

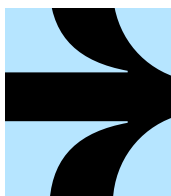
# PEO Buyer's Guide




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# PEO Buyer's Guide

## Introduction

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**Deciding how to handle the HR needs of your small business or startup is a big decision. As a founder, you need to be able to focus on core business operations and growing your business, rather than administrative functions. Working with a PEO is a great way to keep your focus on building your business instead of administrative tasks related to payroll, benefits administration, and increasingly complex employment regulations.**

When working with a PEO, you'll have the ability to offer employees the quality benefits usually offered by larger employers, something that's more important in today's highly competitive job market than ever before. Offering big company benefits and perks can provide your small business with the competitive advantage it needs to attract and retain the talent you need to build a successful business.

Working with a PEO makes all of this possible. Partnering with a PEO empowers you to attract and retain top talent and helps you keep pace with the administrative and compliance needs of a growing team and business. Plus, you'll also have a trusted partner to support your growth every step of the way.



# What Is a PEO?

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PEO stands for Professional Employer Organization. PEOs work with growing businesses to help them manage payroll and related taxes, and many employer-related administrative functions necessary to run a business — including certain aspects of HR compliance. PEOs also give smaller companies access to big-company benefits at competitive rates and handle benefits administration.

PEOs operate through a practice called [co-employment](#), which is a legal arrangement by which a company continues to employ its employees (and maintain control over its business and team management) while the PEO becomes a co-employer. This allows the PEO to take care of certain administrative HR functions.

# Why Work With a PEO

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Whatever size your company is today (and in the future), a PEO is an impactful resource that allows you to focus on growing your business rather than having to spend your time or resources on administrative HR functions or navigating complicated employment-related compliance.

PEOs provide payroll, compliance, and HR support, along with access to quality employee benefits at competitive rates. PEOs also simplify employment-related administrative tasks. Rather than having to source and engage multiple HR vendors to provide individual services, a PEO can be an all-in-one solution that scales with you as your business grows.

Don't just take our word for it — the National Association of Professional Employer Organizations (NAPEO) has done extensive research on the [benefits of PEOs for small businesses](#). According to their data, small businesses using PEOs grow 7-9% faster and are 50% less likely to fail compared with small businesses overall.



# How a PEO Can Help Your Business

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Working with a PEO can help your small business in many ways, including:

- Streamlining hiring, onboarding, payroll processing, and tax filings
- Automating payments to employees, contractors, and vendors
- Providing your team with workers' compensation coverage
- Offering your employees access to high-quality benefits at affordable rates
- Providing support to help you stay compliant with employment requirements

This is just the beginning. Many PEOs offer additional services that provide even more advantages to their customers.

## Key PEO Services

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PEOs are [not all the same](#) — some focus on basic payroll and administrative support and offer only standard benefits, with little access to additional HR tools or services. Others provide customers with access to advanced tech platforms and extensive support around the clock. When considering your options, look for a PEO that offers the services and tools you need now, as well as the capacity to scale with you as your business grows.

### Hiring & Onboarding

There's a lot more to bringing on new employees than just finding the right person and putting them to work. A PEO can help with that! From payroll tax compliance assistance for all 50 states, to comprehensive new hire setup, [remote onboarding](#), benefits enrollment, and workers' compensation — partnering with a PEO helps [streamline hiring and onboarding](#) for small businesses and their employees.



## Benefits and Perks

A PEO can not only take care of benefits enrollment for new hires, but they can also handle the annual [open enrollment process](#) for your employees. As we mentioned, a PEO can provide small businesses with access to the same benefits and perks normally offered by big companies. With a PEO, employers can offer those benefits at competitive rates that small businesses wouldn't ordinarily qualify for.

PEO benefits offerings typically include health, dental, vision, life insurance, retirement savings, and flexible spending accounts. Justworks customers also have access to additional benefits and perks, including the [Health Advocate](#) employee assistance program (EAP), [TalkSpace counseling and therapy services](#), and [ClassPass gym memberships](#).

Additionally, PEOs handle negotiating agreements with benefits providers, so you won't have to divert time and resources to [health insurance renewals](#) or shopping for new benefits every year. Depending on the PEO you work with, you might be able to do this on your own if you prefer. For example, [Justworks offers a basic plan](#) that lets customers secure their own insurance coverage via a broker if that's the best option for them.

## Payroll Processing

Processing payroll takes time, resources, and — if you're not working with a PEO — a separate software/service subscription. When you work with a PEO, they'll take care of processing payroll (and the related administrative functions) for you. And that's not just processing employee paychecks! They'll also handle your payroll tax withholdings and filings, as well as benefits deductions (while making sure benefits vendors get paid).

Some PEOs, including Justworks, have powerful online payroll software that does even more. Justworks customers have the ability to pay contractors and vendors through the platform, as well as to make off-cycle payments as needed. You can even sync payroll and expenses to popular accounting software like [Xero](#) and [Quickbooks](#).



## Time and Attendance Tracking

Many PEOs offer a time and attendance system that integrates with payroll processing. This type of system allows employers to easily monitor their employees' working hours, breaks, leave time, and also helps to control labor costs by improving payroll accuracy. These tools are especially helpful for businesses with part-time or hourly employees who need to clock in and out — they can help simplify compliance payroll-related recordkeeping requirements.

Not all time and attendance systems are the same. For example, Justworks customers have access to an [easy-to-use time and attendance solution](#) with [geofencing capabilities](#) and user-friendly mobile check-in options. These features are particularly helpful if you have remote or hybrid employees, or if some (or all) of your team members regularly work off-site.

## Compliance Support

Employment-related compliance support is a key benefit of working with a PEO. By providing compliance support for payroll taxes, workers comp, state and federal laws, and more, a PEO is an invaluable resource for small businesses seeking to navigate the ever-changing and increasingly complex employment regulations.

When choosing a PEO, it's important to consider what types of compliance support they provide, as well as how you'll access that support. When you become a Justworks customer, you'll have easy access to the [expert HR compliance support](#) you need when you need it.

As a Justworks customer, you aren't dependent on a ticket system to get the help you need, either. Instead, you'll be able to access 24/7 support via multiple channels, including phone, email, chat, Slack, and SMS.



## Compliance Training

Justworks takes compliance support to the next level by providing customers and their employees with access to online [harassment prevention and inclusion training](#) via the platform, all at no extra cost. You can schedule employees for training that meets their state's specific requirements, as well as general training for employees in states where such training isn't mandatory. It's quick and easy for you to schedule refresher training sessions and keep up with who has completed what programs.





# Is Working With a PEO Right for Me?

With so many valuable services, it's easy to see how working with a PEO can be beneficial to small businesses and startups. If you're ready to refocus your time and energy on building your business, the next decision you'll need to make is which PEO is right for your company.

Start by making a list of must-have and nice-to-have features so you'll know what to look for in a PEO. Then, make sure you know what questions to ask when investigating PEO options. This will help you choose the best PEO partner for your company.

## PEO Services Checklist

Not sure where to start? Use the checklist below to help you organize these common features based on your company's needs. Divide the options into must-have and nice-to-have features, and add to it based on your company unique needs.

BENEFITS	MUST-HAVE	NICE-TO-HAVE
Medical Insurance		
Dental Insurance		
Vision Insurance		
Employee Assistance Program (EAP)		
Mental Health Services/Providers		
401(k) Plan		
Life and Disability Insurance		
Gym memberships		
_____		
_____		



PAYROLL & PAYMENTS	MUST-HAVE	NICE-TO-HAVE
Employee Payroll		
Off-cycle Payments		
Contractor Payments		
Vendor Payments		
Expense Reimbursements		
Garnishment Order Payments		
Quickbooks Integration		
Xero Integration		
Customized/Detailed Reports		
Time and Attendance		
Multistate Payroll Support		
_____		
_____		

HR TOOLS	MUST-HAVE	NICE-TO-HAVE
Time and Attendance Tracking		
Vacation Tracking		
Remote Onboarding		
Benefits Enrollment		
Document Center		
Company Calendar and Directory		



HR TOOLS CONT'D	MUST-HAVE	NICE-TO-HAVE
Online I-9 Forms		
Applicant Tracking		
Employee Training		
24/7 Customer Support		
_____		
_____		

COMPLIANCE	MUST-HAVE	NICE-TO-HAVE
Access to HR Specialists		
Payroll-Related Tax Filings		
New Hire Reporting		
Workers' Comp		
Employment Practices Liability Insurance (EPLI)		
Unemployment Insurance		
Claims Administration		
Compliance Training On-Demand		
_____		
_____		



TECHNOLOGY	MUST-HAVE	NICE-TO-HAVE
Best-In-Class Software		
Integration With Accounting Software		
Report Writing Features		
Modern User Interface		
Self-Service Onboarding		
_____		
_____		



## Questions to Ask

When reviewing PEO options, take the time to really explore the platform and services, and consider how well it meets your needs. To get a clearer picture of how well a particular PEO suits your business needs, ask yourself — and any sales reps you speak to — these key questions.

### → **What are my immediate needs?**

Consider what you need right now. While every business needs a way to pay their employees, you may also need time and attendance tracking or benefits that will enable you to compete with larger companies for talent. Not every PEO offers the same solution. Look for the best way to meet your current requirements for features and functionality, and build from there.

### → **What's included in the cost?**

A big part of your decision when you choose a PEO will come down to budget. Comparing price tags is an important consideration. The breakdown of price can vary based on what services the PEO provides, or what other services and/or expenses the PEO may replace.

Most PEOs charge a per-employee fee or a percentage of payroll. Some, including Justworks, offer tiered rates based on the level of service you're using. PEO fees include a lot of administrative and compliance support beyond payroll processing. Make note of additional support areas, including access to benefits at rates usually available only to large companies and robust administrative and compliance-related support.

It may seem more affordable to work with a payroll-only service over a PEO, but you're only getting help with payroll processing in that scenario. You'll need other software for employee record keeping, and you'll have to handle things like onboarding, securing and administering employee benefits, open enrollment, and employment-related compliance on your own.

### → **What benefits and perks are available?**

Employee benefits can play a powerful role in recruiting and retaining employees. Offering competitive benefits helps small businesses hold on to their valuable employees while also bringing in top talent. Before reviewing



PEO options, It's important to consider what kinds of benefits and perks your current — and potential — employees want and need in terms of health coverage. It's also helpful to check out what other companies in your industry offer.

Small businesses can often offer employees better benefits at better rates through a PEO, including benefits they may not be able to afford otherwise. In general, all PEOs offer access to health insurance as a part of their services. However, the providers they work with and the richness of available plans can vary greatly.

Beyond health insurance, consider other benefits that may help attract and retain employees. This might include things like an Employee Assistance Program (EAP), access to additional counseling services, retirement savings, supplemental insurance coverage, and perks like [bike share discounts](#) and discounted gym memberships.

Ask yourself key questions before making a decision. Will added benefits give your company a competitive advantage in recruiting talent? Will access to certain benefits and perks create a great place to work and help retain your team? Do the benefits offerings make it possible for you to compete effectively with larger companies for talent? These answers can help you decide which benefits to offer to your employees, and working with a PEO can make it simple to do.

→ **What can I expect in terms of support?**

As a PEO customer, you should feel like someone has your back. After all, employment-related compliance and payroll requirements are complex and ever-changing. Issues can come up that you may not be able to predict, so knowing that you have experts in your corner can be a big help.

If you sometimes (or often) find yourself dealing with HR admin tasks over late nights or weekends, ask yourself whether the PEO you're considering offers 24/7 support. Also, think about how you like to communicate. Find out what channels the support team makes available and when.



A great way to determine a PEO's support level is to review their [Net Promoter Score](#) (NPS). This score ranges from -100 to 100, and measures the willingness of customers to recommend a company's products or services to others. You can also check to see if the company has received any accolades or awards for customer service.

Compliance support is another key element to consider. For businesses concerned with compliance, a PEO can help. PEOs can offer compliance support on both the federal and state levels. Most PEOs can also provide access to employment practices liability insurance (EPLI), which provides coverage for claims made by employees, former employees, and potential employees alleging discrimination, harassment, wrongful termination, and certain other employment-related issues.

#### → **What kinds of HR services do I need?**

If you don't have a dedicated HR representative in-house (which is often the case with small businesses and startups), it can be very helpful to choose a PEO that offers services to help support managing your team. Working with a PEO is still beneficial when you have in-house HR. A PEO can allow your internal resources to focus on recruiting and organizational culture instead of administrative tasks.

It's great to be able to lean on your PEO for support for things like building an employee handbook, knowing when to pay employees overtime, navigating multi-state payroll compliance, and more. Justworks customers can rely on HR support via access to seasoned HR specialists, who can provide you with valuable insights and information to help navigate tricky employment-related situations.

Justworks customers also have access to a wealth of resources to help with [running a business](#), including best practices on handling various management and human resources matters. Beyond that, Justworks offers dedicated [customer support for employees](#), a feature that saves you time and makes it easy for employees to get payroll and benefits answers.



→ **Will I still have control over the HR aspect of my business?**

If your business decides to work with a PEO, you'll enter into a co-employment arrangement. This means you'll continue to employ your employees and maintain control over the human and strategic functions of HR. The PEO will become a co-employer with you, which allows them to help administer certain employer-related responsibilities.

In particular, a co-employer will help your business with payroll functions, certain government tax and reporting forms, managing employer risks, and benefits administration. That said, you will maintain full discretion over all employment decisions, including but not limited to hiring, terminations, and compensation.

→ **What kind of technology does the solution offer?**

When choosing a PEO, it's very important to consider their tech platform. After all, your goal is to make your life easier. For that to happen, the platform needs to be simple to use, as well as up-to-date, secure, and comprehensive. You need a platform that simplifies keeping up with employee information and payroll, and that integrates effectively with other business tools, such as your accounting system.

It's always a great idea to request a demo of a new technology. This way, you can get a look under the hood and understand what it's like to use the platform. You and your team members will have to log in on a regular basis, so you want to make sure it's something everyone can handle — and maybe even enjoy. A modern, intuitive platform is always helpful.

Another tech aspect to consider is whether the platform offers self-service onboarding. For smaller companies, the ability for employees to get started on their own can be a very efficient means of transitioning to a new system. When you decide to work with a tech-forward PEO like Justworks, you and your team can start using it right away.





# Considerations by Company Size

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HR needs change as companies grow. Explore some important factors businesses of various sizes may need to consider.

## 2-10 Employees

You're all in it together at this stage. Most employees are juggling lots of responsibilities and wearing multiple hats. You – with the help of other staff members – are probably addressing issues as they arise and handling it all in-house to save money and keep it personal. You may already have a payroll provider, but would likely benefit from transitioning to a PEO instead.

By working with a PEO, you'll free yourself and others on your team from having to spend so much time wearing an HR hat. You'll also be able to make decisions more confidently when you access support from the PEO's HR consultants.

And even if your company is small, you'll have the ability to offer your employees access to health coverage at rates on par with that of a large corporation, along with other desirable benefits and perks.

## 11-50 Employees

When your company reaches this size, and HR duties become even more time consuming, compliance and hiring both become more of a deciding factor in how you approach HR. When you have more than 10 employees, managing HR isn't just about payroll anymore. Compliance is a bigger issue when more people need to be hired and paid, especially if you have employees in multiple states.

Some employment laws apply to very small companies, but even more compliance obligations apply to companies with more than 15 employees. For example, the [American Disabilities Act](#) (ADA) applies to companies with 15 or more employees, which affects your obligations to accommodate disabled employees and candidates, as does Title VII of the Civil Rights Act and other laws. The Age Discrimination in Employment Act (ADEA) applies once you reach 20 employees and the Family



Medical Leave Act (FMLA) may apply once you reach 50 employees.

Compliance isn't the only HR-related factor to consider when your company reaches this size. Taking care of your team is especially important here too. The more you grow, the more important it is to offer competitive benefits and perks. If you're not already working with a PEO, it's time to consider this type of resource to help your company comply with increasingly complex employer obligations.

## 51-150 Employees

Offering benefits and staying compliant is more important than ever as you grow. By offering a richer benefits package, you can recruit and retain top-notch employees and keep your teams motivated. It's also time to start acting like a big company, as you lay the groundwork for actually becoming one. Many times, companies don't do this early enough and find it very difficult to change the patterns and ways of managing later on.

For companies of this size, setting employment policies and procedures is particularly important. Establishing formalized leveling frameworks, offer packages, [paid time off](#) policies, [parental leave](#) policies — these all help leverage you as a more competitive employer.

At this stage, a PEO can help you offer benefits and perks that will help you attract top talent, while also providing access to a tech-forward HR platform. Additionally, they can provide you with key support as you expand your company's employment-related policies and procedures to accommodate growth.

## 150 Employees or More

At this stage, it's all about strategy and culture, but compliance becomes even more complex. Once your business grows to this level, it's important to continue focusing on retaining and attracting talent in order to build an even stronger foundation for the company you envision.

Compliance is still an important concern as well. With more people on board, expect to experience some growing pains, including more employee relations issues that should



be addressed by an experienced professional with HR expertise. This is the stage where it becomes important to have strategic HR expertise in-house, but it's still beneficial to have a solid relationship with a PEO.

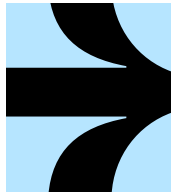
After all, tech infrastructure and administrative and compliance support are essential to keep things running smoothly. Otherwise, you'd need headcount to build out a team that can do it all in-house. Being able to streamline team management and other HR functions with an easy-to-use software platform can prove very helpful as a business continues to scale, as can having ongoing access to compliance support.



# Justworks Can Help

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Justworks takes the busyness out of growing a business and alleviates the unknown. We've combined a simple platform and exceptional 24/7 customer service with the power of a PEO, so all teams have more time to focus on what matters. Get access to big company benefits, seamless payroll, HR tools, and compliance support — all in one place, from a trusted partner who's got your back at every stage of growth.



## Want To Get Started?

Call: (844) 749-7785 • Email: [hello@justworks.com](mailto:hello@justworks.com) • Visit: [justworks.com](https://justworks.com)

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