



The PEO Purchasing Guide

Everything small businesses need to know about hiring a Professional Employer Organization (PEO).

Table of Contents

Introduction	1
Does Your Business Need a PEO?	2
Selecting the Right PEO For Your Business	3
What Services Do PEOs Offer?	4
Initiating the Buying Process	6
Choosing Services	7
Gathering Information	8
Generating a Quote	11
Client Onboarding	12
Conclusion	13

What is a PEO?

PEO stands for **professional employer organization**. A PEO allows small and mid-sized business owners to outsource many of the administrative functions associated with human resources (HR), such as payroll, compliance, and employee benefits administration.

There are various ways to structure an administrative or HR outsourcing arrangement, and most full-service PEOs can structure their offering to match your needs.

One outsourcing structure unique to PEOs is **co-employment**. In a co-employment relationship, a PEO such as G&A Partners becomes the employer of record for your workers, assuming much of the responsibilities (and sharing the risks) of your company's complex employment matters while you continue to direct your employees' day-to-day activities.



Why do companies need a PEO?

PEOs provide proven processes and advanced technologies that help growing companies more effectively and efficiently manage their day-to-day HR functions like recruiting, payroll administration, and employee benefits. And because PEOs maintain teams of accredited HR experts, they can also handle the more complex HR matters that often confound small and mid-sized business owners – things like claims administration, complex employee relations, and compliance issues.

Business owners who choose to employ a PEO often realize several benefits, including time to focus more on their core business, ability to build a more affordable and competitive benefits package, improve operating efficiencies, reduce HR costs, and more.

Does Your Business Need a PEO?

Begin by asking yourself these questions:

- ▶ Are your employees asking for benefits you can't afford or aren't equipped to administer properly?
- ▶ Are you completely confident your company is compliant with all local, state, and federal employment regulations?
- ▶ Is your employee turnover rate adversely affecting your company's performance?
- ▶ Do you have dedicated HR staff? If so, is your HR department as effective or as efficient as you'd like it to be?
- ▶ Do you have access to integrated technology that allows you to facilitate efficiency during the various stages of the employee lifecycle?
- ▶ Are you paying too much for workers' compensation insurance?
- ▶ How does your organization source new employees? Is your recruitment process as efficient as you would like it to be?
- ▶ How much time does your staff spend manually collecting and entering time and attendance data?

When reflecting on your answers, **look for potential gaps in your HR administration**, such as uncertainty about compliance issues or lack of dedicated staff. Do your answers identify needs that are impacting your company's performance, such as **high employee turnover** or an **inefficient recruiting process**?

If so, a PEO may be the answer your business needs to improve daily HR administration while positioning your small or mid-sized business to grow and succeed.

Selecting the Right PEO for Your Business

Selecting a PEO should be a process conducted by engaged decision-makers who understand your company's business goals and know what your business needs from an HR provider.

If your company is a **steady, slow-growth business**, you may want to alleviate some of your administrative burdens. In that case, an à la carte model that allows you to outsource several select functions, like payroll and benefits administration, and retain others, may be appropriate.

On the other hand, if your business is a more **dynamic, faster-growth business**, you may decide you want more strategic, comprehensive HR services to support your growth objectives.

PEO & HR Outsourcing Industry Statistics Did you know?

In a 2021 white paper from the National Association of Professional Employer Organizations (NAPEO), one economist's research showed that companies that partner with a PEO have:

- 40% better revenue growth.
- 14-16% less employee turnover.
- A reduced likelihood (by 50%) of going out of business.

Source for the stats linked [here](#):
"The PEO Industry Footprint 2021." McBassi & Company. 2021



What Services Do PEOs Offer?

To determine whether a specific PEO can help your company achieve its goals and contribute to greater operating efficiencies, it's important to understand the breadth of that PEO's service offering. This will allow you and your team to select a PEO partner with the services, expertise, and support that best aligns with your business needs.

For example, some PEOs commoditize tactical services, while others deliver both high-tech and high-touch strategic services. At G&A Partners, our comprehensive, strategic HR solutions can help small and mid-sized businesses operate more efficiently and achieve greater productivity.

G&A's extensive PEO services:

Benefits Administration

- Access to group medical, dental, vision, life, STD, LTD, etc.
- Access to voluntary benefits
- Access to employee assistance program
- Onsite assistance for open enrollment
- Web-based benefits enrollment tool
- Adding/deleting employees in carrier system
- Handling employee calls regarding coverage and claims
- Reconciling carrier invoices and remitting payments
- COBRA administration
- 401(k) plan and administration
- Section 125 Plan administration
- PTO tracking

Payroll

- Payroll setup
- Client training
- Payroll tax filing
- Form W-2 & W-4 printing, filing, and mailing
- Direct deposit
- Payroll processing of weekly/bi-weekly/semi-monthly/monthly payroll cycles
- PTO, vacation, and sick leave accrual
- Employment verification of current or past employees
- Online payroll submission
- Automated standard deductions
- Standard payroll reporting
- Garnishment, levy, and child support administration
- New-hire reporting
- Access to integrated time and attendance system

Human Resources

- HR manager/employee web-based self-service portal
- On-demand AccessHR team (7:30 a.m.-7 p.m. CST, Mon.-Fri.)
- Customized employee handbook
- Access to electronic new-hire onboarding tool
- Employment practices liability insurance
- Required worksite postings
- EEO-1 reports
- Annual HR audit
- HR investigations
- Assistance with employee performance management
- Web-based employee performance management tool
- Paid time off and family leave assistance
- Employee disciplinary support
- Employee termination support
- Employee exit interview support
- Unemployment insurance (UI) claims administration
- Timely HR compliance updates/notifications
- Access to online/onsite supervisory HR training
- Web-based eLearning and employee development tool

Recruitment

- Sourcing of candidates
- Web-based applicant tracking system (ATS)
- Job description review and classification
- Job description support
- Job postings
- Resume screening based on client criteria
- Access to prehire job assessments, substance abuse testing, background screening, and medical exams

Risk Management & Safety Services

- Workers' compensation coverage and claims administration
- Written accident prevention plan
- Safety training
- Onsite safety inspections
- Post-accident investigations
- OSHA assistance
- Safety and risk management consulting service



Initiating the Buying Process

Once you've identified one or more PEOs that are qualified to deliver the services your business needs, you are ready to begin the buying process. Engaging a PEO can be a game-changing move for growing companies, but the process of purchasing services and transitioning your company's HR functions can feel daunting. Familiarizing yourself with the steps involved will help ensure a smoother, more streamlined experience.

The PEO buying process generally consists of four steps:

- 1 **Choosing services**
- 2 **Gathering information**
- 3 **Generating a quote**
- 4 **Client onboarding**



The Four Steps of PEO Buying Process:

1

Choosing Services

To determine which PEO services your company needs, it's important to understand your organization's strengths and areas that need improvement. This will help you identify the services that will best support you and your employees. By knowing your needs and the offerings of different PEOs, you can make a more informed buying decision.

A tip from G&A Partners:

Bundling services can save you money. A PEO may be able to offer you a better price per service if they can group multiple services together at the outset of the engagement, rather than having new services added piecemeal throughout the life of the contract.

Certain services, like payroll administration and other critical functions, are also often required for a PEO firm to provide services.



The Four Steps of PEO Buying Process:

2 Gathering Information

Once you've narrowed your list to a few prospective PEO partners, it's time to request price quotes. To generate accurate quotes, each PEO will need to collect some detailed information about your company and your business goals.

This information-gathering process may seem cumbersome, but providing accurate information during this stage is crucial. And providing comprehensive and current data to each PEO allows them to better understand your specific needs and provide you with the more precise pricing.

Here's a detailed example of the information G&A Partners collects from prospective clients:

Contact Information and Company Demographics

In addition to general company contact information, G&A asks prospective clients to provide their federal ID number, number of years in business, website addresses, business sectors, number of employees and their locations, SIC codes, NAICS codes, and whether they are involved in government contracts.

In addition, we ask for a list of people who will be involved in the buying and onboarding processes and their contact information.

Accounting

G&A Partners also asks prospective clients to let us know what accounting software platforms they currently use and whether it allows for the integration of the client's payroll and accounting systems.

Payroll

One of the first questions a PEO will ask regarding a prospective client's payroll systems is likely to be, "How do you track your employees' time and attendance?"

Workers' Compensation and Risk

Before a quote can be generated, G&A needs to assess a company's exposure to risk and learn about its existing workers' compensation insurance. For each job type per state, the company would need to provide a workers' compensation code, a brief description of the job, the number of full-time employees, the number of part-time employees, and the annual wage for the position.

At this point, G&A also asks prospective clients to let us know which workers' compensation providers they are currently using, how many years they have been with them, what they pay in annual premiums, and what kind of deposit they originally put down. We also ask that prospective clients supply a copy of their current declaration pages, NCCI experience modifier worksheet, and a copy of loss runs for the past three to five years.

Additionally, a PEO may ask prospective clients to complete a questionnaire like the one below to further assess the company's risk exposure and workers' compensation requirements.

1. Is your company engaged in any other type of business?
2. Does your company have a light duty return-to-work program for injured employees?
3. In the past 3 years, has your company had any employment-related lawsuits, grievances, or EEOC claims?
4. Does your company use subcontractors?
5. Does your company have a formal safety program in place?
6. Has your company ever been cited by OSHA, EPA, or the state for violation of a law, regulation, or ordinance?
7. Do you conduct safety meetings?



Human Resources

To generate a thorough quote, G&A Partners inquires about the HR initiatives prospective clients currently perform, as well as those they need to put in place to improve their productivity.

For example, G&A may ask about a prospective client's hiring methods and whether they could benefit from recruiting services. We would also ask if the company has an up-to-date employee handbook or what written policies are already in place, if any.

For any prospective clients that are already using or have used a PEO in the past, G&A will also ask for the name of their current/previous service provider and the date they initiated that relationship.

Group Benefits

During the information gathering stage, G&A will also ask about the types of insurance a prospective client currently provides and whether they would like to offer any additional benefits.

Coverage options G&A and other PEOs offer generally include medical, dental, vision, short-term disability, longterm disability, group life, flexible spending accounts, 401(k) plans and Section 125 accounts. The account representative you're working with should be able to answer any questions you have about employee benefits at this stage.

If a prospective client currently provides insurance for its employees, G&A will ask about their current carrier, how many years they have been with them, their renewal date, current contribution strategy and the premium rates for each of the various plans they offer. This information is often conveniently compiled within a recent group medical invoice and benefit plan summary.

Once all the necessary information previously outlined is gathered and provided to your prospective PEO, they may still follow up with additional questions to clarify your existing services or future needs before generating a detailed price quote.

The Four Steps of PEO Buying Process:

3 Generating a Quote

Unlike other service providers, PEO quotes are personalized to each company's unique situation. This often makes the process more involved than with other service providers. Once a quote is generated, your prospective PEO will present their service proposals and answer any questions you may have to help you understand the nuances of their offerings and associated pricing.



Most PEOs charge for their services in one of two ways:

- ▶ **As a percentage of total payroll (typically between 3-8 percent)**
- ▶ **As a flat per-employee-per-year (PEPY) fee**

In both cases, the exact price or rate will often depend on what services the PEO will provide to your company.

The Four Steps of PEO Buying Process:

4 Client Onboarding

Once you have selected the best PEO for your company and have executed a CSA (Customer Service Agreement) with your new PEO, you will enter the client onboarding process. The transition process typically begins with a kick-off meeting involving key members of your organization's transition team and your PEO's assigned account team. During this meeting, the account team will work with you to outline the process, clarify the scope, define goals, and establish a timeline.

At G&A Partners, we work closely with our new clients during the 90-day transition timeline to ensure that all systems are working properly and all necessary deadlines have been met. To ensure a smooth transition, G&A's subject matter experts engage with our clients and their internal team to learn more about their company's specific needs. We'll review their current payroll, benefits, workers' compensation, workplace safety, and other HR processes to identify opportunities for improvement and efficiency.

Once the initial implementation process is finalized and all action items you outlined in your initial kick-off meeting have been completed, your account will be transitioned to your permanent account service team; however, all PEO representatives who assisted in the onboarding process will remain accessible to your company throughout the remainder of your contract.



Why G&A Partners

When you choose to work with a professional employer organization like G&A Partners, you gain access to a dedicated HR team committed to your company's success. Our comprehensive services offer an added layer of protection and support for your business and its employees.

With G&A as your partner, you will have at your disposal all the HR services, expertise, and hands-on support your company could possibly need, for about the cost of one full-time employee.

If your business or organization has made the decision to partner with a PEO, congratulations!

You're well on your way to enjoying greater operating efficiencies, minimized liabilities, lower overhead costs, and the many other benefits companies that outsource their HR enjoy. So, how do you find the best PEO partner for your organization?

A great place to start is right here, at G&A Partners.

G&A Partners has been a leader in the PEO and HR outsourcing industry for close to 30 years. As an HR provider with comprehensive human resources expertise, innovative technology, and best-in-class service, G&A Partners helps business leaders, just like you, focus more of their time on what matters most: growing their business.

Whether you need full-service HR support or help in a few key areas, G&A Partners provides the people, processes, and technology you need to grow your business faster and take better care of your employees.

Visit us online or give us a call today to learn more about how G&A Partners' comprehensive HR solutions can help you achieve your business goals and spend less time managing human resources, benefits, and payroll.

