

EVERYTHING YOU NEED TO KNOW ABOUT PEOs

PROFESSIONAL
EMPLOYER
ORGANIZATIONS



HR | BENEFITS | TECHNOLOGY



CONTENTS

What is a PEO.....	3
Co-employment.....	4
Reasons Why	5
Things to Consider.....	6
Possible Drawbacks	7
Pros simply summarized	8
What's Next	9
Not for Me.....	10
OCI-HR.....	11

WHAT IS A PEO?

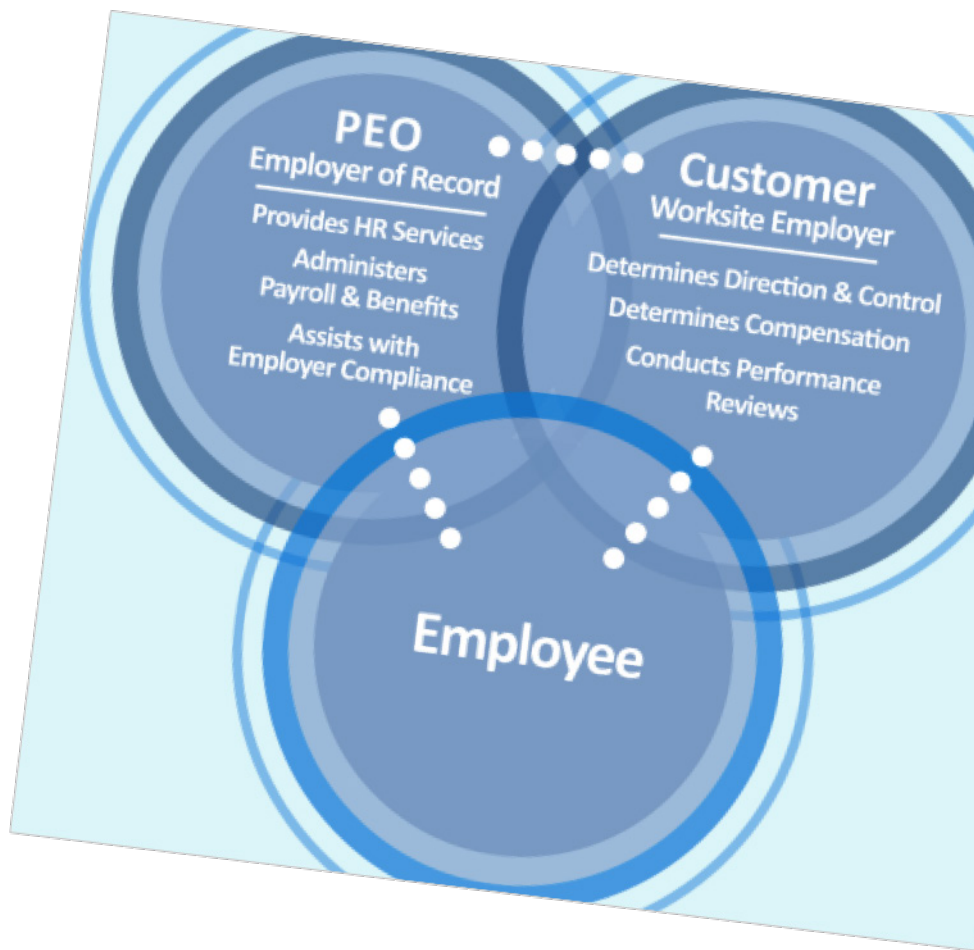
PEO is an acronym for Professional Employer Organization. As the name indicates, a PEO is a professional employer. All a PEO does is employ people so you don't have to. Why is this such a valuable service? Because it costs money beyond wages and taxes to employ people and most business owners didn't get into business to employ people. They got into business to create something or to provide a much needed service. A PEO helps manage the complex and challenging parts of being an employer. Things such as employee benefits, workers' compensation insurance, compliance, payroll taxes, and most of all, human resources. A PEO works with you to perform these tasks and to provide expertise in all aspects of human resources.



CO-EMPLOYMENT

The PEO becomes the administrative employer and the client remains the on-site employer.

Co-Employment is what makes the concept of a PEO work. As the administrative employer, the PEO becomes responsible for risk, taxes, human resource management, and payroll. The client retains control of the day to day tasks of business operations and production. While both the PEO and the client share responsibility for employment law, it's the PEO job to provide a complete and comprehensive HR package.



REASONS WHY

SEE THE MANY REASONS WHY AN ESTIMATED 160,000 SMALL BUSINESS OWNERS USE A PEO.

- Sharing liability with a PEO provides a business owner with confidence to grow his or her business as opposed to always being concerned about compliance.
- PEOs give the client the ability to offer a much broader array of employee benefit options.
- PEOs provide much needed professional HR solutions without the client having to invest in a large HR department.
- PEOs provide a greater level efficiency, by combining payroll, HR, and employee benefits in one package.
- PEOs help a client stay in compliance with new and ever changing regulations like ACA (Obamacare).
- PEOs can shield a client from big swings in cost from employee benefits and workers' compensation insurance.
- PEOs are very proactive with new laws that most business owners only find out about after the fact.
- PEOs help a client reduce cost by combining HR, payroll, EPLI, workers' compensation insurance, time and attendance, and employee benefits administration all in one package, all done by the very best professionals.



IS A PEO RIGHT FOR ME?

THINGS TO CONSIDER BEFORE SELECTING A PEO.

- Not all PEOs are created equally. While size is not always an indicator, it's something to consider.
- Is the PEO I'm considering offering a complete service? PEOs will generally provide services in 4 main areas. HR, Employee benefits, workers' compensation/safety, and payroll. Make sure you are getting a complete package.
- Make sure the PEO is in good standing with NAPEO. While this not always an indicator, it's something to consider. You may also benefit from the PEO being a part of ESAC. ESAC is similar to what FDIC insurance is for banks.
- Make sure the PEO is being transparent in how they are billing you. When you start combining fees, taxes, wc, and employee benefits, it can become confusing. Make sure they are willing to fully disclose the pricing for each item.
- In today's world, technology is king and for that matter, the queen. Make sure the PEOs you are considering has the capability that you are looking for. I would strongly suggest an in-depth demo of the HR management system (HRIS). This should give you confidence in the payroll portal, the time and attendance software, and the HR reporting.
- Is having a local presence important to you? Most HR and payroll functions are done via the internet and over the phone. But you may be the type that desires a more personal touch. If so, you want to make sure the PEO either has a local service person or has willingness to be onsite on a regular bases.
- How long has the PEO been in business and can they provide both client and professional references? Doing business with a younger PEO is not a bad thing, just make sure they have the expertise you are looking for.

EXAMINING POSSIBLE DRAWBACKS AND PEO MISCONCEPTIONS

• TOO EXPENSIVE

Most of the time, this is a statement made by someone who is competing against a PEO. When you combine things like Payroll, HR, safety, employee benefits administration, EPLI, and 401k, you may find a PEO is not only not expensive, it's saving you money.

• LOSS OF CONTROL

PEOs have no desire to come into your business and take over. They want to provide a service that allows you to take more control, by handling non revenue producing tasks and reducing the liabilities of being an employer in 2016 and beyond.

• TOO MANY LIMITATIONS

When it comes to health insurance and workers' compensation insurance. While this is true with a few PEOs, the majority of PEOs are very flexible. If it is better to use the open market for either line of coverage, most PEOs will still provide the administration and safety services.

PROS SIMPLY SUMMARIZED

- 1 Reduce liability
- 2 Control cost
- 3 Full slate of employee benefits i.e. health insurance, dental, life, LTD, STD, vision, Section 125, 401k, HRA, EAP, etc
- 4 Complete and professional employee benefits administration including ACA and COBRA
- 5 Complete and comprehensive Human Resources and compliance administration
- 6 Help with safety and OSHA compliance including safety inspections and safety manuals.
- 7 Robust and state of the art technology, that help you take your business to next level.

WHAT'S NEXT?

If you've come to the decision a PEO relationship is something to consider, here are some next steps.

- Go the NAPEO website (www.napeo.org) and see what PEOs are in your local area. The local PEOs may or may not be the best fit, but it's good to see who is out there.
- Ask around. Check with other business owners that are either in your local area or in your industry. PEOs are probably a lot more common than you think and it may surprise you to learn just how many people you know currently use a PEO.
- Make sure the PEO has everything you are looking for.
- Make sure to always check references, both professional and client references.



WHAT IF A PEO IS NOT FOR ME?

If you come to the conclusion that a PEO is not a good fit for your company, consider looking at an ASO (administrative service organization). An ASO provides some of the same services that a PEO provides, but on a non co-employment bases. Some companies offer either a PEO option or an ASO option.



ABOUT US

OCI-HR is an independent consulting firm specializing in PEOs and HR outsourcing.

We are located in Dallas/ Fort Worth Texas area, but we do business all over the United States. With over 20 years of experience, we are uniquely positioned to provide the most professional and comprehensive solutions for a business owner looking to outsource all or some of the HR and administrative functions of their business. OCI-HR always appreciates the opportunity to serve a new prospect and we never charge a fee to the client for the services we provide. Our motto is “problem solved” and our mission is provide the best options for our clients and to be there for the long haul.

For more information on OCI-HR, call Steve at 866-933-7361 or visit www.ocihr.com. You can also email steve@ocihr.com.



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