



# What is a PEO & How Can They Help Your Organization?

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**VANGUARD**  
INSURANCE AGENCY  
Employee Benefit Solutions



Nonprofit  
Resource Hub

# How Well Do You Know PEO?

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Human resources represents significant challenges for many small employers and their owners. Rising healthcare costs, changing employment legislation, shifting workforce expectations, and the time needed to manage HR tasks are just a few of the many problems that small businesses face.

To address these concerns, many employers in the New York area have increasingly turned to outsourcing as a way to improve their HR practices. And one type of outsourcing solution is becoming the most popular choice: **Professional Employer Organizations (PEO)**.

The [National Association of Professional Employer Organizations](#) (NAPEO) defines a PEO as a firm that provides comprehensive outsourced HR solutions for small and midsize businesses. Payroll, employee

benefits, HR management, tax administration, and regulatory compliance are just a few of the services commonly offered by a PEO.

By partnering with a PEO, business leaders gain numerous advantages that can help employees and enable the organization to continue its mission.

This eBook goes in-depth into the services a professional employer organization can offer to small employers and what leaders should look for in a potential PEO partner. But first, let's answer a very important question: why work with a PEO in the first place?



# The Advantages of a PEO Solution

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The main reason why employers choose a PEO solution is to significantly improve all aspects of HR. Company leaders and employees gain a true HR partner by working with a PEO and its team members. Clients get to work with experienced professionals with backgrounds in numerous fields that help streamline HR, including: risk management, HR compliance, employee benefits, payroll, HR management, and more!

But that's not the only benefit of working with a PEO. These eye-opening statistics from NAPEO highlight a few of the positive business outcomes that a PEO partnership can provide:

Companies who use a PEO can save <b>35%</b> on HR administration costs	Partnering with a PEO lowers employee turnover by <b>10% to 14%</b>
Businesses who partner with a PEO are <b>50%</b> less likely to go out of business	A PEO can help employers grow by <b>7% to 9%</b>

Another popular reason why employers choose a PEO is because of the desire to enhance employee benefits. PEOs provide their clients with the same quantity and quality of benefits (including **tailored healthcare plans** that avoid New York community ratings) that are usually offered by Fortune-500 employers.

By offering a modern benefits package, small businesses are in a much better position to not only retain current top employees, but also attract new team members to the organization.

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# Which Services do PEOs Offer?

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Professional employer organizations offer a wide-variety of services to their clients that all help improve not only an employer's overall HR practices, but also the employee experience.

Most PEOs offer solutions that fall under three main services: *HR services*, *employee benefit services*, and *risk and compliance services*.



## **HR Services**

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- HR management
- Payroll and tax services
- Recruiting services
- Performance management solutions
- Learning and training
- Time and attendance
- Culture building consulting
- Scheduling
- Compensation consulting



## **Employee Benefit Services**

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- Tailored health insurance offerings
- ACA compliance
- Life and disability
- Dental and vision insurance
- 401(k) and other savings plans
- Voluntary benefits
- Complimentary benefits



## **Risk and Compliance Services**

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- Leave of absence management
- I-9 verification
- OSHA support
- Drug testing support
- Employee handbooks and posters
- Workers' compensation
- Workplace safety improvements
- Return-to-work programs
- Employee policies and notifications

In addition to these and other services, some PEOs can even personalize their solutions to best fit each individual client. Since no two employers are ever exactly the same, this is incredibly valuable for business owners who are considering HR outsourcing options.

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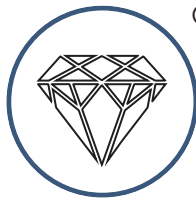
# Which Services do PEOs Offer?

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PEO clients tend to be very diverse. They come in different sizes, operate in a wide-variety of industries, have different goals and missions, and are located all over the United States.

But there are certain traits that most PEO clients have in common that makes them a good fit for this type of HR solution:

## Need for Better Benefits



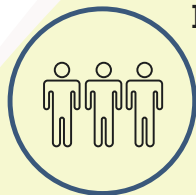
One of the main drivers to exploring PEOs is the desire to improve benefit packages to compete for talent. These benefits include tailored health insurance, 401(k) and other retirement benefits, vision and dental insurance, voluntary benefits, and many more.

## Growth-Oriented



PEOs enable business leaders to focus all their attention on the main missions of the organization instead of worrying about HR tasks. And improving benefit offerings and HR strategies helps make hiring new team members much easier.

## Number of Employees



While the exact number will vary depending on the PEO, employers with between **5 and 400 full-time employees** usually see the most value from this type of HR solution.

# Are All PEOs the Same?

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There are a lot of PEOs that exist today, which can be confusing for employers when trying to determine the PEO that may be the best fit for their organization.

But it's important to know that not all PEOs are the same. In fact, there are a few factors that make PEOs different from one another. Here are the most common:

## Service Model

PEOs can vary in the type of service model they provide. They can range from a one-size-fits all approach, to a highly personalized model. The differences between service models can be a big factor in deciding which PEO to partner with.

## HR Technology

By working with a PEO, clients often gain access to modern HR technology that helps managers and employees. Things like PTO requests, payroll information, benefits enrollment, and employee training can all be accessed through the HR technology provided by a PEO.

## National or Regional PEO

National PEOs operate throughout the country and have clients in numerous states. Regional PEOs are only located in certain areas or regions in the U.S. and tend to focus their services on clients located close by. The degree of personalized services that are offered could vary based on this trait.

## Accreditation and Certification

*ESAC Accreditation* - In 1995, the Employer Services Assurance Corporation (ESAC) was formed to become the official accrediting agency of the professional employer organization industry. PEOs that are accredited by ESAC meet the gold standards for industry best practices and financial reliability.

*Certified PEO Program* - Starting in June 2017, the Internal Revenue Service began designating select PEOs as Certified Professional Employer Organizations (CPEO). To become certified, a PEO must apply to the IRS and provide extensive background information. CPEO status provides financial assurance and peace of mind to clients who partner with PEOs that they are working with a best-in-class organization.

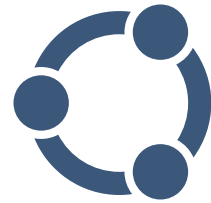


# How Can Your Business Benefit from a PEO?

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The decision to explore PEOs is a big one that can have significant impacts on your organization. But you don't have to go about it alone.

Our team at *Vanguard Insurance Agency* can get you in contact with one of our PEO partners that would be the best fit for your organization. We specialize in helping New York small businesses overcome their HR, employee benefits, and health insurance challenges.



Contact us today to learn more about professional employer organization and see if this outsourcing solution could be the answer to your HR challenges.



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