



PDR PAYDAY RESOURCES

PDR Newsletter

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Revco Cash — Short-Term Loans for Employees

Revolutionizing Pay Advances

As introduced in the previous newsletter (April 2009), Payday Resources (PDR) has partnered with Revco Funding to launch an innovative short-term lending product that directly benefits employers and employees alike.

Under the **Emergency Funding Benefit (EFB) Program**, eligible employees of participating PDR



companies are loaned funds only in amounts that can be paid back via a direct payroll deduction on their next paycheck; in other words, lending is based on actual wages earned and not credit history.

As a result, the common and costly downward spiral of mounting debt (rolled over balances; fees compiling, adding up over time) associated with traditional payday lending is avoided — the **EFB Program** is the very definition of responsible borrowing.

Other elements that directly benefit participating employees of PDR clients include: easy application and approval (99% of loans funded); a less invasive, hassle-free experience (private); reduced fees as compared to other payday lenders, traditional banks



(overdraft fees). The **EFB Program** is intended for people who are actively employed and in good standing at their place of work.

To elaborate, in today's challenging economic environment, absent any savings or access to alternate financial resources (e.g., generous friends and families), many people face increasingly dire financial circumstances — the stressful predicament of how to come up with short-term

cash to cover everyday needs and unplanned emergencies... a child's medical bill, car repairs, utilities, a week's worth of groceries, etc.

The situation described above sets the stage for people (possibly your employees) to be taken advantage of by unscrupulous payday lenders that engage in predatory lending practices.

By offering the **EFB Program** to employees, companies generate goodwill among their workforce. Already underway, PDR is excited to build on the early success of the **EFB Program**.

And for your employees, the lending process itself

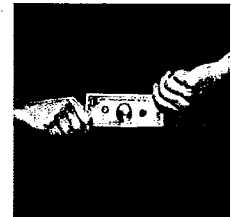
— quite literally — couldn't be easier; in fact, it's as easy as 1-2-3 ... a three-step approach that is entirely automated and handled online at revcocash.com.

Step 1... Registration/Signup

Step 2... Application Processed

Step 3... Approval/Get Paid

Your employee then receives the short-term funds they need.



Visit
Revcocash.com
or call
800-794-1349
to learn more



Didn't receive a past PDR Newsletter?

Email Kyle at kyle@pdrntab.com and he will send copies.

Product Highlight: Online Payroll Reporting



Payday Resources Online Pay Review

Cyberpay online is a web-based payroll submission and reporting product that many PDR clients use. With this automated (paperless) system, users have the ability to:

- Enter hours
- Add new employees
- Submit payroll at the touch-of-a-button
- Maintain basic employee information for current employees
- Print the most important and frequently used reports

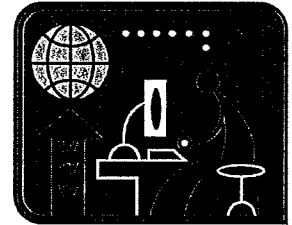
- View payroll figures (in summary format or by pay period)
- Print check stubs and direct deposit vouchers
- Give employees the option to view their information online

office, or even home ... review employee information, generate paystubs, run pay history reports. There's no way I'm going back to the old way. I would highly recommend its use."

All that is required is access via a computer to the Internet. As well, PDR offers onsite introduction and training to the service.

PDR Client Testimonial

"Now that I submit my payroll online to PDR, my life has gotten so much easier. I love being able to send everything electronically. It's fast and efficient. The online interface is straightforward and I can also do other things from the comfort of my



To learn more about Online Payroll Reporting, please contact Charity Taylor, PDR Payroll Manager, 801.404.5241, ext 202

Business Insight: Employee Wage Garnishments

It's a fact of life. People -- company owners, employees, friends and family; all of us -- borrow money and can end up unable to pay it back in a timely fashion, in part or in whole, for any number of reasons. Likewise, many married couples experience separation or divorce proceedings that can trigger parental child support payments. The same goes for state and federal income taxes; individuals may fail to file and



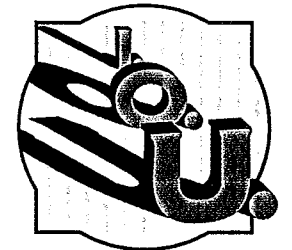
meet their obligations, resulting in money owed to the government.

As a result of such debt, a collections process often is initiated -- typically handled through the courts (though voluntary wage assignments may also be structured) -- whereby an employer is held liable for withholding funds from their workers: money deducted directly from paychecks to service debt. Employers commonly receive three types of employee wage garnishments: 1) Internal Revenue Service tax

levies, 2) Child Support orders, and 3) Third Party collections.

Tax levies are incurred when a taxpayer fails to pay federal or local income taxes in a timely manner. When a company receives a tax levy, it typically means that the government has tried other collection methods with the employee and that such efforts have failed. The levy includes not only the amount of the tax due, but the penalties and interest incurred on the outstanding balance.

Another type of employee income withholding is a court- or administratively-ordered deduction of a specified amount from a parent's income for payment of child support. In the state of Utah, income withholdings placed on employee earnings comprise more than 70 percent of child support payments sent to families -- payments that totaled over \$211 million in 2008.



Collections efforts undertaken by Third Parties -- either individuals, businesses or, most commonly, debt collection agencies that have "bought" debt from another source -- represent another common source of employee wage garnishments. These garnishments typically are court-ordered, though voluntary wage assignments may also be structured between parties whereby a repayment plan is established outside of any legal process.

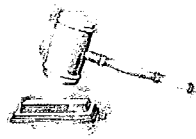
PDR Issue Brief #7 contains more information on garnishments.

The number of IRS levies against wages and bank accounts increased from just over 500,000 in 2000 to 3.7 million in 2007.



Legal Scoop: Worker Misclassification Concerns

Studies conducted nationwide estimate that between 15 and 30 percent of employers may be misclassifying -- intentionally or not -- their workers (treating W4 employees as independent contractors, 1099 status). This, in effect, cuts payroll costs by as much as one-quarter (an unfair competitive advantage) and denies their workforce important protections and benefits.



Companies in construction, professional business

services, health/education and transportation/utilities, often are viewed as common offenders, and risk major liabilities if found to be misclassifying their work-

ers:

- Liability for unpaid federal, state and local income tax withholdings
- Liability for Social Security and Medicare contributions
- Liability for unpaid unemployment insurance premiums
- Liability for unpaid Workers' Compensation premiums
- Liability for unpaid overtime compensation and work-related expenses
- Liability for claims of entitlement to pension & profit-sharing benefits, medical benefits
- Liability for incentive compensation, such as bonuses and stock options

In Utah, members of the state legislature, the Department of Workforce Services and the

Office of the Attorney General have discussed ways to put a stop to the misclassification of workers. Senator Ed Mayne (D-West Valley City) is spearheading the charge: "If we continue to do nothing, what we are saying is that we condone the 10, 15 or 20 percent of the industry that sets out to deliberately violate the law." Following other states, it's likely that Utah soon will increase its efforts to identify, investigate and, if need be, prosecute negligent employers.

PDR has available a larger information piece on this topic, "The Risky Business of Worker (Mis)Classification"

If interested in receiving this document, email kyle@pdrutah.com.

Economic Data and Trends: Signs of a Slow Recovery

The nation appears to be slowly limping its way out of the recession, according to new economic data, as the housing market stabilizes, the industrial sector continues to struggle and inflation appears contained.



A Commerce Department report released on June 16th showed that construction of single-family homes rose more

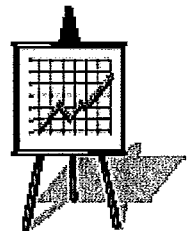
than expected in May, as did building permits, which are used to gauge future building activity

A separate June report released by the Fed showed that manufacturers, already operating at record low levels in April, cut back production in May for a seventh straight month. While not encouraging in the short term, the cutbacks mean manufacturers are getting closer to bringing production in line with demand, a prerequisite for growth.

In recent weeks, Federal Reserve leaders have walked a fine line,

saying recent signs of "green shoots" don't warrant further intervention, but that it's too early to

remove the money the central bank has injected to shore up the financial system. Fed Chairman Ben S. Bernanke has countered inflation fears by arguing that weak demand and rising unemployment are likely to keep prices and wages from rising.



*"Everything [we see] supports the notion that economic activity will rise in the third quarter,"
Wachovia Bank Economist
Mark Vitner*

Tip of the Month: July 24 Minimum Wage Increase

The final minimum wage increase passed into law as part of the Fair Minimum Wage Law of 2007 (which amended the Fair Labor Standards Act) will go into effect on July 24, 2009.



The hourly rate will rise from \$6.55 to \$7.25. PDR will make every effort to

ensure that, for whom the new rate applies, this change is reflected in future payrolls but asks that PDR clients similarly adjust their figures when reporting payroll hours.

Setting You Free to Run Your Business



PDR PAYDAY RESOURCES

NEWS YOU CAN USE



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Little Did You Know - Staff Member Spotlight, John Benson

John Benson occupies a primary operations position at the company, serving as controller. His responsibilities include book-keeping and financial planning, as well as general back office support. He has been with PDR since 2004.

Prior, John spent three years at NuSkin International as a Business Analyst. He graduated from

Brigham Young University in Finance, after having served an LDS mission in Paris, France.

Married to Amber (Radebaugh), he is the proud father of two girls (Elle and Sophie), both of whom his coworkers note are spitting images of the Whoville kids. John enjoys biking, jogging and gardening (he's renowned around the workplace for his-

fresh-ingredient summer salsa, as the French would say: *C'est magnifique!*) and notes *There Will Be Blood* is one of his favorite movies of all time -- due to the many memorable lines delivered by Daniel Day Lewis's character Daniel Plainview, the oil tycoon.