especially considering overtime pay, pay by piece work, commission pay, or shift differential. Be sure your system can calculate earnings in a way that works for your business. Having payroll staff calculate these by hand is inefficient and can lead to manual errors. Deductions may also be complex, whether it's a 401K, wage garnishment, or other deduction that requires special setup. Some payroll systems simply provide a list of standard codes to use. Others go a step further and allow for custom creation of earning and deduction codes.

### • Direct Deposit

Can employees deposit pay to more than one bank account? Direct deposit is a great tool for distributing employee pay, since printed checks and trips to the bank are no longer needed. Some systems will allow for the addition of

multiple bank accounts, which can help employees save money, by having part of their pay going into a checking account, another part going into savings, and perhaps even a third portion going into a yearly vacation fund. Another variation among the direct deposit feature is the fact that some payroll software vendors charge a fee each time a deposit is made. This can become expensive, so be sure to ask about this when choosing a payroll program.

- **Multiple States**

Can you pay employees in multiple states and manage taxes? Many employers have employees living in multiple states, and this is where the payroll process can get complex. Those with employees in multiple states should be sure their payroll system can handle this need, and calculate the correct tax rates for each employee, no matter where they live.

- **Payroll Tax Filing Options**

Can taxes be filed online? Printed on paper or forms? Are all forms included? Clearly, tax filing is a crucial step in the payroll process, for employers. Employers are required to file and pay payroll taxes on time, to avoid costly penalties. Payroll software systems vary in their capacity for managing payroll taxes. Some do not include all forms needed, and some do not provide an eFiling option. The payroll process is much easier when this crucial information is at your fingertips, so be sure your payroll system includes the forms you need and the ability to file in the way you choose.

- **Wage Garnishment**

Can the system accommodate all the different wage garnishment types needed for your employees? Employers must comply with court-ordered wage garnishments. Calculating wage garnishment withholdings and making payments can be complex, and processing them incorrectly can result in legal repercussions. Payroll software systems vary in their capacity to calculate wage garnishments. Some may not offer the types of calculation methods necessary to comply with the garnishments. This results in making calculations by hand, which may not be so bad with one or two employees; however manual calculation time adds up quickly. Flexible wage garnishment calculations can save payroll processors time and also make it easier to comply with and make wage garnishment payments.

- **Leave Tracking**

Can employee leave be tracked within the system? Many payroll systems do not allow for the tracking of employee leave time, such as paid time off or vacation time. When it cannot be handled within the payroll system, that time must be tracked externally, whether by hand on in a spreadsheet. Having this function available within the payroll system is a much more organized and accurate way to handle leave tracking. Also, the hours used and remaining can be displayed on the employee pay check stub.

These are some of the lesser known features within payroll software that can vary, but that can be extremely important for a company to know about. Check to be sure the features you are looking for can handle the way you need to do your payroll.

CenterPoint Payroll Software can handle all of the features mentioned in this article:

- No data storage limitations: unlimited capacity for employees, earnings, deductions, companies, users, and years of history.
- Standard earning and deduction codes are provided, with the ability to customize an unlimited number of codes.
- Direct deposit without monthly fees, and pay can be deposited to multiple employee accounts.
- Multiple state payroll can handle payroll processing for the entire U.S.
- Payroll tax forms can be printed on paper or filed electronically.
- Wage garnishment can be set up and calculated, even for complex formulas.
- Leave tracking can be done within CenterPoint Payroll.

**Sign up for a demo of CenterPoint Payroll today!**