Insperity®
HR that Makes a Difference®

INSPERITY® E-BOOK SERIES

HR outsourcing:

A step-by-step guide to professional employer organizations (PEOs)

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Business challenges have HR solutions

Companies of all sizes struggle with growth. Sometimes you expand so fast, you're forced to do more with less because you have fewer resources. Or your level of growth could shake up your work environment, disrupt the way you manage your team and affect the employee experience. The good news is, despite your size, you can still come out ahead of the pack. Outsourcing even a portion of your HR tasks can help you quickly overcome challenges and afford you the freedom to focus on the things that help you grow your business.

HR OUTSOURCING

HR outsourcing can take many forms, from basic payroll processing and timekeeping to support for complex regulatory compliance and benefits administration. The professional employer organization (PEO) offers a full slate of HR services to its clients.

DID YOU KNOW?

According to NAPEO, there are **over 500 PEOs** in the United States.

Source: National Association of Professional Employer Organizations: Industry Statistics

A PEO PROVIDES ACCESS TO THESE KEY RESOURCES:

- Better benefits for employees
- Workers' compensation plan coverage and claim resolution assistance
- Professionals well-versed in employee recruitment, retention and management
- Payroll and withholding tax reporting
- Consultative safety services and comprehensive employer liability management that can help reduce employment-related risks
- Relief from HR-related administrative duties that drain your valuable time and attention

What you'll get in this e-book

Our in-depth descriptions and real-world examples will give you a clear picture of how partnering with a PEO can help your business gain a competitive edge no matter its size. In this e-book, you'll learn how to gauge your needs, vet service providers and quantify results.

Insperity is a national company with a local footprint. Coast to coast, our **90+ locations** provide personalized service when you need it.

The power of PEOs

Unlike the types of HR outsourcing companies that provide only one or two specific services, PEOs can handle much of your business's administrative HR tasks. As a PEO client, you won't have to devote your valuable time to manual data entry across multiple systems or researching and selecting benefit plans and technology options.

DID YOU KNOW?

Small businesses that work with a PEO grow 7-9% faster, have 10-14% lower employee turnover and are 50% less likely to go out of business.
Source: National Association of Professional Employer Organizations; What is a PEO

How a PEO can benefit your business

Partnering with a PEO can provide the following:

1. EMPLOYEE ACCESS TO COMPREHENSIVE, COST-EFFECTIVE BENEFITS

Your employees want a variety of comprehensive benefit plans, and a PEO can deliver access to:

- Health care coverage: medical, dental and vision
- Health care Flexible Spending Account (FSA) plan
- Life insurance and personal accident insurance
- Short-term and long-term disability insurance
- Adoption and educational assistance
- Commuter benefits

Note: The responsibility for keeping the PEO benefit plans in compliance with applicable laws (e.g., ACA, COBRA, HIPAA and ERISA) falls on the PEO, relieving you of this burden.

2. PAYROLL AND ADMINISTRATION SUPPORT

With a PEO, you can benefit from payroll-related tools that can help your industry, such as time tracking technology that's designed to accommodate multiple-shift operations.

You'll also receive:

- Payroll processing (as reported by the client)
- Payroll tax reporting and deposits
- Paycheck/paystub preparation and delivery with online access
- Administration, withholding and remittance of garnishments

3. HR-RELATED COMPLIANCE SUPPORT

A PEO should be able to:

- Provide resources to support your FLSA, state, and local wage and hour compliance
- Administer unemployment claims
- Respond to employment verifications

At Insperity, 99% of first payrolls are run without a defect, and 99.5% accuracy is achieved on subsequent payrolls.

4. EMPLOYER LIABILITY MANAGEMENT

PEOs will assist you with a variety of HR tasks, including:

- Employee handbooks
- Workers' compensation claims support
- Interface with certain agencies

5. ACCESS TO EXPERIENCED HR PROFESSIONALS

PEOs employ knowledgeable professionals who specialize in HR and can consult with you to handle issues in a timely and thorough manner, including:

- Employee relations support
- Harassment and discrimination training
- HR-related claim investigation and mediation assistance

6. COMPREHENSIVE LOSS PREVENTION AND PROGRAM DEVELOPMENT ASSISTANCE

Help minimize the risk of occupational injuries on your worksites. A good PEO can provide guidance from field safety consultants, experienced professionals who offer practical solutions to your safety and risk management problems, including:

- Safety program review
- Safety program templates
- Loss prevention programs
- Access to safety training and tools

7. SUPPORT FOR ATTRACTING AND RETAINING TALENT

From enhancing your current hiring strategies to developing rewarding career paths for your employees, a PEO can help you foster a high-performing culture. They can help you become an employer of choice by aiding with:

- Job description development
- Wage and salary surveys
- Employee upskilling and reskilling training and development
- Professional development units (PDUs)
- Employee access to competitive benefits

Insperity has a history of meeting and exceeding our clients' expectations, with **91% overall client satisfaction** for 2022.

How PEOs work

PEOs exist through a relationship called co-employment. You maintain control of business decisions and operations, while the PEO manages many of your HR-related functions (wage and benefits administration, I-9 collection support, W-2s, etc.).

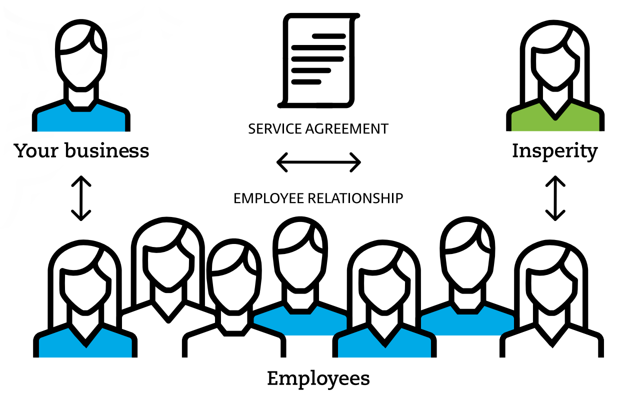
COMMON MISCONCEPTIONS

Although the PEO industry is more than 30 years old, some common misconceptions persist.

Loss of control

PEOs provide access to experienced HR professionals, whose guidance and advice you can solicit when you need assistance. They assist you with specific employee-related aspects of your company, but you maintain control of all business and operational decisions.

HOW CO-EMPLOYMENT WORKS



Employees may not embrace the relationship

Once onboarding is complete, there is minimal, if any, change to employees when you work with a PEO. They will see that they are being paid by the PEO and not your company but will likely appreciate the greater depth and breadth of benefits offered as a result.

Existing HR staff will become obsolete

PEOs align with your company's existing HR department to provide much-needed experience. External resources can prove invaluable when you are faced with high-risk HR situations.

HELPFUL TIP: PEOs do not supply a workforce; they supply HR services to your company.

The PEO industry's 4.5 million worksite employees were paid $305 billion in 2022.

Source: National Association of Professional Employer Organizations; What is a PEO – Industry Statistics

Finding the right fit

If you've decided to partner with a PEO, here are 10 points to consider before making your selection:

1. THE FINANCIAL STRENGTH AND SECURITY OF THE PEO

Verify that the PEO's financial statements are independently audited by a CPA; their risk management practices have been evaluated; and their operational, financial and ethical practices have been independently accredited by an organization such as the Employer Services Assurance Corporation.

At Insperity, we're highly transparent with our financial information. Our clients feel secure knowing we have the capital to back our commitments.

- Established: 1986
- 2023 revenue: $6.5 billion
- Publicly traded company (NYSE: NSP)
- Certified PEO*

2. WHETHER THEY'RE A CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATION (CPEO)

In accordance with the Small Business Efficiency Act, the IRS offers CPEO classification to PEOs that meet certain requirements. Partnering with a CPEO can provide you with significant benefits beyond those available through a noncertified PEO, particularly in the area of payroll tax reporting and remittance. Learn more about CPEOs.

3. THE BREADTH OF THEIR BENEFIT PLAN OPTIONS

A PEO whose health plan centers on a state-specific provider won't work if you have employees in other states or plan to expand your business. A good PEO will provide your employees with access to a range of benefit packages from a variety of well-known, national insurance carriers.

4. THE TECHNOLOGY AND RESOURCES THEY PROVIDE

Good PEOs also provide comprehensive HR technology, such as a human resource information system (HRIS) or a human capital management system (HCM), and offer full-service implementation to help you start benefiting from it right away. Many businesses would likely find it difficult to acquire this type of feature-rich, all-in-one system without a PEO.

** Insperity PEO Services has been designated a certified professional employer organization by the IRS. The IRS does not endorse any particular CPEO. For more information, go to irs.gov.*

5. THEIR CLIENT AND PROFESSIONAL REFERENCES

Ask for referrals from other businesses in your industry and/or geographic location.

6. THEIR COMMITMENT TO CUSTOMER SERVICE

Meet the people who will be serving you. Some PEOs charge extra to speak with a live representative, while others use call centers and expect you to speak with a different person each time you need help. A dedicated service team can be priceless.

7. THEIR SERVICE AND FEE STRUCTURE

Many variables affect the fee charged by a PEO. Your company's size, overall workers' compensation risk and the benefits package offered to employees will all play a part. PEOs commonly bill based on a percentage of gross payroll or total number of employees.

8. THE PEO'S ADMINISTRATIVE EXPERIENCE AND COMPETENCE

What experience and depth does their internal staff have? Are they able to help navigate complex HR issues?

9. THEIR STAFF SUPPORT RATIO

A PEO that provides one service team member for every 100 client employees will likely have a faster response time than a PEO that provides one service team member for every 1,000 client employees. This ratio can help you compare the level of service you might expect from one PEO to another.

10. THE FINE PRINT

Are the respective parties' responsibilities and liabilities clearly laid out? What provisions permit you or the PEO to terminate the contract? Does the PEO carry employment practices liability insurance?

HELPFUL TIP: PEOs that aren't publicly traded are not required to share their financial information with you.

Breadth and depth of service

Insperity's HR outsourcing services are designed to help move your company ahead as far and as fast as possible. Our co-employment solution combines personalized service and a proprietary HR technology platform to provide an unmatched customer experience.

BENEFITS PLAN SPONSORSHIP

Employees access to Fortune 500-level benefits that help attract and retain top talent.

HR-RELATED COMPLIANCE SUPPORT

Employer liability management and proactive HR compliance to reduce employer-related risks.

HR SUPPORT

A team of HR professionals who know your business and align your priorities with a customized service plan.

HR ADMIN AND PAYROLL

An experience team dedication to handling administrative functions like payroll and employee-related paperwork.

TALENT MANAGEMENT

HR recruiting support with personalized guidance and tools for you to recruit ideal talent and drive high performance.

HR TECHNOLOGY

A proprietary human capital management platform built specifically to support the co-employment relationship.

ARE YOU READY TO EMPOWER YOUR BUSINESS?

Contact us today to learn how Insperity can help.
Call **800.465.3800** or visit **insperity.com**.

About Insperity

At Insperity, it's not just HR outsourcing, it's HR that makes a difference.® Our comprehensive, scalable HR solutions offer an optimal blend of service and technology to facilitate growth by streamlining processes related to payroll, benefits, talent management and HR compliance. We provide the tools to help you lighten your administrative load, maximize productivity and manage HR-related risks – so you can focus on growth. Because that's what it means to have a true HR partner.

Year established	Our mission	
1986	To help businesses succeed so communities prosper	We serve businesses with employees from 5-5,000

NSP LISTED NYSE — Publicly traded on NYSE under ticker symbol NSP

Bonded ESAC Accredited

CPEO status*

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Full-service HR that adapts to your business

Insperity's comprehensive HR packages adapt with your company as you adapt to new ways of doing business.

The culture and values that guide us

Our mission and values are the foundation of a company culture that encourages a commitment to excellence and a heart for service.

Investing in our communities

We champion both our clients and our employees who make a difference in the lives of others through volunteerism and community leadership.

Ready to find out exactly how Insperity can benefit your business?
Call **800.465.3800** or visit **insperity.com**

Insperity®
HR that Makes a Difference®