

# How Small Businesses & Employees Benefit From Using A PEO

## 3 Ways Small Businesses Benefit From Using a PEO



### They Grow 7 to 9% Faster

Since December 2004, employment at small businesses using a PEO has **grown more than 7 percent faster than at small businesses overall**, according to the Intuit Small Business Employment Index.



### Their Employee Turnover is 10 to 14% Lower

The average overall employee turnover rate in the United States is approximately 42 percent per year, based on 2012 data. It is **28 to 32 percent for companies that used a PEO** for at least four quarters.



### They Are 50% Less Likely to Go Out of Business

**Businesses that use a PEO are approximately 50 percent less likely to fail** (permanently go “out of business”) from one year to the next when compared to similar companies in the population as a whole. The overall business failure rate among private businesses in the United States as a whole is approximately 8 percent per year, based on 2012 data. It is approximately 4 percent per year for those companies that used a PEO for at least four quarters.

## 3 Ways PEOs Help Employees of Small Businesses



### Access to Fortune 500 Employee Benefits

Through a PEO, the employees of small businesses **gain access to big-business employee benefits** such as: health insurance, dental and vision care, life insurance, retirement saving plans, job counseling, 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 business employees have a retirement plan, versus 23 percent in those companies that do not use a PEO.



### 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. Through this service, PEOs help small businesses comply with myriad federal, state, and local employment laws, and **help their employees better understand their rights and responsibilities** under these requirements.

Professional Employer Organizations (PEOs) provide human resources services to their small business clients—paying wages and taxes and providing compliance assistance with myriad state and federal laws and regulations. In addition, PEOs often provide workers with access to 401(k) plans, health, dental, and life insurance, dependent care, and other benefits not typically provided by small businesses. Between 2 and 3 million people are covered by PEO arrangements.



When we started with Fourth 5+ years ago, they made it feel like a **seamless transition from our old payroll processing system** with just a few adjustments. Fourth has helped us with everything from **human resource questions to workman's comp issues**. They share information in a detailed and concise manner, and if we ever need to raise an employee issue it is resolved that day.

- Owner, Impact FHS Restaurants (10 Unit Firehouse Subs Franchise)

#### Sources:

Professional Employer Organizations: Keeping Turnover Low and Survival High | McBassi & Company | 2014

Professional Employer Organizations: Fueling Small Business Growth | McBassi & Company | 2013