

Professional Employer Organization

Business owners and program leaders want to focus their time and energy on the "business of their business" and not on the "business of employment". Professional Employer Organizations (PEO) give small-group markets access to many benefits and employment amenities they would not have otherwise. A PEO enables small to mid-size businesses to offer their employees access to better, more affordable benefits, as well as streamline the administrative HR functions.

A PEO will often automate tasks like payroll, enrolling employees in benefits, and managing compliance. According to the National Association of Professional Employer Organizations (NAPEO), businesses that use a PEO actually have higher employee satisfaction and up to 14% lower turnover.

Employees are not the only ones to benefit from the use of a PEO. NAPEO found in a 2019 study that the average cost savings per year per employee is \$1,775, while the average PEO cost per employee is \$1,395, yielding an annual return on investment of 27.2%. Additionally, the study found that organizations that use a PEO grow faster and are more likely to stay in business than organizations that do not.

3 Ways PEOs Help Employees of Small Business:

1. Access to big-business employee benefits such as health insurance, dental and vision care, life insurance, retirement saving plans, job counseling, adoption assistance, educational benefits.
2. Businesses with fewer than 10 employees have more than 3 times greater participation in a retirement plan.
3. Help employees better understand their rights and responsibilities under federal, state, and local employment laws.

Guidelines for Choosing a PEO:

- Assess your business to determine your human resource and risk management needs
- Make sure the PEO is capable of meeting your goals. Meet the people who will be serving you.
- Ask for client and professional references of other businesses like yours.
- Is the PEO IRS certified. This confirms they can pay federal employment taxes.
- Understand how the employee benefits are tailored. Do they meet your needs?

For additional questions and support, contact SPARK Learning Lab:

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