



Sage Abra HRMS Newsletter

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Would You Like Paper or Plastic?

The Benefits of Electronic Payroll Paycards

In recent years, businesses have enjoyed tremendous savings in payroll costs by offering direct deposit programs and encouraging employees to participate. In fact, the employee adoption rate of direct deposit is very high. However one challenge remains - extending the convenience and cost savings of electronic payroll to employees who do not have a bank account ("unbanked") and thus cannot accept direct deposits. In this article, we'll discuss the value of Electronic Payroll Cards as an alternative to issuing paper paychecks to your "unbanked" employees.

What is a Payroll Card?

A payroll card holds a stored value and functions just like a debit card. An employee who receives payroll on a paycard is able to access cash at an ATM, pay bills, buy groceries, make online purchases, and use the card just about anywhere a debit card is accepted. In fact, they're often branded with Visa or Mastercard and are widely accepted by merchants, banks, and other institutions.

For employers, payroll paycards work in exactly the same way that direct deposit does. A paycard program blends into your existing payroll process without additional hardware or software required.

The Benefit to Employers

The primary benefit of offering paycards is to eliminate the processing costs of issuing paper paychecks to unbanked employees. According to research, there are about 28 million people that are unbanked in the US with another 44 million that have very little access to financial services. The cost of issuing paper paychecks to these employees is estimated to be about \$1 to \$2 per employee per pay period including the cost of paper stock, security features, envelopes, check handling, and printing supplies. There is also a replacement cost and potential bank fees for lost or stolen paychecks.

The Benefit to Employees

Unbanked employees often use a check cashing service that charges a fee in the neighborhood of 5%. With a payroll paycard program, those fees are eliminated putting more money in your employees' pockets. Plus, they'll gain the convenience of using a debit card while eliminating the risk of carrying cash. In fact, the convenience of paycards extends to employees currently using direct deposit who sometimes opt to receive a portion of their pay on a paycard as a means of providing funds to relatives or to track and budget spending on nonessential items.

Introducing Sage Payroll Paycards

Sage offers a Payroll Paycard program that will save you money while offering your employees the convenience of a safe and secure method of payment. It works the same way as direct deposit and requires no additional systems, hardware, or software.



[Contact us](#) if you'd like to learn more about the Sage Payroll Paycard program.



Avoid COBRA's Bite with Sage Abra

The American Recovery and Reinvestment Act of 2009 (ARRA), which was passed earlier this year, provides for premium reductions and additional election opportunities for health benefits under COBRA. The changes apply to all companies that sponsor a group health plan and have terminated or laid off at least 1 employee since September 1, 2008. In this article, we'll take quick look at the new rules and how Sage Abra HRMS can help to ensure compliance.

Overview of the Changes

Essentially, the new rules are intended to help the recently unemployed weather a tough economy. To ease the cost of electing to continue health coverage under COBRA, ARRA enables eligible individuals to pay just 35% of their normal COBRA premiums. The remaining 65% is subsidized by the government and reimbursed through a tax credit. Therefore, the employer pays the entire COBRA premium with the employee contributing 35%. The employer is then reimbursed by claiming the tax credit on Form 941 - Employers Quarterly Federal Tax Return.

Eligibility

To be eligible for the subsidy, an employee must lose group coverage between September 1, 2008 and December 31, 2009 due to involuntary termination. The premium reduction applies to periods of health coverage beginning on or after February 17, 2009 and lasts for a period of up to 9 months.

Other Requirements

Employers are also required to provide notice to eligible employees who were terminated between September 1, 2008 and February 16, 2009 and provide them with a 60-day period in which to enroll. These employees can re-elect to accept COBRA benefits even if they did NOT elect COBRA when it was first offered OR who DID elect COBRA but are no longer enrolled (for example, were no longer able to afford

the premium). **Note:** Your company should have provided notice to these employees by April 18, 2009.

COBRA Compliance and Sage Abra

As with any changes in government programs, there are compliance considerations as well as paperwork involved. Changes to Form 941 are already reflected in the Sage Abra Q1 2009 Tax Update. You can also use the flexible reporting tools to quickly and easily identify eligible employees based on termination type (voluntary/involuntary) and termination date. Plus, you can rest assured that Sage will closely monitor any additional legislative changes and provide software updates when necessary. In the meantime, feel free to contact us with any questions.

Sage Timesheet Version 9.8 Now Available

Sage recently announced availability of Sage Timesheet Version 9.8 which is now integrated with the Microsoft SQL version of Sage Abra HRMS.

In addition, several simplified time entry features have been added including the ability to add holiday hours and other common time to all employees at once.

Sage Timesheet 9.8 allows employees to enter time worked through the web, supervisors to approve time entries, and payroll administrators to more easily control the approval process to ensure accurate and timely payroll.

For more detail visit www.sagetimesheet.com

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