

Paychex Says Stimulus Package Could Create Multiple Payroll, Benefits Challenges for Small Businesses

Company is Prepared to Make the Necessary Adjustments for its Clients

ROCHESTER, N.Y.--(BUSINESS WIRE)-- While Congress and economists debate the effect of the just-approved stimulus package on the economy, small business owners should begin to focus on the practical implications it will have on payroll, tax filings, and employee benefits. Paychex -- a leading provider of payroll, human resource, and benefits outsourcing solutions for small- to medium-sized businesses -- expects that the new law will require employers to consider and implement multiple changes to their tax withholding, reporting, and record-keeping procedures for employees.

Paychex officials report that while the new law means big changes, the company has processes in place to implement the necessary adjustments for existing as well as new clients in a timely and accurate manner.

Provisions under the American Recovery and Reinvestment Act of 2009 that may have a significant impact on businesses include:

- "Making Work Pay" -- provides workers a rebate/credit for the 2009 and 2010 tax years of the lesser of \$400 for individuals and \$800 for couples, or 6.2 percent of earned income. The credit will be received by workers in their net paychecks through adjusted tax withholding tables.
- Premium Assistance for COBRA recipients -- allows COBRA beneficiaries to pay only 35 percent of their premiums, while their employers pay the remaining 65 percent. Employers are reimbursed for their portion of the premiums through a credit on payroll taxes.

Paychex also is continuing to monitor the additional economic proposals under consideration:

- Federal Minimum Wage Increase--raising the federal minimum wage to \$9.50 per hour by 2011.
- Retirement Account Withdrawals--allowing withdrawals from retirement accounts of 15 percent up to \$10,000 without penalties. Withdrawals would remain subject to withholding taxes.

"This can be a confusing time for small business owners, who suddenly find themselves trying to understand what they need to do to comply with the stimulus plan's provisions. They also need to determine whether the way they currently process payroll and administer HR can meet these new demands," said Walter Turek, Paychex senior vice president of sales and marketing. "By turning to Paychex, a leader in the payroll and HR industry, small

businesses can be confident they're covered. Our experts know the legislation inside and out and are uniquely positioned to help business owners understand how it affects them and their employees."

"Now that the stimulus plan has been signed into law, we can anticipate many changes in the way small businesses will need to handle payroll and HR," said Marty Mucci, Paychex senior vice president of operations. "Paychex clients can rest assured. Regardless of how many changes this plan will require, Paychex will continue to take care of our clients' human resource and payroll needs so they can focus on running their business."

For information on how Paychex can help small businesses successfully implement these changes, call 800-322-7292. Existing Paychex clients can speak directly with their Paychex representative. More information about the implications of the stimulus plan for small businesses can be found at <http://www.paychex.com/stimulus/>.

About Paychex

Paychex, Inc. (NASDAQ:[PAYX](#)) is a leading provider of payroll, human resource, and benefits outsourcing solutions for small- to medium-sized businesses. The company offers comprehensive payroll services, including payroll processing, payroll tax administration, and employee pay services, including direct deposit, check signing, and Readychex^(R). Human resource services include 401(k) plan recordkeeping, health insurance, workers' compensation administration, section 125 plans, a professional employer organization, time and attendance solutions, and other administrative services for business. Paychex was founded in 1971. With headquarters in Rochester, New York, the company has more than 100 offices and serves over 572,000 payroll clients nationwide. For more information about Paychex and our products, visit www.paychex.com.

Source: Paychex, Inc.