

FACTS ABOUT PROFESSIONAL EMPLOYER ORGANIZATIONS (PEOS)

WHAT IS A PEO?



Professional employer organizations (PEOs) provide human resource services to small and mid-size businesses—issuing wages and remitting taxes, offering workers' comp and risk consulting services, and providing compliance assistance with employment-related rules and regulations. In addition, many PEOs offer HR technology systems and access to 401(k) plans, health, dental, and life insurance, dependent care, and other benefits. In doing so, PEOs help businesses take care of employees by enabling them to offer Fortune 500-level benefits at an affordable cost and providing access to experienced HR professionals. We also help ensure that the state of Oregon receives the appropriate payroll and unemployment insurance taxes, and that worksite employees entitled to workers' compensation receive these benefits.

PEO FACTS

- More than 3,000 Oregon small businesses - employing 31,000 people - partner with a PEO.
- Across the U.S., PEOs provide services to 200,000 small and mid-size businesses, employing 4.5 million people.
- There are more than 500 PEOs in the United States.
- The total employment represented by the PEO industry is roughly the same as the combined number of employees for the four largest employers in the United States.
- The PEO industry's 200,000 clients represent 17 percent of all employers with 10 to 99 employees.

HOW PEOs HELP SMALL BUSINESSES

- By providing payroll, benefits, and HR services and assisting with compliance issues under state and federal law, PEOs allow small businesses to improve productivity and profitability, to focus on their core mission, and to grow.
- Businesses that use PEOs grow 7 to 9 percent faster, have employee turnover that is 10 to 14 percent lower, and are 50 percent less likely to go out of business than companies that do not use PEOs.
- The ROI of using a PEO (in cost savings alone) is 27.3%.
- PEOs enable small businesses to offer their employees access to big-business benefits such as: 401(k) plans; health, dental, life, and other insurance; dependent care; and other benefits they might not typically receive as employees of a small company.



3 WAYS PEOS HELP EMPLOYEES OF SMALL BUSINESSES IN OREGON

ASSISTANCE FROM HUMAN RESOURCE PROFESSIONALS

Most small companies cannot afford to hire a human resources professional. In contrast, almost all PEOs provide access to human resource professionals as a part of their services to small businesses and their employees. Through this service, PEOs help small businesses comply with myriad federal, state, and local employment laws.



ACCESS TO FORTUNE 500 EMPLOYEE BENEFITS

PEOs offer employees of small businesses *access to big-business employee benefits* such as: health insurance, dental and vision care, life insurance, retirement saving plans, employee assistance programs, adoption assistance, educational benefits—even pet insurance.

INCREASED PARTICIPATION IN RETIREMENT SAVINGS PLANS

Among businesses with fewer than 10 employees, those using a PEO have *more than 3 times greater participation in a retirement plan* than employees of businesses that do not use a PEO. For businesses with 10 to 49 employees, 52 percent of PEO client employees have a retirement plan, versus 23 percent in those companies that do not use a PEO.

