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Checking Out: Paper Paydays

Not getting a paycheck anymore? These days, it doesn't mean you're steps from skid row.

Few mere pieces of paper have brought workers as much joy and relief over the years as the paycheck – even though they know the amount and even though most have direct deposit.

But automation and the Internet are quickly nudging these printed slices of our collective work history toward extinction.

More and more companies are urging their employees to get all of their earnings information online, leaving the humble pay stub behind.

For corporate America, the motivation is clear: lower costs.

"It saves them money," said Steve Sarowitz, president of payroll manager Paylocity, which uses a paperless system itself. If the human resources staff "is spending all day getting through a pile of paper on their desks and keying it into a computer, they're not thinking strategically, which you should be doing if you want to be competitive," he noted.

Financial software provider GoldenSource, which switched to an entirely paperless system in October, has cut its payroll costs by about 42%, said Clive Nair, who manages its payroll and finance departments.

A handful of GoldenSource's 500 workers were worried that the system, run by Rochester-based Paychex, didn't provide enough security, but he was able to reassure them, Nair said.

He added that there's another benefit: "An employee can be at any location and access their information," using, for example, Internet access at the office of their accountant or lawyer. Even W2s are available in cyberspace.

While most workers are happy so long as the balance in their checking account rises, some are resisting the shift to getting their pay electronically.

"They say, 'That's the way I've always done it,' or 'I enjoy having that check in my hand,' or 'I like going to my bank every Friday and talking to my banker,'" said Suzanne Leopoldi-Nichols, director of payrolls at tax preparer H&R Block, which started letting workers go paperless two years ago. She noted that some workers prefer checks so they can hide income or bonuses from their significant other's prying eyes.

Like it or not, corporate behemoths such as Merrill Lynch have mostly made the switch, Sarowitz said. Many small businesses are following suit.

Making payroll "the least of my headaches is such a relief to me," said Ayesha Ahmad, who chose online payroll system PayCycle two years ago just after she opened the Tribeca boutique Trunkt. She pays a monthly fee of \$23 and e-mails her three workers their pay stubs. "I have a record of it, and I don't need to keep all this paper."

The U.S. Treasury is making a big push to get recipients of government benefits like Social Security into the digital age, particularly in New York State, where it makes 3.7 million payments a month. All told, the department figures it can save \$120 million annually if the all system went paperless, Treasury Department spokeswoman Alvina McHale said. "That's money that would not have to come out of the Social Security trust fund."

Such a plan would also save trees: If all the checks the Treasury sent out in 2006 were laid out end-to-end, they would circle the globe.