

The Truth About PEOs



If you have less than 10 employees, it can make sense. Beyond that, there are better options. **One of our clients estimates that she has saved \$150,000 a year by switching away from a PEO.**


Testimonial

"When it came to the numbers, they showed how they were going to save us all of this money – especially looking at the insurance rates...

however, in the end we would have significantly more cash outlay to be a member of the PEO. it was **very** deceiving. Thankfully we looked at it several times before ultimately rejecting it when we figured out what they had done in their pitch.


[Sounds] great they are going to do all this work, but someone locally still has to administer and facilitate getting the “paperwork” to them."





What you're told: The PEO shares employment of your employees.

Reality: Your employees are now employees of the PEO. The handbook and forms will have the PEO name and logo on them. The employee files are property of the PEO, and good luck getting copies of them when you leave. You will need to hire those same people under a new FEIN on your new payroll platform when you leave.



What you're told: The PEO will protect you.

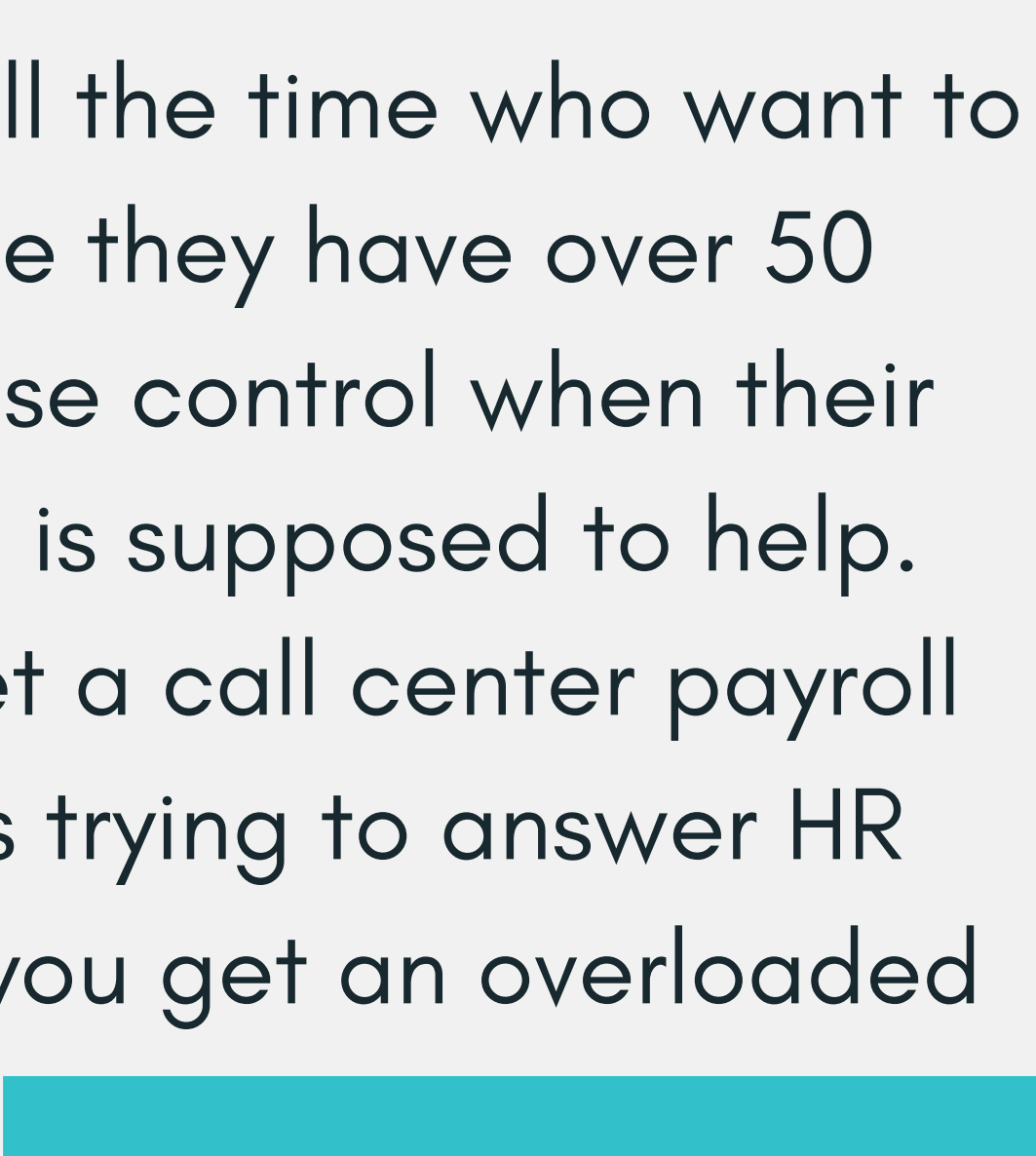
Reality: You have to get employment decisions approved in advance, which means you have to build a case for each employment action. If the PEO doesn't approve, and they are extremely conservative here, you lose any legal defense that was offered during the sales process. I've even had PEOs drop a client or pull an assigned consultant during the week of payroll due to unapproved terminations. That's a fire drill!

What you're told: You'll save money on benefits by being part of a pool of companies.

Reality: Each company is underwritten individually, and the PEOs use other money to offset the various lines of coverage they offer. I once had 3 meetings with a PEO with the sole purpose of discovering what the client was paying for and what they were getting. We never got the answers.

What you're told: You'll get dedicated HR support.

Reality: I interview PEO HR consultants all the time who want to leave because they have over 50 clients and lose control when their support team is supposed to help. You either get a call center payroll person who is trying to answer HR questions or you get an overloaded consultant.





What you're told: You'll get admin help.

Reality: The most common question I get from clients who are using PEOs is, "What do they do? They push it all back on me." I've had several clients who were paying a PEO and also paying me to help them get things done.

If you want your employees to be your employees and to get control of your policies, your corporate identity, and your claims history, that happens outside of a PEO.



Connect with Thread

#ForABetterWorkplace, and learn about the proven process for helping companies leave the PEO.



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