



## PEO

### WHAT IS IT?

Simply put, a PEO (professional employer organization), is a company that provides certain HR-related services and functions for clients under what is called a co-employment arrangement. The core services typically provided by a PEO are payroll processing, access to health and welfare benefits and workers' compensation coverage.

In addition to these core offerings, value-adding HR services are provided, such as employee retention programs, new hire support, EPLI coverage and performance management programs, all designed to help clients effectively grow their businesses.

#### **What is co-employment and what benefits does it provide?**

Under a co-employment arrangement, the PEO assumes certain HR/employment-related responsibilities, as provided for by the professional services agreement (PSA) and as may be required under certain state laws. The co-employment relationship allows the PEO to become an employer of record for matters such as employment tax and insurance-related paperwork, thus relieving you of this time-consuming administrative burden.

On a day-to-day basis, there is no impact to your business – other than having more time to devote to running your business, free of the HR hassles which the PEO will now take care of. You retain complete control over your business, including the hiring and firing of your employees.

Because a PEO can aggregate a number of small clients into a larger pool, the PEO is able to create economies of scale. The PEO then passes these on to its clients who would not otherwise be able to enjoy the benefits afforded by the PEO.

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