

Paychex®
Channel Partner Agreement
 PEO, ASO, and Payroll services

Dated and effective [Click here to enter a date.](#)

Channel Partner full legal name:	Primary contact: Email: Telephone: Address:
Referral fees: PEO – Percentage of administrative fees confirmed by Paychex underwriting on a case-by-case basis. ASO and Payroll – 20% of monthly Payroll and ASO Services administration fees.	

This Agreement is by and between the Channel Partner identified above and Paychex, Inc. (“Paychex”) whose notice address is 911 Panorama Trail S., Rochester, NY 14625.

1) **Referrals.** Channel Partner will refer potential clients to Paychex affiliates providing Professional Employer Organization (PEO), Administrative Services Outsourcing (ASO), and payroll bundled services (collectively “Services”). Channel Partner will use reasonable efforts to be familiar with Services and refer potential clients that meet the criteria for eligibility for Services. Channel Partner will follow the submission processes and general marketing guidelines each respective Paychex affiliate establishes. The following are general guidelines for PEO submissions (these guidelines may change from time to time and meeting them will not guarantee acceptance nor will failure to meet them result in automatic declination).

- At least 10 full-time employees.
- Workers’ compensation average manual rate not higher than \$4.50 per \$100 of payroll and experience mod not higher than 1.2%, three years of history requested.
- If participating in PEO-sponsored health benefits, at least 55% of eligible participation (carrier may set higher requirements) and employee contribution not to exceed 50% of lowest single rate offered.

2) **Referral fees.**

- a) Paychex affiliates will pay Channel Partner referral fees in accordance with this Agreement with respect to administrative/administration fees for Services performed for Referred Clients as calculated by Paychex or its affiliates in good faith. Referred Clients are (i) business organizations that retain a Paychex affiliate to provide Services under a service agreement signed and effective within six months of submission to the Paychex affiliate by Channel Partner while this Agreement

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is in effect; (ii) that have not received any Services within six months prior to submission by Channel Partner; and (iii) that have not been in active discussions with a Paychex affiliate sales representative or submitted by another Channel Partner within six months prior to submission by Channel Partner.

- b) Referral fees will continue to be payable with respect to a Referred Client for the contiguous life of the respective service agreement regardless of any termination of this Agreement provided Channel Partner does not materially breach this Agreement (including after it terminates).
 - c) Referral fees will be based on amounts actually collected from Referred Clients, not uncollected invoice amounts. Referral fees with respect to a Referred Client will not be payable for any period where the Referred Client is in breach of its obligations to any Paychex affiliate.
 - d) Paychex affiliates may withhold or otherwise true-up payments to Channel Partner to account for mistakes, refunds to Referred Clients, other adjustments that occur after payments are initially made, and for amounts owed to any Paychex affiliates.
 - e) Channel Partner must register for and obtain a Paychex Vendor ID to receive referral fees. Referral fees may be paid by Electronic Funds Transfer, Automated Clearing House, or check. Channel Partner will provide correct account and routing information in order to be paid.
 - f) Any right to referral fees will immediately and automatically terminate if Channel Partner (if an individual) or 25% of Channel Partner's ultimate beneficial ownership or control (if an organization) is employed by Paychex, Inc. or any of its subsidiaries.
 - g) Channel Partner agrees to review referral fees and notify the respective Paychex affiliate immediately of any mistakes or disputes in writing; any mistakes or disputes not so raised within 90 days of the payments to which they pertain are waived.
- 3) **Paychex support.** Paychex affiliates may in their discretion make support available to Channel Partner such as:
- Customized information documents for potential clients.
 - Marketing, sales and other promotional materials.
 - Sales support to assist with submitting requests for proposals to potential clients.
 - Training on client profiles well suited for Services.
 - Screening potential clients.
- 4) **Paychex discretion.** Each Paychex affiliate retains complete discretion to decide who it will do business with and on what terms. Provided, however, that while this Agreement is in effect, Paychex affiliates will not become a Referred Client's agent of record or broker of record or permit a Referred Client to access a PEO master policy without Channel Partner's concurrence with respect to insurance lines for which Channel Partner is the Referred Client's agent of record or broker of record (Channel Partner will reasonably keep Paychex informed of the lines for which it holds agent of record or broker of record appointments).
- 5) **No authority.** Channel Partner will not represent that it can bind any Paychex affiliate to any obligation or modify any Paychex affiliate contract. Channel Partner is not a party to or beneficiary of any service agreement between a Paychex affiliate and a Referred Client.

- 5) **Marketing materials, Paychex marks.** Channel Partner will not use any Paychex or Paychex affiliate marks without prior written permission for each such use. Channel Partner will not make any misrepresentation about Paychex, Inc. or any Paychex affiliate or violate guidance Paychex affiliates may provide about how Services are to be marketed.
- 6) **Independent contractors.** Channel Partner and Paychex, Inc. and its affiliates are independent contractors. Channel Partner and its employees are not by virtue of this Agreement employees of Paychex, Inc. or any Paychex affiliate or entitled to any employee benefit. Channel Partner will bear its costs of doing business and determine the manner and means by which it performs its obligations hereunder.
- 7) **Agreement term.** This Agreement will remain in effect until terminated by either party by written notice to the other.
- 8) **Confidentiality.**
- a) As used herein, the term "Confidential Information" means all clients of Paychex and Referred Clients' names, contact information and objectives (except to the extent a Referred Client provides that information to Channel Partner independently of Paychex), as well as information obtained or otherwise developed in connection with the performance of this Agreement, the terms of this Agreement, and all proprietary information, technological data and processes, data, reports, records, or documents containing or otherwise reflecting company information and/or concerning the internal operations of Paychex and its affiliates, which is not available to the general public. The Confidential Information shall be held and treated by Channel Partner and its agents and employees in confidence and will not be disclosed or used without the prior written consent of Paychex or its affiliates, except in connection with the activities contemplated by this Agreement.
 - b) Channel Partner shall be responsible for any breach of this Agreement by its agents and employees. At the termination of this Agreement or sooner if requested by Paychex or its affiliates in writing, Channel Partner will return or destroy/permanently delete all Confidential Information and any copies, derivatives, or abstracts except to the extent otherwise required by law (in which case any retained information will remain subject to this Agreement despite termination). In the event that Channel Partner is required by judicial or governmental process to disclose any Confidential Information, Channel Partner shall provide Paychex with notice of the request. Channel Partner agrees that monetary damages for breach of this provision may not provide an adequate remedy therefore Paychex shall be entitled to seek immediate and other injunctive relief in addition to any other relief available in law or equity without the need to post bond or security. This provision shall survive termination of this Agreement.
- 9) **Indemnification.** Channel Partner will indemnify, defend, and hold harmless Paychex, its subsidiaries and parents, and each of their respective officers, directors, and employees against any and all liabilities, claims, actions, proceedings, suits, damages, losses, penalties, judgments, fines, as well as reasonable costs (including reasonable attorney fees and allocated costs of in-house Legal department personnel) caused by or related to the negligence, misrepresentations, unfair or deceptive practices, fraud, or criminal activity of Channel Partner or arising out of or related to Channel Partner's breach of this Agreement. Paychex will indemnify, defend, and hold harmless Channel Partner to the extent Channel Partner is held liable for Paychex's negligence, misrepresentations, unfair or deceptive practices, fraud, or criminal activity or for damages proximately arising from Paychex's breach of this Agreement.

- 10) **Severability.** If any provision of this Agreement is held to be illegal or unenforceable, the validity of the remaining portions or provisions will not be affected, and the rights and obligations of the Parties shall be construed and enforced as if this Agreement did not contain the particular part, term or provision held to be invalid.
- 11) **Binding Effect, Assignment.** This Agreement will apply to and bind the Parties, their successors and assigns. Partner's rights and obligations hereunder are not transferable or assignable without the express prior written consent of Paychex in its discretion.
- 12) **Entire Agreement; Amendments.** This Agreement along with any exhibits, addendums, schedules, and amendments, contains the entire understanding and agreement of the Parties and supersedes all previous understandings and agreements between the parties with respect to the subject matter of the Agreement. There are no external inducements or understandings. This Agreement may only be amended by written agreement signed by both Parties. This Agreement may be signed in counterparts, including by e-signature, electronically transmitted copies, and facsimile, which taken together will constitute a fully executed agreement. No handwritten or other changes to this Agreement as originally provided by Paychex will be valid unless approved in writing by someone with actual authority to bind Paychex.
- 13) **Non-disturbance.** While this Agreement is in effect, Paychex will use commercially reasonable efforts to not include Referred Clients in national health insurance marketing campaigns if Channel Partner is a health insurance broker, or in national property and casualty marketing campaigns if Channel Partner is a property and casualty insurance broker (this provision will not apply to PEO clients with respect to PEO master plans or multiple coordinated policies).
- 14) **Governing Law.** This Agreement is governed by the substantive laws of the State of New York without regard to conflicts of law principles. The Parties agree to litigate any disputes arising out of this Agreement in a court of competent jurisdiction in Monroe County, New York. This Agreement can be enforced by Paychex and any Paychex affiliate(s), all of which are intended beneficiaries. The prevailing party in any litigation will be entitled to its costs of suit, reasonable attorney fees, and if a Paychex affiliate prevails its reasonable allocated costs of in-house Legal department resources. If Channel Partner fails to remit money owed to a Paychex affiliate which after written demand resorts to outside collection efforts, Channel Partner will be liable for the reasonable costs of collection and interest at 1% per month compounded monthly or the highest amount by law if less in addition to any other amounts it may be entitled to. This provision will survive termination of this Agreement. If any part of this Agreement is held invalid by a court of competent jurisdiction the remainder will continue in full force and effect.
- 15) **Notices.** Notices pursuant to this Agreement will be deemed to have been delivered when given to a commercial courier, regular United States mail, addressed to the respective parties at the addresses listed herein. Notices will be deemed effective upon receipt or three (3) days after mailed, whichever is earlier. A party's address may be changed by upon written notice to the other party.

[Signatures on following page]

In witness whereof the parties have signed this Agreement.

Paychex, Inc.

Channel Partner

By: _____

By: _____

Print name:

Print name:

Title:

Title:

Date:

Date:

[Remainder of page intentionally blank]

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