

@ your Service

From Interlogic Outsourcing, Inc.

A timely digest of information relevant to executives and consultants involved in financial operations and human resources.

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Autocam and IOI Driven by Customer Service

An interview with Rhonda DeBoer, HR Specialist, Autocam Corporation

Kentwood, Michigan – There are order takers. And there are solution seekers. This is true in virtually any type of customer/supplier relationship. Autocam Corporation, a manufacturer of precision metal components primarily for the automotive industry, understands the value of being proactive in identifying new and better solutions for their customers. Off-the-shelf services and pat answers don't cut it anymore — especially in this world of ever-changing information technologies.



That's one of the reasons Autocam Corporation has been outsourcing payroll services with the people of IOI for almost 15 years. "IOI has always been incredibly responsive to our needs," says Rhonda DeBoer, HR Specialist at Autocam. "As those needs have changed, we've been actively involved in suggesting changes to IOI's products. Some service providers might balk at that. IOI has bent over backwards to make product modifications or develop new products that address our concerns and needs."

Autocam is in a business that is as technologically challenging as it is competitive. With an employee base of over 500 in four facilities in Michigan and California, they cannot settle for yesterday's solutions. DeBoer says IOI has consistently lived up to every challenge Autocam has thrown its way. "When IOI was going through its ownership transition a couple years ago, we were concerned so we did some shopping around. We ultimately decided IOI was still by far the best provider for us. But we also let them know about some of the competitive products in the marketplace that we thought were worth looking into. IOI did so immediately and made some modifications based on our input. That was very gratifying."

Like many of IOI's customers, Autocam originally came to IOI for payroll services. "In fact," DeBoer says, "we were still on the DOS version to do payroll up until a few years ago. At that point, Autocam went to the web version of IOIPay. Today, Autocam also utilizes the HR module. "Having our payroll and HR on a single database has been a real benefit," DeBoer adds. "By eliminating the need for a separate interface between databases, we're no longer vulnerable to duplicated or lost records."

DeBoer also likes IOI's report writer because it gives the ability to generate her own reports. In the process, she has received excellent tech support from Elkhart. "Until recently, virtually all of our dealings



were with IOI's Grand Rapids office," says DeBoer. "Sue Hoekwater and George Anderson have been great. But as we've started needing more tech support, we've gotten to know more of the people at IOI headquarters and they have been extremely responsive as well."

Autocam Corporation recognizes that the organizations that will ultimately be successful in this ever-changing business world are those that are the most flexible and responsive to the changing needs of their customers. DeBoer says that's a great description of IOI as well. [@](http://www.autocam.com)





Notes from the President

What a wonderful world!

By Najeeb A. Khan, President

Dear Client:

I never cease to be amazed at how fast our world is changing. The technological advances we have seen just in the last dozen years are truly amazing.

For example, I believe around 12 years ago we were just hearing about the World Wide Web. Few could have imagined that we would be able to access billions of pages of information instantaneously on our home computers. Or respond to surveys online with the results tallied and posted as quickly as we can press the send button. Or look at demonstration modules of complex computer-based products as easily as turning on the television.

Not only are all these things and more here today, but they are also part of a brand new web site IOI recently launched. This new site is, in my opinion, an excellent balance of technology and ease of usage and navigation. I invite you to go to www.ioipay.com at your earliest convenience and check out all the features of our updated site. We think you will particularly like the IOIPay demonstration module.

Technology is likewise at the heart of our lead story about a long-standing and highly valued customer of ours: Autocam Corporation. It's nice to know we share their views on the importance of providing exceptional customer service.

Of course, this issue of *@ your Service* has our usual assortment of "news you can use," including tax and HR tips. We think you will also enjoy a short story about one of our couriers, Dick DeFay, who was recently inducted into the Indiana Sports Hall of Fame.

As always, please let us know how we're doing in terms of being "at your service." We welcome your thoughts about our performance.

Sincerely,

Najeeb A. Khan

President

New Reporting Tools in **IOI Pay™**

Our online payroll entry solution is constantly being enhanced to make your payroll processing more efficient. Recently, we have added the following features:

- Employee Status and Salary History tracking
- Improved contact information screens
- Quick employee information retrieval from the Main Menu

New reports include:

- Employee Check History Report
- Report for a Range of Checks
- Improved Deductions Reports
- Direct Deposit Reports

All of these new report options and many more are available to IOIPay users. If you're interested in utilizing these new reports, call for assistance and we'll get you started. These reports are another value-added service from IOI, at no extra charge to you! If you're not currently using IOIPay, call us today for more information at (888) 697-0021. @

FOOD FOR THOUGHT

As tax time approaches, did you ever notice: When you put the two words "The" and "IRS" together, it spells "THEIRS"?

IOI Pay™ Tips & Tools

1. Did you know IOIPay offers a quick and easy look-up for changing screens? At the top of the screen is a drop down menu box. Simply click on the arrow and a complete list of screens will appear. Choose the screen you wish to change to with just one click!

2. Stay informed of system enhancements within IOIPay. On the Main Menu is a link to our Current Release Notes. Clicking on the link will initiate a pop-up window detailing enhancements and fixes. New features such as reports or screen changes will be

included to make sure our clients are kept up-to-date on system changes.

3. There's a new Salary History screen under the Payroll Maintenance toolbar. A record gets created on this screen whenever you make an employee rate change. There are options here for detailing that rate change, like applying a "Change Reason." You may also add historical rate changes by clicking on the new record icon and filling in the desired fields. Reporting information from this screen can be done by using the Employee Rate Change report found under the Browse/Print Reports toolbar.

4. Are you taking advantage of the Vacation/Sick screen? This can be found under the Payroll Maintenance toolbar or by selecting Employee Vacation/Sick from the drop down at the top of our pages. Use this screen to track your employees' balances for vacation, sick or any other attendance benefit. You can also enter earned amounts or factors, if based on an hours-worked policy. You could even take further advantage of this option and let us customize an accrual program. Please contact your IOI representative to set up any of these options. @

Section 125 – Premium Only Plan

If you're interested in a simple way to reduce your payroll taxes, the Section 125 Premium Only Plan (POP) from IOI is a great option to consider. The POP works by making one simple adjustment in your payroll process:

Employees pay their portion of insurance premiums on a pre-tax basis, rather than on an after-tax basis.

The POP reduces your taxable payroll by reducing your employees' taxable incomes. So you both pay less in taxes.

And lower taxes are only one advantage:

- Employees don't pay GIC, federal or, where applicable, state or local taxes on money used to pay for their portion of employer-sponsored insurance premiums.
- Employees' tax savings help defray the cost of insurance premiums.
- Employees can increase their take-home pay.
- Your taxable payroll is reduced by the total amount of employee contributions for benefits. Lower taxable payroll means lower payroll taxes.
- You can allow employees to realize an increase in pay and take credit for a terrific new benefit, while still saving money.
- You can increase your employees' share of insurance premiums without negatively affecting their take-home pay.

Tax-Savings Examples

Example of Employer Savings

XYZ Company has 10 Employees

	Without POP	With POP
Annual payroll	\$ 300,000	\$ 300,000
Annual pre-tax payroll deductions	0	- 24,000
Taxable payroll	300,000	276,000
Annual social security tax ²	\$ 22,950	\$ 21,114
Total annual employer social security tax savings	\$ 0	\$ 1,836

Example of Employee Savings

John Doe: Single, No Exemptions

	Without POP	With POP
Annual salary	30,000	\$ 30,000
Annual pre-tax contributions ³	0	- 2,400
Taxable income	\$ 30,000	\$ 27,600
Estimated taxes (30.65%) ⁴	- 9,195	- 8,460
Annual after-tax contributions	- 2,400	0
Net take home pay	\$ 18,405	\$ 19,140
Increase in take-home pay	0	\$ 735

Total Employer & Employee Annual Savings

(for a business with 10 employees as illustrated above)

1. Based on insurance premiums averaging \$200 per month per employee.
 2. Based on tax rate of 7.65%.
 3. Based on a monthly premium of \$200.
 4. Based on an average 20% federal, 7.65% FCIA, and 3% state tax rates.
- Note: Social security benefits could be affected.

\$ 9,186

Calculate Your Tax Savings

Employer Estimated Tax Savings

Total annual payroll deductions for all employees	\$ _____
Social security tax (based on tax rate of 7.65%)	x .0765
Total annual employer savings	\$ _____

Employee Estimated Tax Savings

Total annual employee premium contributions	\$ _____
Estimated taxes (based on 20% federal, 7.65% FCIA, and 3% state tax rates*)	x .3065
Total annual savings per employee	\$ _____

* Varies by state
Note: Actual savings may vary depending upon specific tax situation.

Any employer can sponsor a Premium Only Plan

IRS-sanctioned POPs were created by the Revenue Act of 1978 and are governed by Internal Revenue Code Section 125. Regular corporations, partnerships, S corporations, limited liability companies, sole proprietors, professional corporations and not-for-profits can all save money on payroll taxes by establishing a Premium Only Plan.

Begin saving money on your taxes at any time

You can start a Premium Only Plan at any time. Plus you can have a short plan year for the first year so that future plans coincide with either your fiscal year or the calendar year. The choice is yours. Call IOI today for more information or to get started on your POP! @

www.ioipay.com – New and Improved

You may have noticed when visiting www.ioipay.com that our site is looking new and different, and for a very good reason! www.ioipay.com has been updated with a fresh look, and new features we believe will serve you better. Our main site serves as the entry point for our IOIPay online payroll solution and HR Essentials, not to mention providing you with updates

on what's new at IOI. Put www.ioipay.com in your browser list of favorites and check back often to download informational brochures, give us feedback on our services and read the latest news about what's going on at IOI. We'd love to hear what you think of our new site, so visit www.ioipay.com today! @

The screenshot shows the IOI website interface. At the top, there's a navigation menu with links for Services, Clients, Who We Are, Contact Us, and Careers. Below this, there are sections for 'IOI Services' which includes Payroll, Tax Filing, Direct PayCheck Card, Human Resource Administration, and Benefit Administration. There's also a section for 'IOIPay Demo' and a 'Launch the IOI' button. The footer contains the copyright information for IOI: ©2004 Intertec Outsourcing, Inc. | Privacy Policy | Site Map.

TAX TIPS

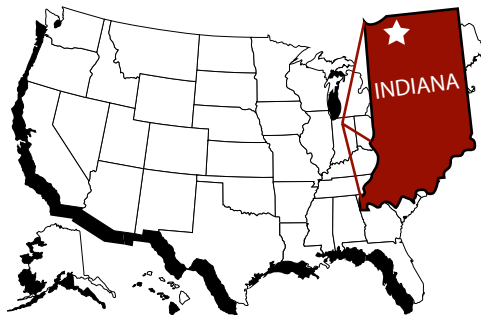


The state of Indiana is the only state that allows advances on Earned Income Credits. This is similar to the Federal Earned Income Credit program. IOI has the capability to advance this credit allowed by the state of Indiana. The details are as follows:

- Any individual who is eligible for and actually claims an earned income tax credit from the IRS and has Indiana state tax withheld from their wages is also eligible for a credit from the state of Indiana equal to 6 percent of the amount of the federal earned income tax credit.
- Each employee must fill out and give to their employer an Indiana WH-5, Indiana Earned Income Credit Advance Payment Certificate, to receive this credit. If you need a blank WH-5, please call the Tax Services Department at

888-697-0021 or 574-262-2800. You may also print a blank WH-5 if you access the state's web site at <http://www.in.gov/dor/taxforms/pdfs/wh-5.pdf>.

- This form should not be mailed to the state. You, the employer, are required to keep it for three years after the year that the form is completed by the employee. This credit is currently set to expire on 12/31/05. @



IOI Employee Inducted into Sports Hall of Fame



IOI courier Dick DeFay recently received the honor of being inducted into the Indiana Sports Hall of Fame. And long before he was delivering payrolls to IOI clients with a smile, he was a major contributor to Fort Wayne's sports coverage through his media program "Sports Today with Dick DeFay". DeFay started out as a booth announcer for WKJG radio in 1955, eventually became a sports anchor, and later sports director, for WKJG television in Fort Wayne before he retired in 1996. DeFay has been an IOI courier in the years since his retirement from sportscasting. About his induction in the Indiana Sports Hall of Fame, he notes, "It's quite an honor, the biggest honor I've received for my career in broadcasting." @

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INTERLOGIC OUTSOURCING, INC.

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