

How a PEO Can Help Your Business

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Justworks

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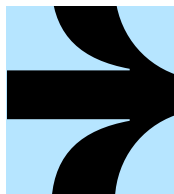
## INTRODUCTION

# Where a PEO Can Help


**Entrepreneurs create their businesses for a number of reasons: to realize a vision, build and inspire a team, and to do something meaningful.**

But running a business also means paying employees, negotiating the best benefits for your team, and keeping up with employment regulations. All those tasks are essential to success, but also difficult to navigate, and time consuming. Between workers' comp, W-2s, payroll administration and related tax filings, disability insurance, PTO administration, and everything else, it can be hard to find time to actually focus on your business.

That's where a PEO can help.



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# What is a PEO?

**PEO stands for Professional Employer Organization. PEOs help your small- or medium-sized business get your team access to big-company benefits at affordable rates, and support for your employment-related compliance needs. You can also streamline your back office functions like payroll and HR in one place.**



## The Co-Employment Model

PEOs can take on these responsibilities for you because of an arrangement called co-employment. The contract between your business and a PEO distributes the employer responsibilities. You'll continue to employ your employees, but a PEO will become a co-employer with you to help administer certain employer-related responsibilities and ease the burden of payroll, benefits, and HR administration. By sharing employer responsibilities, the PEO allows you to focus more on your employees and running your business.

## Built for Small and Medium-Sized Businesses

If your company is between two and 200 employees, you'll likely benefit from a PEO. Large companies typically opt for a full in-house HR staff, but non-enterprise companies are a perfect fit because the PEO takes strain off your administrative team, allowing you to maximize your company's growth.



# What are the biggest advantages of PEOs?

Businesses that use a PEO get the best of both worlds: the autonomy and thrill of entrepreneurship, with the cost savings and efficiencies associated with being part of a larger enterprise. PEOs provide services to between 156,000 and 180,000 small-to mid-sized businesses, employing between [2.7 and 3.4 million people](#).



## Save Money Through Economies of Scale

PEOs can leverage economies of scale so your team can get access to high-quality benefits and wellness perks at affordable rates usually reserved for big corporations.

## Free Up Time to Focus on What Matters

Running your own business can sometimes be a race against the clock. There's always more to do and not enough hours in the day to get it done. But if you join a PEO, there's a lot they can help you manage when it comes to employment-related administrative work. This can often mean getting multiple hours back every day or week.

## Reap the Benefits of a Savvy PEO

Payroll tax filing and benefits administration are complicated. Business owners are spending [almost 5 hours](#) calculating, filing, and paying payroll taxes each pay period. That adds up to 21 days out of the year that you're focusing on just payroll. And you probably didn't set out to become a compliance expert — especially when the cost of getting things wrong can be pretty high.

PEOs are experts in employment-related compliance. PEOs will withhold, report, and remit your payroll taxes, and file your W-2s for payments processed through the PEO.



# What should I look for in a PEO?

**PEOs offer many similar services, but they're not all the same. Each PEO has different service providers, benefits packages, and HR tools unique to their company.**

Here are a few things you'll want to look out for in a high-quality PEO that helps your business out.





## Access to High-Quality Benefits

Benefits are a huge selling point for employees — in fact, when deciding to accept a job offer, [88% of employees](#) said the quality and options of health benefits were important. Offering access to health insurance helps you [attract and retain the best talent](#) out there. In short, it's essential for being a competitive employer.

By working with a high-quality PEO, you can provide your team with access to all kinds of perks and benefits, such as:

### **Benefits**

- Medical
- Dental
- Vision
- HSAs/FSAs

### **Ancillary Benefits**

- Commuter benefits
- Short-term disability
- Long-term disability
- Life insurance
- Accidental death & dismemberment insurance
- On-demand primary care services

### **Perks**

- Gym memberships
- Bike shares



## Automated Payroll Administration

Payroll administration can get complicated, especially once payroll taxes fall into the mix. Here are some ways a PEO can help:

### **Payroll Processing**

- **Simplify the payroll process** – A PEO can help you automate payments for your salaried exempt and non-exempt employees, so you don't have to worry about manually paying them each pay period. You can also make one-off payments to one person or whole departments — like expense reimbursements, bonuses, and commissions.
- **Pay vendors and contractors** – Many companies work with and need to pay outside collaborators as well. A high-quality PEO should make it easy for you to pay vendors and contractors.
- **Integrate with existing software** – If you're already using software to help crunch the numbers such as Xero, QuickBooks, and QBO, a high-quality PEO should offer integrations to smooth out the process.

### **Filing Payroll-Related Taxes**

Payroll also comes with documents and filings, like W-2s, 940s, 941s, and in some cases, 1099s. A PEO files those tax documents for you.

## Compliance Support

A PEO will support your employment-related compliance needs. Think of it as a shield against government complexity for employers.

PEOs help you stay in compliance with federal, state, and local employment requirements.



Compliance support that PEOs offer include:

- New hire reporting
- Workers' compensation
- W-2 and 1099 filings
- Employment Practices Liability Insurance (EPLI)
- Unemployment Insurance filings
- ACA filings (1094-C and 1095-C)
- Employer payroll tax filings (940 and 941)
- Statutory disability insurance
- Sexual Harassment Prevention Training Requirements

## HR Support

PEOs offer a wide variety of HR support, depending on the vendors they work with and what services they perform in-house. Here are a few services a high-quality PEO may offer as HR support:

- **Customer service** – A high-quality PEO should allow you access to customer support through a variety of means, whether that's the phone, Slack, chat, or email. Most PEOs have office hours, though some may offer 24-hour support.
- **HR consulting** – Check if the PEO you're interested in has an in-house consultant who can help you address complex HR questions. Some PEOs also offer outsourced resources.



- **Resources center** – Maybe you're wondering if you're up-to-date on the scores of labor and employment laws. Or maybe you'd like to know the best way to approach sensitive topics with your employees. See if the PEO you're interested in offers a resources center or content library that can also help answer your questions.

## HRIS Tools

A PEO can make handling paper a thing of the past (or at least, a much smaller part of your day). Look for a PEO that also offers Human Resources Information Services (HRIS) tools so you don't have to shuffle paper around when someone requests time off.

Here are some tasks you should be able to perform in an HRIS with a PEO:

- Manage paid time off
- Onboard new employees
- Store important documents
- Access HR templates
- Divide and conquer with permissions



# What about certified PEOs?

**In 2017, the IRS approved the first certified PEOs (CPEOs). CPEOs are subject to ongoing bonding, audits, and IRS reporting, so you can be confident that the CPEO you select is being held to the highest operational standards.**

## Sole Liability for Federal Payroll Taxes

In most cases, CPEOs can take on the sole liability for federal payroll taxes on wages that are processed by the CPEO, which means if there is a failure to pay federal payroll taxes, a CPEO takes responsibility rather than you, the employer.



## R&D Payroll Tax Credit

CPEOs can help customers apply for the newly available research and development (R&D) payroll tax credit. The payroll tax credit allows companies to offset expenditures related to R&D of new products and processes.

You can check with your tax professional for whether your company is entitled to the R&D payroll tax credit.

## Limiting Double Taxation

CPEO customers are not required to restart federal payroll tax wage bases when joining or leaving a CPEO in the middle of a calendar tax year.

CPEOs are also entitled to FUTA tax reductions for customer SUTA contributions.

## Justworks is an ESAC Accredited PEO

The Employer Services Assurance Corporation (ESAC) accreditation is the gold standard for PEO best practices and financial reliability.

## What is ESAC?

ESAC's services and assurances are similar to those of the FDIC for the banking industry. Only a small percentage of PEOs earn the accreditation, and Justworks is in that elite group.



As a Justworks customer, you can feel confident that we're meeting the same financial, ethical, and operational standards as the largest and most established PEOs in our industry.

ESAC accreditation provides tangible assurance of the payment of specific employer responsibilities. These responsibilities include the payment of wages, payroll taxes, employee benefits contributions, and insurance premiums—all covered by over \$15 million of surety bonds for Justworks' customers.

## ESAC Accreditation Demonstrates:

### **Financial Stability**

- Annual audited and quarterly internal financial statements
- Quarterly independent verification of payment of taxes, benefit contributions, and insurance premiums
- Independent verification of adequate financial reserves for any loss-sensitive insurance plans

### **Compliant Operations**

- Employee benefit and insurance coverage documentation
- Contract, sales and service materials
- Demonstration of compliance with state and federal laws

### **Ethical Conduct**

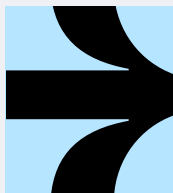
- Continuous monitoring of critical elements of business conduct
- Background investigations of owners and key managers



# Justworks Can Help

**We built Justworks as a PEO because we believe the PEO relationship is better for entrepreneurs who are serious about taking care of their teams. To serve you best, we've built simple, fast, and automated software that you and your team can access online from any device.**

It's all part of our mission to give you the support and peace of mind to work fearlessly. Let Justworks handle the nitty gritty, so you can focus on what matters: building your business and creating a great place to work.



**Want To Get Started?**

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