



GUIDE TO SWITCHING PAYROLL PROVIDERS

Everything you need to know to successfully and seamlessly switch from one provider to another.

While it's possible to switch payroll providers at any time, there are times throughout the year when the process is easier: 1) the start of a quarter, or 2) the beginning of a new year. The start of a new calendar year is especially ideal because there's no historical data for the year, making it much easier to complete the transition in an efficient manner.

If you're considering switching payroll providers, this guide will provide you with the information you need to make the process as seamless as possible. Plus, many services will gladly work with you throughout the transition to help ensure your payroll information is setup correctly prior to running your first payroll.

Preparing to Switch Payroll Providers

Before you make your decision to switch to a new payroll provider, there are a few basic steps you'll want to take to be best prepared for the switch:

- ✓ Review your contract with your current payroll company. Are there any restrictions that outline when you can make a change? If there's something you don't understand, reach out to your provider for clarification and notify them of your intent to change providers.
- ✓ Sign up with your new payroll company.
- ✓ Provide the new company with all the necessary information.
- ✓ Officially transition everything to your new payroll company and close your previous payroll account.
- ✓ Double check your new account for accuracy.



Making the Move to a New Payroll Provider

Once you've confidently selected a new payroll provider, it's time to officially make the switch. The process of switching providers doesn't have to be complicated and we are more than willing to provide a high level of assistance. This typically means completing all data entry tasks, as well as anything else required to ensure a smooth transition.

PAYROLL TRANSITION CHECKLIST:

The transition to your new payroll provider is not complete until you provide all the required information. Until you do this, your provider won't be able to pay your employees and withhold the proper amount of taxes. Here's a list of information your new provider will request from you:

Business Identification Numbers & Information

- ✓ Federal [Employer Identification Number \(FEIN\)](#)
- ✓ State withholding tax ID number
- ✓ State unemployment insurance account number and rate
- ✓ Legal business name, address and business type
- ✓ Bank account and routing numbers
- ✓ Year-to-date gross pay for each employee
- ✓ All payroll summaries for the current quarter (only if switching mid-quarter)



Employee Forms and Information

You should have previously collected the following information and forms from all employees:

- ✓ Employee and contractor e-mail addresses, mailing addresses, social security numbers
- ✓ Former employee details for generating their W-2s at the end of the year
- ✓ W-4
- ✓ State withholding tax form

Worker Classification

You will need to classify workers as one of the following:

- ✓ A W-2 employee
- ✓ A 1099 independent contractor

Payroll Schedule

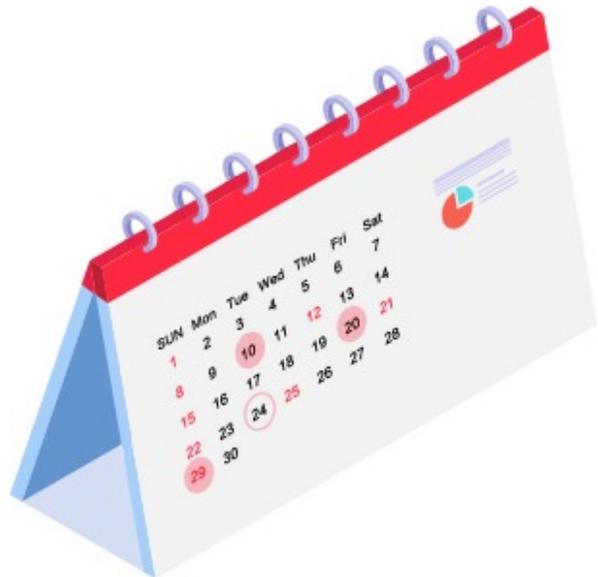
Depending on state laws, you can use the same [payroll schedule](#) as before, or make a change. The most popular options are listed below but it will be important to ensure compliance with state pay frequency laws:

- ✓ Weekly
- ✓ Bi-weekly
- ✓ Semi-monthly
- ✓ Monthly

Payment Method

How will you pay your employees?

- ✓ Direct deposit
- ✓ Paper check



It's Time to Run Payroll!

Once your new payroll provider has all of the required information, they can begin to run payroll on your behalf. When closing your previous payroll account, make sure you save and transfer all payroll and employee records, including:

- ✓ Year-to-date gross pay and prior state and federal tax filings for all employees
- ✓ Current and previous employees' addresses, social security numbers, and year-to-date gross pay and tax information to make sure W-2s are correct
- ✓ Copies of payroll tax payments and filings made on your behalf for the company

If you switch providers in the middle of a quarter, verify with your previous provider which tax payments and filings they will be making on your behalf. They should refund you any quarterly taxes collected but not submitted to the IRS or state. They should also pay any federal and state income taxes already collected.

While it may seem like your payroll is out of sight, out of mind, you still have some responsibilities. Most importantly, you want to regularly check for accuracy regarding the following withholdings and deductions from employee paychecks:

- ✓ Federal income tax
- ✓ State tax
- ✓ Local tax
- ✓ Medicare and Social Security taxes
- ✓ Other deductions, such as those for retirement plans and insurance

You should also regularly review the following employer taxes:

- ✓ Social Security and Medicare
- ✓ State Unemployment Insurance
- ✓ Federal Unemployment Tax Act taxes

With the help of your payroll provider, you're also required to make the following federal and state tax deposits and filings:

- ✓ Form 940 (Federal)
- ✓ Form 940 (Federal)
- ✓ Form 943 (Federal - Agriculture)
- ✓ Form 944 (Federal)
- ✓ State forms (depending on your state)

Lastly, here are some of the year-end documents that come into play:

- ✓ 1099
- ✓ 1096
- ✓ W-2
- ✓ W-3
- ✓ State annual reconciliations



With online technology, this guide, and a payroll provider that offers transition support, it's easier than ever to switch providers.

By choosing the right provider this time around, you can be confident in the service you'll receive in the future.

Are you ready to make the switch?

Let's talk about how to make payroll work for you

<https://simplifiedpayrollandbookkeeping.com/>