

# PEO Buying Guide

What to know and questions to ask when comparing Professional Employer Organizations (PEOs)



**FullStack**  
Payroll • Benefits • HR

## If you're reading this, you're considering partnering with a PEO.

Partnering with a PEO is an excellent decision for your company and employees. Businesses that partner with a PEO see **greater growth, retain their employees at higher rates, and are less likely to go out of business**. A PEO allows you to focus on what's most important - growing your revenue and investing in your team.

A PEO's industry focus, services offered, and cost are the three most important factors to finding the right match for your company. FullStack's goal with this guide is to give you insights into how to ask the right questions when comparing PEOs and understanding the potential all-in-costs of partnering with one. What specifically prompted this guide is our value to being fully transparent, and the feedback we've received from prospective clients on how difficult it can be to understand the cost associated with a PEO partnership. It doesn't feel good as a company leader to not know exactly what you're paying for, what services are included in the cost, or to be surprised by an unexpected fee you thought was already covered. This guide will equip you with everything needed to help you make your PEO partnership decision easier.

### Identify your company's needs

Although most PEOs will manage your company's payroll, administrative HR, compliance, and benefits, each has additional services that could make that PEO the best first for your company. Consider these questions:

- What core PEO services does our company need?
- What additional services would be beneficial for our organization?
- What do I need for my company at its current size and stage versus what will be needed when we reach our next growth goals?

### Do Your Research

The PEO industry is expansive - there are a lot of options and PEOs are very diverse in scope and focus. Some are industry-based while others focus on serving companies of a certain size. There are national, publicly-traded companies you've heard of before - others are local or regional.

Dig deeper into the PEOs you're considering by doing the research and asking these questions:

- What type of clients do they cater to? Are they laser-focused on our industry, or do they work within companies from a variety of backgrounds?
- What size companies do they work with?
- In a crowded PEO market, why does the PEO exist? What's their mission and differentiating factors?
- Do I want to work with a national PEO or a more regionally-based PEO?
- What associations and certifications do they have?

## Accreditations

There are different types of PEO accreditations and certifications that are available to a PEO and its team. Here are the most common accreditations, certifications, and affiliations you'll find:

**CPEO**  
**ESAC**  
**NAPEO**  
**CPP**  
**SHRM-CP/PHR**  
**HRCI**

## Diving Deeper

Now that you have a better understanding of your company's needs and have narrowed down your list of potential PEO partners, it's time to schedule meetings with representatives from each one you're considering. During these meetings, ask questions that will help you better understand the PEO's offerings and how this partnership can benefit your company.

In the following section, we break down specific questions for each category of the services provided by PEOs that will help you navigate the decision-making process and get the answers you're seeking.

**Payroll** can be difficult to navigate depending on your team's structure. Here are some important questions to ask to learn more about how a PEO handles payroll:

- Does your PEO outsource payroll to an outside firm, or is it done in-house?
- What is required of my team during payroll week?
- Can I or my accountant access and customize payroll reports for our accounting needs?
- Where do my employees go with payroll questions?

**Benefits** can often make or break your team. Small companies that utilize PEOs can offer benefits comparable to larger organizations, which can help attract top talent. Consider asking these questions about benefits when chatting with a PEO representative:

- Who are your current insurance carriers?
- Have your benefits plans changed in the last 3 years? Why or why not?
- What's the employee experience going to be like during onboarding and open enrollment?
- How does your team support employees when they have a benefits question?
- Will working with your PEO help control my renewal increases? How?

**HR compliance** is where a PEO partnership can alleviate the time you spend on complex paperwork and the money you spend on paying billable hour professionals to complete for you. Ask these questions when discussing compliance with a PEO representative:

- How do you handle employee handbook reviews and updates?
- What does the compliance process look like when our company hires employees in states where we don't currently employ anyone?
- Do you take care of compliance with all of the relevant employment laws for my size company?
- How will you as a PEO support our company's culture and policies, even when this differs from your PEO's culture and policies?



**Onboarding and employee relations** from a PEO can make a world of difference for a company. From helping update handbook policies to difficult HR conversations, there are a wide variety of ways a PEO can help with HR. Here are some questions to ask:

- What's the process for onboarding new employees? What is our's versus the PEO's responsibility for onboarding?
- How do we engage your team during disciplinary or termination conversations?
- What HR documentation do you help with that's included in the cost? What is available at an additional cost?
- Can your PEO assist with implementing or revising our performance review process?
- Does your PEO provide EPLI insurance to our company?

Most PEOs will offer **specialized services**, such as consulting or educational opportunities. To learn more about a PEO's additional services, ask these questions:

- Outside of the basic HR services, what strategic services do you offer?
- Do you offer training and development opportunities for managers and employees? What's the format?
- Do you offer HR consulting for strategic HR/talent decisions?
- Is the cost included in the quoted price or are these additional cost add-ons?

Most PEOs leverage **software and partners** to help create the best outcome for their clients. Here are some questions to help you learn more about software and partners.

- What softwares are utilized by the PEO and what is our interaction with it?
- Will my team have interactions with any partners of the PEO - i.e. 401K Financial advisor, benefits broker, or software provider?
- What ancillary services or software products are available through partners and how are these priced?



## Pricing and Fees

Next, let's take a look at some of the different ways a PEO can make money. This can range from a simple administrative fee, to hidden markups, to brokerage fees on health insurance. Some PEOs complicate this information, making it difficult to know exactly what you're paying for. Here are some questions to help you learn more about a PEO's payment structure.

- **Admin or Management Fee** - Will you pay per employee or a percentage of payroll? How is this calculated? When and how does it change over time?
- **SUTA/FUTA** - What are the rates you will pay for SUTA/FUTA with the PEO, and how does this compare to your current rates? Does the PEO mark up these amounts for revenue, or is it passed through at cost?
- **Startup costs** - What are the startup fees to set up your account? Are there employee onboarding or offboarding fees? Does the PEO charge an extra fee when you have employees in more than one state?
- **Workers' Compensation** - Does PEO markup Workers' Compensation premiums from the carrier? If so, by how much?
- **401K** - Are the fees for 401K administration built into the administrative fee, or charged separately?
- Are there markups or additional fees for transactional services like background checks, I-9 verifications, etc?
- Do you charge hourly rates for coaching, consulting, or advice?
- Are there markups on health insurance costs?
- Do you have markups on health insurance broker fees/commissions? How about markups on supplemental benefits (life, Aflac, etc) costs?
- Are there technology fees buried in the contract?

## Ask for References

Now that you've done your research, spoken with representatives, and have narrowed down your list of potential PEOs, an important next step is to ask for references in order to get an honest understanding of how a company like yours benefits from utilizing their PEO. Here are some questions to ask during those conversations:

- What led you to choose this PEO for your company?
- What services have been the most beneficial to you and your employees?
- How communicative is their team? Are they easy to get in touch with when needed and do they provide the assistance needed at the time?
- Have there been any difficulties in your partnership? If so, how have they been dealt with?



# Checklist

## Background Information

- What type of clients does your PEO cater to?
- What size companies do you work with?
- In a crowded PEO market, why does your PEO exist? What's your commission and differentiating factors?
- What associations and certifications does your PEO have?

## Payroll

- Does your PEO outsource payroll to an outside firm, or is it done in-house?
- What is required of my team during payroll week?
- Can I or my accountant access and customize payroll reports for our accounting needs?
- Where do my employees go with payroll questions?

## Benefits

- Who are your current insurance carriers?
- Have your benefits plans changed in the last 3 years? Why or why not?
- What's the employee experience going to be like during on boarding and open enrollment?
- How does your team support employees when they have a benefits question?
- Will working with your PEO help control my renewal increases? How?

## HR Compliance

- How do you handle employee handbook reviews and updates?
- What does the compliance process look like when our company hires employees in states where we don't currently employ anyone?
- Do you take care of compliance with all of the relevant employment laws for my size company?
- How will you as a PEO support our company's culture and policies, even when this differs from your PEO's culture and policies?

## Onboarding and Employee Relations

- What's the process for onboarding new employees? What is our's versus the PEO's responsibility for onboarding?
- How do we engage your team during disciplinary or termination conversations?
- What HR documentation do you help with that's included in the cost? What is available at an additional cost?
- Can your PEO assist with implementing or revising our performance review process?
- Does your PEO provide EPLI insurance to our company?

## Specialized Services

- Outside of the basic HR services, what strategic services do you offer?
- Do you offer training and development opportunities for managers and employees? What's the format?
- Do you offer HR consulting for strategic HR/talent decisions?
- Is the cost included in the quoted price or are these additional cost add-ons?

## Software and Partners

- What softwares are utilized by the PEO and what is our interaction with it?
- Will my team have interactions with any partners of the PEO - i.e. 401K Financial advisor, benefits broker, or software provider?
- What ancillary services or software products are available through partners and how are these priced?

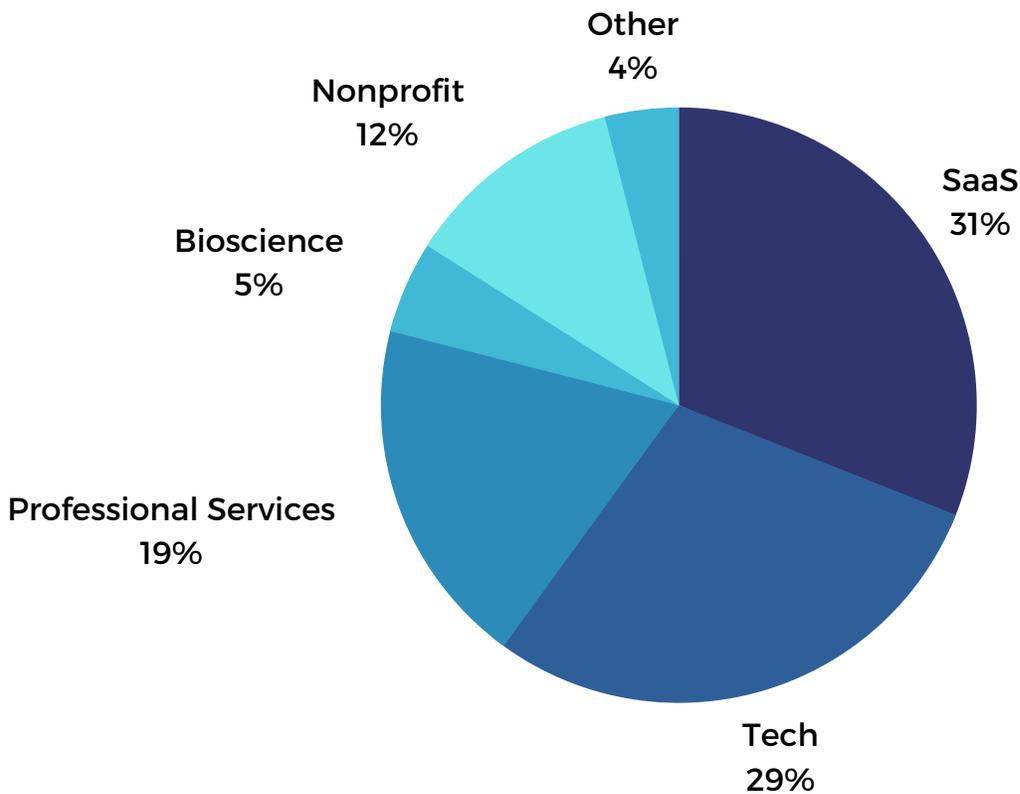
## Pricing and Fees

- Admin or Management Fee
- SUTA/FUTA
- Startup Costs
- Worker's Compensation
- 401K Fees
- Other (transactional fees, healthcare markups, etc.)

Founded in 2017, FullStack PEO launched to bring reform to the industry through price transparency and by going beyond the traditional PEO services. Our goal is to become a strategic HR partner to small companies looking to scale their operations. We at FullStack strive to support our clients in their efforts to provide an incredible employee experience and empower them to be competitive with talent acquisition.

## You take care of your company, we'll take care of your people.

**Our clients** come from a variety of industries with different needs and challenges.



317.969.7703  
PO Box 551019  
Indianapolis, IN 46205  
info@fullstackpeo.com

