



Pay Direct or Engage ClearPath?

<u>Tasks</u>	<u>Pay Direct (with payroll or HR partner)</u>	<u>ClearPath</u>
On-Board New Employee	<ul style="list-style-type: none"> • Prepare new hire paperwork • Find someone to sign I-9 by 3rd workday (challenge for remote workers) • Exempt / Non-exempt classification determination <ul style="list-style-type: none"> • Follow up on missing paperwork 	Give ClearPath new employee contact info and they do everything
Personnel Files	<ul style="list-style-type: none"> • Set up files for each employee • Maintain record retention per guidelines • Separate out I-9 and other HIPPA documents 	ClearPath manages 100%
Pay Employees	<ul style="list-style-type: none"> • Set up payroll system • Collect timesheets • Chase late timesheets • Process and audit timesheets • Validate overtime rules by state • Maintain mandatory minimum wage rates by state/city <ul style="list-style-type: none"> • Process employee expenses • Distribute payments and payment records per federal and state regulations <ul style="list-style-type: none"> • Timely and compliant W-2 distribution • Answer employees' questions about payments 	ClearPath manages 100% Download Minimum Wage Cheat Sheet https://www.1099oremployee.com/minimum-wage-cheat-sheet/
Sick Accruals	<ul style="list-style-type: none"> • Maintain mandatory sick pay rules by state/city • Set up accruals on the payroll system and make sure on displayed per law on the paystub <ul style="list-style-type: none"> • Answer questions about use of sick accruals 	ClearPath manages 100% Download Paid Sick Leave Cheat Sheet https://www.1099oremployee.com/paid-sick-leave-cheat-cheet

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<u>Tasks</u>	<u>Pay Direct (with payroll or HR partner)</u>	<u>ClearPath</u>
ACA Insurance Compliance	<ul style="list-style-type: none"> • Shop for coverage • Track employee eligibility • Offer coverage when appropriate • Year-end reporting to IRS and employees • Manage enrollments / terminations with insurance carriers <ul style="list-style-type: none"> • Stay current on ACA regulations 	ClearPath manages 100%
HR Tasks	<ul style="list-style-type: none"> • Unemployment claims • Employee verification requests • Workers Comp claim management • Leaves of absence management <ul style="list-style-type: none"> • Employee inquiries 	ClearPath manages 100%
Off-Boarding Employee	<ul style="list-style-type: none"> • Send state required documentation, if applicable • Cancel health benefits and offer COBRA <ul style="list-style-type: none"> • Issue final W-2 • Provide 401(k) notice and instructions 	ClearPath manages 100%
Employee Relations Matters	<ul style="list-style-type: none"> • An HR person must be available to address these matters before they escalate and become costly 	ClearPath manages 100%
Multi-State Employer	<ul style="list-style-type: none"> • Set up tax ID withholding account for each state <ul style="list-style-type: none"> • Set up tax ID for unemployment account for each state • Determine when applicable Local School Districts and Municipal Tax accounts need to be set up • Maintain records of applicable State Unemployment rates and limits • Calculate, deduct when applicable, and remit payments to all the agencies • Prepare and file required monthly, quarterly and annual reports with federal, state, and local agencies <ul style="list-style-type: none"> • Acquire workers comp insurance • Confirm labor laws like minimum wage and sick pay <ul style="list-style-type: none"> • Close inactive state accounts, as needed 	ClearPath manages 100%
Back-up Personnel	<ul style="list-style-type: none"> • HR back-up person cross trained • Payroll back-up person cross trained 	ClearPath manages 100%

Pay Direct or engage ClearPath? (Continued)

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Other Employee Benefits	<ul style="list-style-type: none"> • Establish a 401(k) Plan and all the annual reporting and testing requirements for the plan • Establish a FSA and Commuter Benefit program (some cities require this) • Establish COBRA services, if applicable, for employees with break in service 	ClearPath manages 100%
Annual Notices to Employees	<ul style="list-style-type: none"> • Track the various required employee notifications and send them timely to the employee * • Open enrollment for Health Insurance and other annual benefits 	ClearPath manages 100%
Training	<ul style="list-style-type: none"> • Maintain mandatory Sexual Harassment Training by state/city 	ClearPath manages 100% Download Sexual Harassment Training Mandate https://www.1099oremployee.com/sexual-harassment-training-guide/

***Notices include:**

- Health Notices (Medicare Part D, Medicare Notice of Creditable Coverage, CMS, Patient Protection Notice, Notice of Special Enrollment Rights, Newborns' and Mothers' Healthier Protection Act, Women's Health and Cancer Rights Act Notice, Notice of HIPAA Privacy Practices, Health Contingent Wellness Program Notices, CHIPRA, and Wellness Program Protection Notice)
- Legal Notices (Health Plan Legal Notices), Sick Leave, Minimum Wage, State/Local Ordinances (NY Paid Leave, CA EDD Notices, San Francisco Leave, Domestic Violence, etc.)
- MPN Notice and Workers Compensation Notices
- SARS (Benefits & 401k)
- Year End (FSA, Commuter Benefit, 401k)

Cost Comparison of Pay Direct or engage ClearPath

<u>Costs</u>	<u>Pay Direct (with payroll or HR partner)</u>	<u>ClearPath</u>
FICA / Social Security	Federal Mandate = same	Federal Mandate = same
Federal Unemployment (FUTA)	Federal Mandate = same	Federal Mandate = same
Medicare Health Insurance (MHI)	Federal Mandate = same	Federal Mandate = same
State Unemployment	Based on rating by state and unemployment experience	ClearPath probably higher due to nature of our business
Workers Comp Insurance	Must obtain a nationwide policy plus manage those states that are monopolistic (meaning must buy directly from the state); may have minimum policy amount	ClearPath manages 100%; ClearPath has great claim experience, which lowers rate
Commercial Insurance	Must purchase General Liability, Property, Errors & Omission / Professional Liability, Crime including Cyber Security, Foreign / International travel & workers comp, Kidnap & Ransom, and Umbrella coverage or take the business risk	ClearPath maintains all these coverages
Payroll Preparation & Systems	Establish a payroll service to prepare checks, direct deposits, federal and state tax returns, and annual filings	Included in ClearPath's mark-up
Affordable Care Act (ACA)	Special system to manage eligibility and reporting of ACA insurance offered and enrolled; annual reporting forms	Included in ClearPath's mark-up
Employee Benefits	ClearPath currently offers medical insurance, dental insurance, vision insurance, FSA, 401(k) and Commuter benefits	ClearPath bills for employee health, if enrolled. All others are at employee's cost