

ADMINISTRATIVE COST CALCULATOR

A survey performed by the Society of Human Resource Managers (SHRM) and the Bureau of National Affairs (BNA)* concluded that businesses with less than 250 employees will spend on an average of \$1,602 per employee/per year. In time, wages or fees on 55 key HR activities. It was also evident from the survey that the smaller the company, the higher the cost of HR administration per employee/per year.

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In a second study conducted by the US Chamber of Commerce, US Department of Labor and the Small Business Administration (SBA) they compiled the following data:

| Number of Employees | 1-9 | 10-24 | 25-49 | 50+ |
|----------------------|-------|-------|-------|------|
| Administrative Costs | 8-12% | 4-8% | 3-6% | 2-5% |

Below is a calculator to aid you with determining your company's administrative costs. Please take the following costs into consideration when going through this exercise:

- Time spent by employees conducting these activities multiplied by their rate of pay
- Time spent by the owner conducting these activities multiplied by their rate of pay
- Fees associated by Payroll Service, Worker's Comp provider, Legal advisor, Accountant, Financial advisor etc...
- Fees associated with 401(k) administration, Benefits administration, 125 administration, and Cobra Administration
- Not a single item listed below represents a contribution to your bottom line. You could be spending your time more efficiently on things that will grow your business and make a profit.

PAYROLL PREPARATION

- Cost of time spent to write, sign & posting checks
- Cost of paychecks
- Time spent maintaining vacation & sick time
- Time spent answering payroll related employee questions
- Cost to prepare tax deposits, 941's, 940's, W-2's
- Payroll banking costs and/or payroll services

(Avg. 1% to 4%) _____%

ADMINISTRATION EXPENSES

- Deposits for Workers' Compensation Policy
- W.C. Claims Handling
- Time & money spent on employee handbooks
- Time & money spent on safety manual
- Employee file maintenance
- Healthcare enrollments
- Insurance Renewals
- Plan maintenance
- COBRA Administration
- Group health claim forms & questions
- Unemployment compensation disputes

(Avg. 2% to 6%) _____%

EXECUTIVE EXPENSES

- Cost of time to negotiate W.C. program
- Cost of time to shop your group health program
- Employee personnel management
- W.C. injury history reports
- Americans with Disabilities Act Compliance
- Sexual Harassment Policy
- OSHA Reports and Compliance
- IRS Compliance and Documentation
- Wage & Hour Compliance/Documentation

(Avg. 3% to 7%) _____%

RETIREMENT/PENSION PLANS/401K

- Cost of plan documentation/annual qualification
- Cost of administration/governmental regulations

(Avg. 2% to 4%) _____%

CURRENT TOTAL ESTIMATED COSTS _____%