



FINDING THE RIGHT PEO SERVICES CUSTOMERS GUIDE



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This booklet provides practical information concerning the subject matter and is provided with the understanding that Simple Work Comp is not rendering legal or tax advice or other professional services.

WHAT IS A PEO?

A professional employer organization (PEO), is a type of full-service human resource outsourcing known as co-employment. During this process, the PEO performs various employee administration tasks on behalf of a business. An example of those services include payroll, worker's comp and benefits administration. Some PEOs also have strategic services, so it's important to research all available providers and compare each of their unique capabilities.

The diagram below outlines the types of PEO Services we provide to our valued customers.



WHY USE A PEO?



As an employer, a business is fully responsible for its employees, but in a co-employment relationship, critical HR functions and liability transfer to the PEO.

Free from these responsibilities, businesses can focus on revenue-generating activities, all while retaining control over company operations.

Another benefit to a co-employment relationship is allowing a business of any size access to large company benefits and discounted group rates by joining a network of PEO clients.

With the expert, strategic guidance of a PEO, you may be able to grow your business and have peace of mind that you're more protected while doing so. PEOs typically help with:

PAYROLL AND TAX FILING

PEOs process payroll and in some cases, can pay local, state and federal employment taxes. Many also integrate payroll with time and attendance, which helps reduce duplicate data entry and errors.

WORKER'S COMPENSATION RISK AND SAFETY

In addition to workers' compensation insurance, PEOs sometimes provide safety audits and training programs to help you limit claims. They may also assist with Occupational Safety and Health Administration (OSHA) inspections.

COMPLIANCE

PEOs typically have compliance experts who can help you protect your business from penalties and fines. Their area of expertise may include payroll tax law and reporting requirements, unemployment insurance, workers' compensation, hiring and HR compliance.

WHY USE A PEO? CONTINUED



BENEFITS ADMINISTRATION

A co-employment arrangement often comes with access to high-quality, cost-effective health insurance, as well as dental care, retirement benefits and other employee perks. The PEO will usually handle the employee enrollment for these benefits and process claims for you.

HUMAN RESOURCE SUPPORT

In many cases, a PEO has HR professionals who provide HR services and support. If you already have an in-house HR person or team, the PEO partners with them both strategically and administratively.

TALENT MANAGEMENT

Some PEOs offer end-to-end talent services, like recruiting and strategic hiring, employee training and engagement, and performance management.



HOW DOES A PEO WORK?

By Kacie Miller Swann

In a co-employment relationship, both the business and the PEO share certain employer responsibilities. The PEO typically processes payroll, withholds and pays payroll taxes, maintains workers' compensation coverage, administers employee benefits and provides human resources guidance. This leaves you to manage regular business operations, like providing products and services to customers, and making decisions about which employees to hire or terminate.

To choose the right PEO for your business, shop the co-employment market just as you would for any other strategic business need. Look for PEOs that:

- Have a strong track record and fiscal stability
- Can meet the unique needs of your staff
- Supply references from other clients in your industry
- Provide comprehensive support and compliance expertise
- Offer services and coverage where you do business.
- Are accredited by ESAC or certified by the IRS

WHO BENEFITS FROM USING PEO SERVICES?



Small and mid-sized businesses tend to be in co-employment arrangements the most, but larger organizations can also benefit. In fact, PEOs are a good fit for almost all industries, including, but not limited to:

- Accounting, Auditing & Bookkeeping
- Business Services
- Computer Services & Information Technology
- Construction: Roofing, Painting, Carpentry, Framing and Other
- Engineering Services
- Health Services
- Insurance
- Legal Services
- Management Consulting Services
- Manufacturing
- Nonprofits
- Plumbing, HVAC, Electrical & Other
- Real Estate & Property Management
- Securities Brokers & Dealers
- Wholesale



DID YOU KNOW...

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PEO Services gets you Free Direct Deposit
”



TYPES OF PEO SERVICES

By Victor Sofia

Although there is only one type of PEO, known as co-employment, there remains some confusion among employers about the business model. This misconception is largely because employee leasing has been incorrectly used to describe PEOs and their services over the years. In fact, some state legislatures continue to refer to PEOs as a type of leasing in their statutes.

PEOs are a type of HR outsourcing, but they're also distinctly unique because of the co-employment arrangement. Other outsourcing services that are similar to or sometimes mistaken for PEOs include:

- Employee leasing company
- Staff leasing company
- Human resources outsourcing organization (HRO)
- Administrative services organization (ASO)
- Managed payroll

FREQUENTLY ASKED QUESTIONS

What is the difference between a PEO and a staffing company? Staffing companies lease employees to other businesses and remain the sole employer for those workers. PEOs, on the other hand, don't supply a workforce, but assume certain responsibilities that make them co-employers with their partner organizations.

What is the difference between HR outsourcing & hiring a PEO? In a co-employment relationship, you share certain employer responsibilities with the PEO that cannot be achieved through typical HR outsourcing. Simple Work Comp also offers a legal defense benefit if you follow our guidance and an employee sues your business (subject to certain terms and conditions).

Who is the employer in a PEO? In a co-employment arrangement, the PEO is the employer of record for tax purposes, but the client business maintains full authority of its workforce.

What is the benefit of hiring a PEO? A PEO partners with you so that you don't have to navigate HR, risk and compliance on your own, thereby helping you protect and grow your business.

How does a PEO make money? PEOs make money by charging a fee for their role in co-employment. This cost usually depends on the total number of employees you have and the breadth of services you purchase. For example, PEOs that only handle basic HR administration, like payroll and benefits, may be less expensive than those that offer a full set of services.

Does partnering with a PEO affect my company ethos? A co-employment relationship will not necessarily affect your organization's ethos unless that is one of your desired goals. In which case, some PEOs can recommend strategies to shape your culture and brand in a way that represents how you want your business to be perceived by your employees today and in the future.

What is the average cost for PEO Services? PEOs typically charge by a percentage of payroll, but some base their fee on the number of employees you have. When shopping for a PEO, you'll often have to provide information about your workforce, as well as your existing or desired benefits to get a price estimate.

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No Surprises. No Hidden Fees.
Just Accurate Quotes.
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