

# **Comparing PEOs and EORs: Which One is Right for You?**

# PEO vs. EOR Comparison

## PEOs vs. EOR: Making the Right Choice

---

Need help understanding what makes PEOs and EORs different? You've come to the right place — and you're certainly not alone.

It's no surprise that people get the two terms confused. Even beyond the fact that they're both three-letter abbreviations, they've got plenty in common. Both PEOs (Professional Employer Organizations) and EORs (Employer Of Record) help businesses offload the work of everyday HR responsibilities, freeing up time for other other tasks. But there are also important differences between the two, including how they function and what they can accomplish.

Use this checklist to find out which one is right for your business.

\* This checklist is not exhaustive. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, legal or tax advice. If you have any legal or tax questions regarding this content or related issues, then you should consult with your professional legal or tax advisor.

# 1. Learn How They Work

The first stage involves getting off the ground, by finding your customer niche, and delivering value in the market. At this stage, you're likely...

- ☐ **PEO:** The acronym PEO stands for [Professional Employer Organization](#). Professional Employer Organizations work with small businesses to help them manage payroll, [certain human resources functions](#), access to benefits, and other employer-related administrative functions necessary to running a business. When you work with a PEO, you become co-employers of your team. PEOs allow businesses to outsource HR-related tasks and focus on other goals.
- ☐ **EOR:** If you're going global, an [Employer of Record](#) is the choice for you. An EOR legally employs workers on behalf of your business. Often, an EOR is used when a business wants to expand into a new country without taking on all the legal and logistical challenges of hiring workers there. Because the EOR becomes the official employer for payroll, benefits, tax purposes, and other employment-related matters, you can focus on your work and team. a clear business model and revenue strategy.

# 2. Examine Offerings

- ☐ **Bundled services:** PEOs generally offer a broad set of services, such as [benefits administration](#), payroll, self service portals for employees and access to expert HR guidance.
- ☐ **Global benefits:** EORs can include additional HR services, however, some are more narrow in scope and simply act as a legal employer. Understanding your current and future needs is always important to consider when choosing an EOR.
- ☐ **Added integration:** Some PEOs and EORs [integrate with best-in-class tools](#), such as Greenhouse and Ramp, to boost productivity and unlock seamless work.

### 3. Compare Costs

- ☐ **Strength in numbers:** Since PEOs work with many businesses, they can offer preferential group rates for things like payroll, benefits, and insurance.
- ☐ **Expanding wisely:** Setting up a legal entity in a foreign country can be costly and time consuming. EORs can help optimize the time and cost of expanding into new markets where your company doesn't currently operate.
- ☐ **Transparent pricing and support:** No one likes to be hit with surprise charges and extra fees. Look for a PEO/EOR with [transparent pricing](#) and 24/7 support.

### 4. Explore The Details

- ☐ **Expert advice:** PEOs and EORs often have advisors with domain expertise in areas like benefits administration and payroll taxes.
- ☐ **The right size:** Certain PEOs and EORs may specialize in small or medium businesses. Talk to potential partners about their specialties to find one that matches your goals for growth.
- ☐ **Extra benefits:** PEOs can connect your employees to the resources they need to stay happy and healthy. For instance, Justworks provides top-quality wellness and mental health benefits through [Talkspace](#), [Peloton](#), and [Kindbody](#).

## 5. Assess Compliance

- ☐ Some of the compliance support that an Employer of Record (EOR) may offer includes:
  - Local Labor Law Adherence
  - Employment Contract Compliance
  - [Payroll and Tax Compliance](#)
  - Benefits Administration
  - [Employee Onboarding](#) and Offboarding
  
- ☐ Some of the compliance support that a Professional Employer Organization (PEO) may offer includes:
  - New hire onboarding
  - [Workers' compensation](#) & [EPLI coverage](#)
  - Employer payroll tax filings (940 and 941)
  - [W-2](#) and 1099 filings
  - [Employment Practices Liability Insurance \(EPLI\)](#)
  - [Unemployment Insurance filings](#)

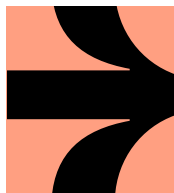
# Final Note for Employers

---

If you're thinking of partnering with an EOR or PEO to grow your business, make sure that their capabilities are in line with your business goals. Once you start the process, don't be afraid to ask questions about what they offer and how they can help your business scale.

Whether you're hiring your first employee, expanding internationally, or managing a larger workforce, Justworks makes it easier with streamlined payroll, compliance, and benefits support.

Ready to grow with confidence? Let Justworks handle the details so you can focus on scaling your business. [Get started today.](#)



Justworks Is Here To Help.

Email: [hello@justworks.com](mailto:hello@justworks.com) • Visit: [justworks.com](https://justworks.com)