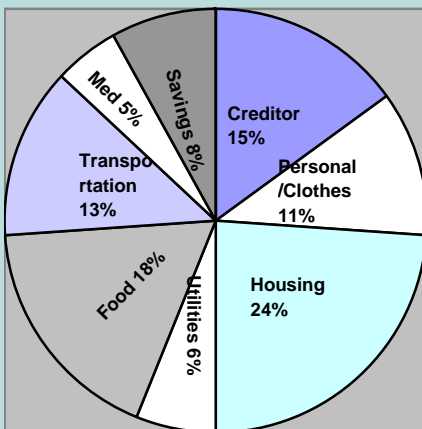


Maximize Your Paycheck

1. Use direct deposit. This will cut down on lost, stolen, or delayed checks and the stop payment fees that accompany them. Be sure to notify Nextep well in advance of any changes to the account.
2. Direct deposit a set amount of money into a savings account before having the chance to spend it.
3. Take advantage of pre-tax benefits. Pretax benefits offered by Nextep include health benefits, medical and dependent care flexible spending accounts, and 401k.
4. Make sure your tax withholding on form W-4 is accurate. A withholding calculator is offered by the IRS at <http://www.irs.gov/individuals/article/0,,id=96196,00.html>.
5. Beware of bankruptcy. Sometimes bankruptcy is unavoidable, but employees can mistakenly think that bankruptcy will wipe out *all* of their debts. Student loan and 401k loan repayments will remain intact, though, and must still be repaid.

Average Wage Distribution for American Employees



Source: *What's New in Benefits and Compensation*, October 3, 2005

MONEY, MONEY, MONEY

September 4-8 is National Payroll Week. In honor of our dedicated payroll professionals and contacts, this month's newsletter is devoted to all things pay-related.

The Pay Rate Debate

Deciding what to pay employees can be a daunting job, especially when considering the vastly different experience, education, and skill-set of each individual. Here are some factors to take into consideration when setting up pay rates.

- What can the employee contribute to the company's success?
- How can the employee contribute to improve workplace processes?
- What personal traits do you look for in an employee?

After thinking through these factors, the employer can figure out how valuable each job is and set up the base (starting) pay for each position. Nextep can assist by doing regional scans of prevailing wage rates for the area and job. Other things to consider include:

- Pay attention to what the competition is paying; your employees certainly will.
- Set up a base pay that will attract and retain the best employees.
- Pay at least 75% of the industry's prevailing wage. If your company is dedicated to being a great place to work and compensating employees in other ways than pay, it does not have to have the highest pay rate.
- Set minimum and maximum grades of base pay to accommodate the varying skills of employees. Create job descriptions for each position. If a prospective employee exceeds all of the requirements, either pay at the higher rate or see if s/he qualifies for the job description of the next pay/professional level up.
- Pay attention to the incumbents. Sometimes, the base pay is raised to attract higher caliber employees, allowing the new employees to make almost as much and sometimes more than employees who have been with the company for several years. This is known as pay compression and can lead to high turnover and reduced morale. Remember that looking at base pay means looking at all pay rates and adjusting accordingly.
- Bonuses, additional benefits, and dedication to job satisfaction can also assist in reducing the effects of pay compression. Incentive pay can especially be rewarding to both your high-performing employees and to your company's bottom line.

For more assistance, please call Nextep's HR Department at 888-811-5150.

Frequently Asked Overtime Questions

Q: Can I give my employees comp time instead of paying overtime?

A: No. Only state and federal agencies are allowed to give their employees compensatory time off in lieu of actually paying overtime for hours worked over 40 in a week. Even if your employees sign waivers, comp time is still illegal and can lead to huge Department of Labor claims and payouts down the road for your company.

Q: Do I have to pay overtime for travel time, skipped mealtimes, etc?

A: Overtime must be paid for hours worked over 40 in a week, the operative word being hours **worked**. Vacation, sick, and holiday pay, therefore, is not subject to overtime. Examples of duties for which overtime must be paid include:

- Job-related or required training during normal working hours
- Travel time between worksites for the same company
- Mealtimes that were worked (do not clock out an employee for lunch automatically)
- Company-mandated therapy, training, or classes outside of normal working hours
- Time spent putting on and taking off work-required uniforms or safety gear

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