

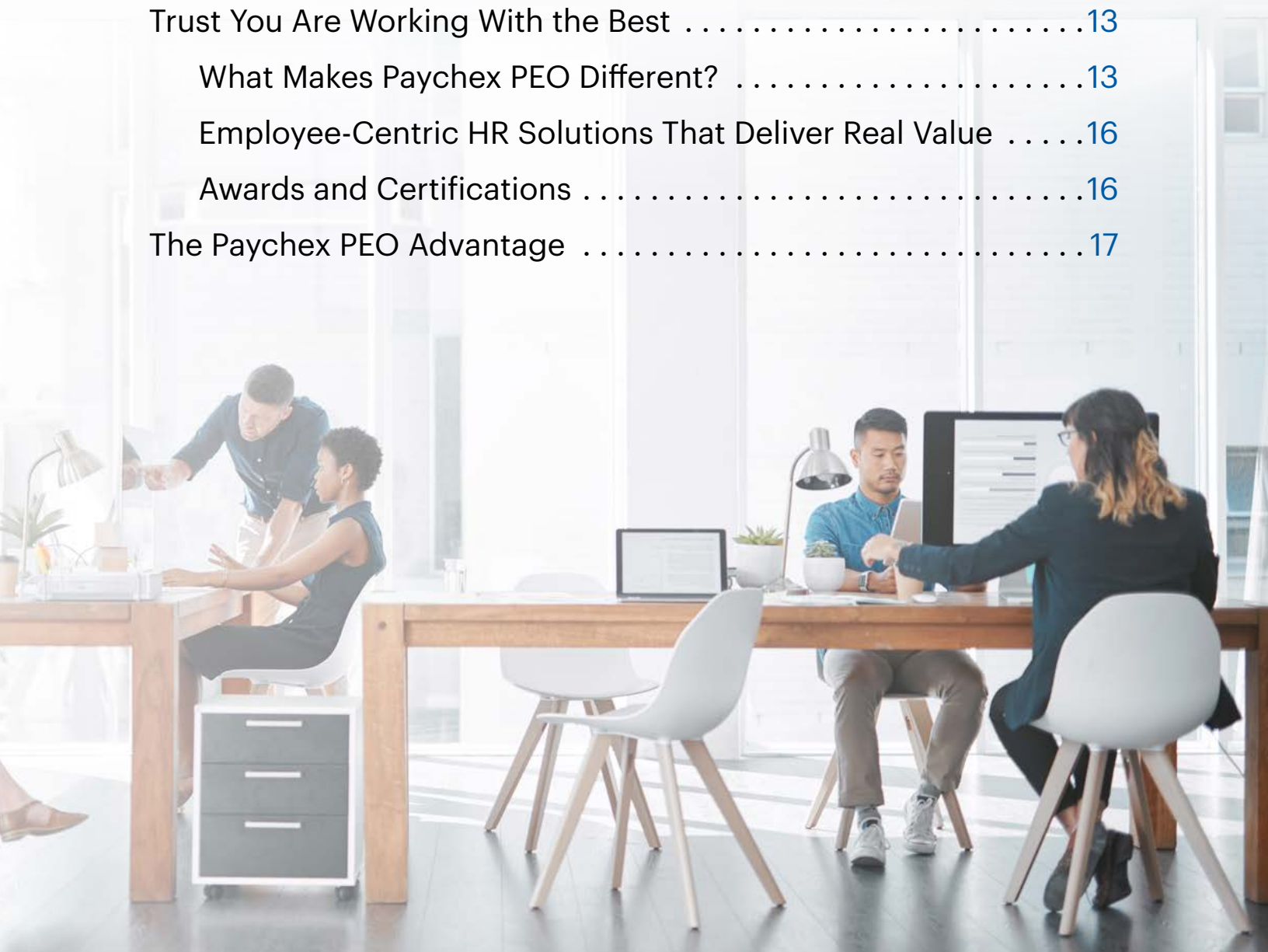


Explore the Value of Working with a Professional Employer Organization

Outsource HR Administration, Streamline Processes, and Gain Efficiencies

Contents

- Introduction 1
 - What Is a PEO? 4
 - How Do PEOs Add Value? 4
- PEOs Work As An Extension of Your Business 6
- Business Services Available. 7
 - How Does the PEO Relationship Work? 8
- The ROI You Can Expect 10
- Checklist: Is A PEO Right For Your Business 11
- Trust You Are Working With the Best 13
 - What Makes Paychex PEO Different? 13
 - Employee-Centric HR Solutions That Deliver Real Value 16
 - Awards and Certifications 16
- The Paychex PEO Advantage 17



Introduction

Managing human resources (HR) and workforce tasks, offering competitive benefits, administering payroll, and maintaining compliance are essential functions that need to be executed. However, spending time on these non-revenue-producing activities can take time away from focusing on business growth and your customers.

Recent research conducted by Oasis, a Paychex® Company, found that managing HR administrative duties, such as employee benefits, payroll processing, and safety program implementation takes up a lot of time. **Sixty-seven percent** of business leaders reported spending up to 10 hours a week on HR duties, with **24 percent** spending 11 to 20 hours a week.¹ What is this time costing your business?





What Is a PEO?

A Professional Employer Organization (or PEO for short) provides outsourced, integrated administrative human resource services to support businesses throughout the entire employee life cycle, including attracting and developing talent, payroll processing, employee benefits administration, and legislative and regulatory compliance support. This involves a contractual allocation and sharing of some employer responsibilities between Paychex and the client. Data through the end of 2020 reflects that 173,000 businesses are working with a PEO in the United States.²

How Do PEOs Add Value?

Add to your everyday business management complexities a layer of uncertainty such as the impact of the COVID-19 pandemic. This is where PEOs can prove invaluable to business owners, with one in three reporting they were less likely to have seen an overall negative effect on their business from the pandemic due to working with a PEO⁴.

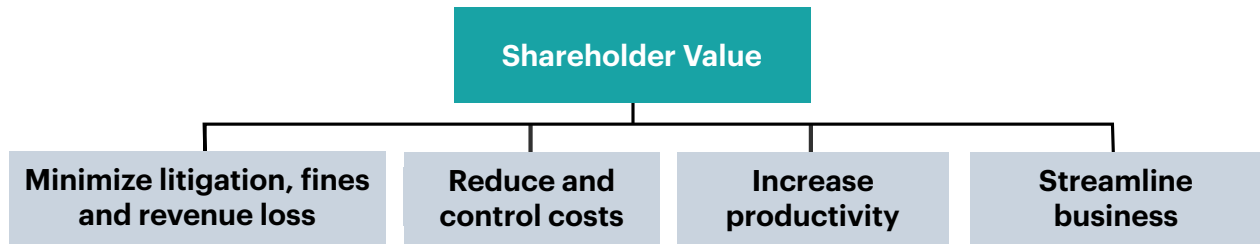
By working with a PEO, you may better attract talent, stay focused on your core business, offer world-class benefits on par with *Fortune 500* companies, mitigate risk, and gain access to industry-leading technology. Utilize services that may result in efficiencies and increased profitability.

Recent research³ has proven that businesses that work with a PEO can benefit from cost **savings of up to \$1,775** per employee per year, 20 percent less employee turnover, 63 percent lower health benefits costs, and significantly fewer concerns related to hiring, retaining, and motivating employees.

² NAPEO.org [New Economic Analysis Shows PEO Employment Growth Is 16 Times Higher Than The Rest Of The US Economy Since 2013](https://www.prnewswire.com/news-releases/new-economic-analysis-shows-peo-employment-growth-is-16-times-higher-than-the-rest-of-the-us-economy-since-2013-300920027.html) (prnewswire.com)

³ NAPEO.org and <https://www.prnewswire.com/news-releases/new-analysis-shows-roi-of-using-a-peo-is-27-percent-300920027.html>

⁴ PEO Clients in the COVID-19 Pandemic: Follow-Up Analysis, [NAPEO](https://www.napeo.org), September 2021.



By reducing the time you spend on time-consuming HR administrative tasks, you and your managers can focus on your top priorities - managing and growing your business.

Utilize the best practices on the following pages to help you choose the PEO that will deliver on your most essential needs.

Outsourcing HR Is on The Rise⁵

- 29 percent of business owners are more likely to outsource HR functions as a result of COVID-19
- 42 percent of business owners are very or somewhat likely to outsource HR administration in the next 12 months
 - Nearly twice as many as those who responded in 2019
 - More than twice as many as those who responded in 2018
- 69 percent of business owners who anticipate fast growth in the year ahead plan to outsource, compared to 41 percent expecting slow growth.
- The most in-demand tasks to outsource:
 - Benefits administration
 - Payroll
 - 401(k)

⁵2021 Priorities for Business Leaders, Oasis



PEOs Work As An Extension of Your Business

Creating value is an essential component of all businesses. Efficient operational processes and targeted marketing and technology investments are just a few ways to increase sales, heighten productivity and decrease costs.





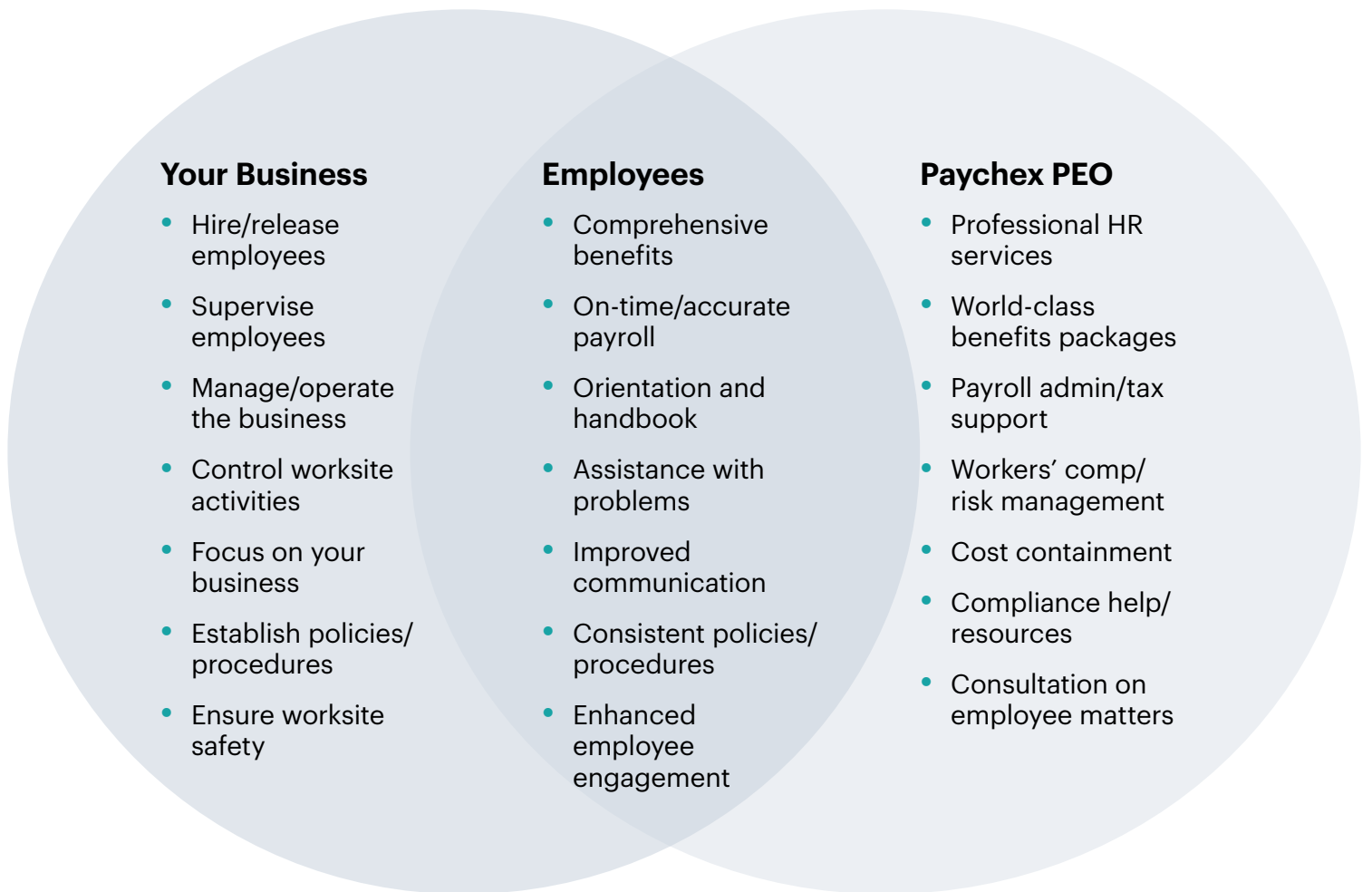
Business Services Available

Comprehensive PEOs may offer the following array of services:

- **Employee benefits** such as health and other insurances, financial savings plans, administrative support with new and annual enrollment, healthcare reform support and regulatory assistance.
- **HR administrative services** including compensation research and design, job descriptions and employee handbooks, updates on changing federal and state employment laws, training, development, and performance management.
- **Payroll administration** such as options for paperless pay stubs, recordkeeping, customized deposit stubs, expense management and payroll tax compliance.
- **Risk management** such as return to work programs, claims management oversight, safety protocols and OSHA compliance.
- **Technology resources** to enable employee self-access, tracking time and attendance, and electronic onboarding; plus client services websites and eLearning.
- **Talent acquisition services** provide access to the same recruiting and selection tools that *Fortune 500* companies use to streamline the hiring process.

How Does the PEO Relationship Work?

The employer maintains control of the business and is in charge of all business decision-making, including employee supervision and staffing decisions. The PEO supports administrative tasks associated with HR services, payroll, employee benefits administration, and risk management. Paychex PEO can help businesses achieve economies of scale that they may not attain independently. That's why working with a comprehensive PEO company can help you improve efficiency and reduce liability. Working with a PEO brings shared responsibilities, benefits and synergies.





How PEOs Helped During the COVID-19 Pandemic⁶

Businesses who worked with a PEO during COVID-19:

- Are 58 percent less likely to have permanently closed
- Are 32 percent less likely to have seen an overall negative effect on business from the pandemic
- Are 82 percent more likely to have business operations back to normal (or better)
- Have had employment growth by 6 percent since early 2020 (compared to a 1 percent decline for comparable businesses)
- Have a rate of employment growth over the last six months that is 81 percent higher than the previous period
- Are 18 percent more likely to have had their 2020 PPP loans forgiven
- Are 71 percent more likely to have received PPP loans in 2021

⁶PEO Clients in the COVID-19 Pandemic: Follow-Up Analysis, [NAPEO](#), September 2021

The ROI You Can Expect

A recent study by the National Association of Professional Employer Organizations (NAPEO) found that businesses that worked with a PEO can expect the following benefits from the relationship:

- **\$1,775** in savings per employee per year
- **63 percent** lower health benefits costs
- **30 percent** lower workers' compensation costs
- **30 percent** lower unemployment insurance
- **20 percent** lower employee turnover
- **5 percent** higher revenue growth
- **Fewer concerns** about hiring, retaining, and motivating employees

Further research by NAPEO⁷ indicates that companies that work with a PEO can:

- 1. Grow faster and be more profitable.** Seventy percent of business owners said their revenues and profitability increased. Annual median revenue growth was twice that of comparable firms that didn't work with an HR solutions provider like Paychex PEO.
- 2. Reduce employee turnover.** The average employee turnover rate is 42 percent per year. It was 10 percent to 14 percent lower for businesses that worked with a company like Paychex PEO for at least four quarters.
- 3. Boost employee engagement and productivity.** Employees working for companies that have partnered with an HR solutions provider are significantly more likely to report that their employer:
 - a. Demonstrates a commitment to them
 - b. Has good hiring practices and HR policies
 - c. Provides training and development opportunities

⁷NAPEO.org and <https://www.prnewswire.com/news-releases/new-analysis-shows-roi-of-using-a-peo-is-27-percent-300920027.html>



Checklist: Is A PEO Right For Your Business

Review this checklist. Assess if you are challenged with any of the following situations to help you determine if a PEO would suit your business.

Time-consuming HR administration tasks without the expertise to complete

- Which HR needs are not currently being met?
- How are responsibilities such as employee onboarding or benefits administration handled?
- How much time are you spending each week on payroll and employee-related paperwork?

Attracting and retaining the best talent by offering competitive compensation packages and rich healthcare plans

- Have one or more employees recently left your company for a competitor?
- Are your company's compensation and benefits in line with the marketplace?
- Do you know if you are over-paying or under-paying employees?

Maintaining HR compliance in an ever-changing regulatory environment

- Are job descriptions, interview practices, and the employee handbook transparent and compliant with applicable laws?
- What's required to keep up with federal, state, and local employment-related regulations that affect the business?
- Do you struggle to find the time to ensure compliance?

Effectively managing employee performance and providing tools that enable you to set goals, measure results and receive feedback in a structured way

- How are you measuring if employees are meeting expectations?
- Is there a mechanism for setting performance goals, tracking results and providing feedback?
- Do employees know what is expected of them to be able to contribute their best performance every day?

Building a company culture that is grounded in solid business ethics

- How important is it for employees to act ethically?
- What policies and practices are in place, so employees know what is expected of them?
- Do you support employees with education and training on ethics?

Managing the hiring process and keeping track of applicants

- How much time does it take to post jobs and review resumes?
- Have post-offer applicants cleared appropriate background checks?
- Do you have a system in place to easily keep track of applicants?

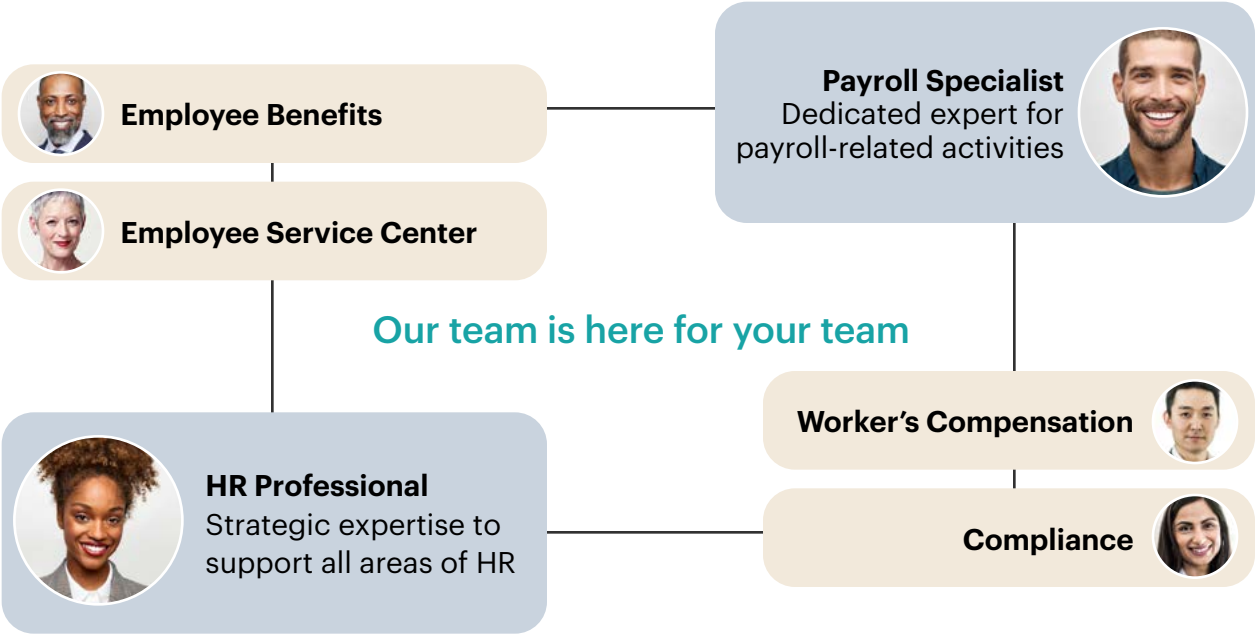
Choosing the right PEO can take your HR administration, payroll, and benefits programs to the next level, resulting in happier employees and more productive leadership. However, securing these benefits requires working with the right PEO.

Trust You Are Working With the Best

What Makes Paychex PEO Different?

Service-obsessed HR expertise

Get personalized client service with a two-points-of-contact Service Model that includes an HR Professional and a Payroll Specialist who will both know your business and provide guidance, as well as access to other experts on recruitment, safety, benefits, and workers' compensation.





Integrated HR outsourcing services

Our employee-centric solutions support your HR administrative needs throughout the entire employee life cycle and deliver the services that enable employees to perform at their best.

So much more than HR software

A PEO provides comprehensive HR outsourcing services supported by personalized expertise and guidance.

Tailored solutions for your business

We customize our solutions to meet your business's unique needs, catering to your size, industry, location, goals, and culture.

The technology you deserve

Our innovative technologies are constantly evolving to enable seamless interactions for you and your employees. Our industry-leading technology can offer greater agility by simplifying complex HR administration functions, freeing up time and resources and creating more efficient processes.



Paychex is an industry leader and trusted advisor

- 1.4 million worksite employees served
- 55,000 HR services clients
- 15,000 PEO clients
- 600 HR Professionals with an average tenure of seven years
- #1 401(k) record keeper in the U.S.*



*PlanSponsor, 2020

Employee-Centric HR Solutions That Deliver Real Value

Paychex PEO can help you to:

- **Attract and Retain Talent** – We can help you offer programs and benefits that enable you to recruit and retain the very best employees in today’s marketplace.
- **Focus on Your Core Business** – We can provide support for many of your HR and payroll administrative tasks so you can stay focused on your business and your customers.
- **Offer World-Class Benefits** – We can help you design a benefits package that will enable you to compete with *Fortune 500* companies for the best employees.
- **Mitigate Risk** – We help you keep your business in compliance by keeping track of complex employment laws and offering risk management strategies.
- **Access to Next-Gen Technology** – Our best-in-class websites make managing HR, payroll, and benefits easy.

Did you know?

Clients who work with a PEO experience **20 percent** less employee turnover.⁸

Clients who work with a PEO like Paychex experience **27 percent** savings in HR costs each year.⁹

PEO clients significantly reduce the cost of health benefits compared to those who go it alone.¹⁰

Ninety-eight percent of PEO clients said they would recommend a PEO to a business colleague.¹¹

On average, business owners spend **25 to 35 percent** of their time on HR-related work.¹¹

Awards and Certifications



⁸ https://www.napeo.org/docs/default-source/Member-Resources/infographic-on-peo-benefits-for-employees-and-small-biz.pdf?sfvrsn=757b26d4_8

⁹ <https://www.napeo.org/newsroom/press-releases/news-item/2019/09/17/new-analysis-shows-roi-of-using-a-peo-is-27-percent>

¹⁰ <https://www.napeo.org/newsroom/press-releases/news-item/2019/09/17/new-analysis-shows-roi-of-using-a-peo-is-27-percent>

¹¹ www.NAPEO.org

The Paychex PEO Advantage

For more than 50 years, Paychex has been serving clients nationwide from a wide range of industries. Access employee-centric HR solutions to support your business throughout the entire employee life cycle. Let's work together to create a world where your employees are the most critical part of your business. We bring together knowledge, people, and technology to support and guide you and your employees throughout the entire employee life cycle, from attracting and developing talent to delivering world-class benefits and payroll services and helping to maintain legislative and regulatory compliance.

Visit www.paychex.com/peo or call (800) 319-1335.

PAYCHEX[®]

HR | Payroll | Benefits | Insurance

The Power of Simplicity[®]

Professional employer organization (PEO) services provided by Paychex Business Solutions, LLC (Florida employee leasing license GL7), which is licensed or registered to provide PEO services where required by law.

© 2021 Paychex, Inc. All Rights Reserved. | 994650 Rev. 10/20/21