

The Benefits
of Partnering
with a PEO for
Brokers and
Their Clients





What's Inside

Welcome! Whether you've worked with a professional employer organization (PEO) before or not, this e-book gives you helpful information about how a PEO works, how it benefits you and your clients, and why PrestigePEO is the ideal partner.

Let's dive in.



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Benefits for You...Benefits for Your Clients



What Is a PEO?

Professional employer organizations, or PEOs, have been around since the 1980s. They originated in response to small and medium-sized businesses' (SMBs) demand for assistance managing HR functions, like payroll and compliance. Over time, PEOs have evolved to encompass a broader spectrum of HR services including competitive employee benefits, federally mandated retirement plans, and guidance of more complex employment laws.

What does a PEO do?

Many people continue to associate PEOs with health insurance and other employee benefits, but that's not all we do. A PEO works in partnership with SMBs to:

- Offer affordable healthcare and retirement plan options that would otherwise be difficult for SMBs to access.
- Ensure HR compliance across the board, help business owners maintain peace of mind by proactively managing the complexities of everchanging employment laws and interpersonal matters on a day to day basis.
- Handle every aspect of <u>Human Resources management and administration</u> from employee relations to benefits administration—including open enrollment, ongoing claims support, benefit questions, and COBRA.
- Process payroll efficiently, accurately, and on time in compliance with all local, state, and federal tax laws.

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What's the difference between a PEO and an HR outsourcing company?

A PEO is not a staffing agency or a human resources outsourcing (HRO) company. HROs and PEOs do offer similar services, but their approaches are different in practice.

- **HROs are private entities** typically enlisted by large enterprises with robust HR departments to handle specific HR functions, such as payroll. HROs do not assume co-employer responsibilities or offer additional HR support.
- PEOs serve as an extension of a business' HR department and assume certain responsibilities and liabilities on behalf of their client. This enables PEOs to deliver more value-added services to clients.



How Does a PEO Work?

SMB clients enter a co-employment relationship with a PEO. This arrangement entails a contractual allocation and sharing of employer responsibilities between the PEO and the client. As part of this relationship, the client is added to the PEO's Employer Identification Number (EIN), all in accordance with a client service agreement (CSA).

The PEO also becomes the "employer of record," allowing the PEO to directly manage payroll, issue W-2s and collect and pay employment taxes.¹

Throughout the relationship, clients are free to hire and terminate employees and make decisions that are in the best interest of their business. The PEO engages with worksite employees for HR-related functions, like payroll and benefits administration. But the client always has control over day-to-day operations and core business functions.²

In return, clients get access to benefits options and rates that would not have otherwise been available to organizations of their size. A PEO will also reduce potential liabilities and labor cost while providing more cost containment especially when it comes to benefit renewals.

You	Both of Us	PrestigePEO	
Hiring Employees	Workplace Compliance	HR Management & HR Consulting	
Employee Training, Supervision & Management	Employee Training	Payroll Processing, Administration & Tax Remittance	
Employee Terminations	Leave of Absence Requests	Process Terminations	
Submit Employee and Company Changes		Leave of Absence Administration	
		Employee Benefits	
		Benefits Administration	
		Workplace Compliance	
		Claims Processing (benefits, workers' comp, EPLI, unemployment, disability, etc.)	
		Process Employee and Company Changes	
		Assist New Hires with Onboarding	

^{1.} Society for Human Resources Management. The pros and cons of retaining a PEO. December 3, 2019. https://www.shrm.org/resourcesandtools/hr-topics/employee-relations/pages/the-pros-and-cons-of-retaining-a-peo.aspx

^{2.} NAPEO. What is co-employment? Accessed October 17, 2023. https://www.napeo.org/what-is-a-peo/about-the-peo-industry/what-is-co-employment



How Brokers Benefit from Partnering with PrestigePEO

As a broker, you want what's best for your clients. But you also want to ensure that any kind of partnership you engage in on behalf of your clients has benefits for you, too.

1. Better client retention through increased service offerings.

Small to medium-sized businesses have a lot on their plates. So, whatever you can do to ease some of that stress will be appreciated. When you introduce your clients to a PEO, you'll be able to:

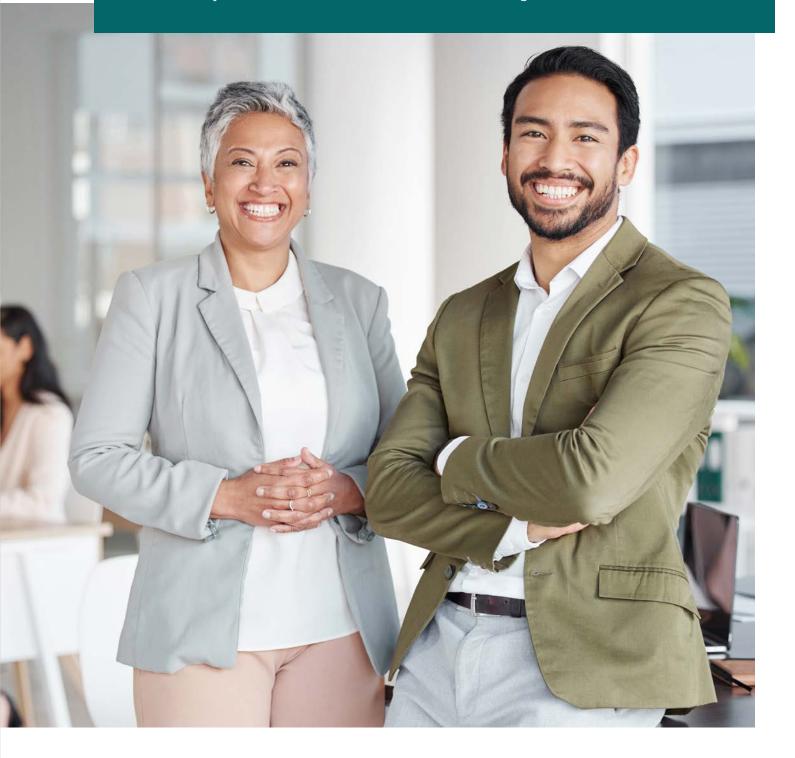
- Give clients access to comprehensive HR services that lessen their HR administrative burdens, like employee benefits, compliance guidance, payroll, retirement services, and personalized HR support. Clients receive all these services from one source, eliminating the hassle of managing multiple vendors; this, in turn, helps protect your book of business as it makes it more difficult for your clients to leave such a valuable partnership and resource of HR services.
- Offer your clients better rates for premium employee benefits. As a PEO, we use our large client base to provide more substantial purchasing power and negotiate better rates and an array of benefits options for small and medium-sized businesses. We work with you to customize these offerings to precisely align with the unique requirements of your client's workforce.
- Stay focused on nurturing your current and prospective client relationships while we attend to the details of negotiating rates, handling claims, and taking clients through open enrollment. We'll also give you back the time you spend fielding client questions—because that's what we're here for.



Top client concerns our HR specialists handle every day:

- Performance Management
- Employee Relations
- Final Pay Rules

- FLSA Questions
- Paid Time Off and Paid Sick Leave Questions
- Termination guidance



2. The opportunity to be viewed as a strategic business partner.

Working with a PEO gives you a deeper understanding of the HR landscape and allows you to position yourself as a subject matter expert on industry trends and regulations. Moreover, when you leave the day-to-day details and client questions to us, you'll have time to really consider clients' opportunities and challenges and how you can work with them to achieve their business objectives. Partnering with a PEO enables you to broaden your role from a trusted benefits advisor to a strategic, full-service HR business partner.



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3. A distinct marketplace advantage and competitive edge.

Partnering with a PEO can give you a distinct advantage over other health insurance brokers and benefits advisors. When you show your knowledge of what a PEO is and what it can do for clients, you'll differentiate yourself from others in the marketplace solely using traditional strategies.

By providing your clients with a comprehensive range of HR services through a partnership with a PEO, you create a one-stop shop scenario that saves them both time and money. This also strengthens and reinforces your role as their trusted advisor.



DID YOU KNOW?

Partnering with a PEO can give your small business clients access to large group benefits which offer highly competitive rates and are typically reserved for employers with more than 50 employees.

4. New income streams.

Most PEOs offer limited commission opportunities to brokers based on administrative fees. PrestigePEO offers brokers the usual commissions plus unlimited opportunities to earn, including via multiple product lines, like group medical, dental, vision, life insurance, and disability plans for the life of the client. In addition, we offer two different types of referral commissions (see right tab).

Working with PrestigePEO lets you draw commissions from more than just HR service fees.



Earn **TWO**types of referral commissions with PrestigePEO

Your client refers another client prospect to us.

If the prospect becomes a client and doesn't have a broker, you can add this client to your book of business and start earning commissions.

You refer a new broker to PrestigePEO

If that new broker closes their first client within 180 days of the referral, you qualify for a bonus.





Common Broker Misconceptions About Working with a PEO

I might lose my clients.

While some PEOs allow clients to change brokers, PrestigePEO ensures that benefits brokers retain ownership of their clients throughout the lifetime of the partnership by never accepting Broker of Record Letters (BORs). Once a client is yours, it's yours for life.

The PEO will get in the way of my relationship.

Some PEOs assume all control of any client they sign—whether brought on by a broker or their own sales efforts. This can be difficult for brokers who have longstanding relationships with clients and prefer to manage client relations. At PrestigePEO, it's up to you how involved we get with any client you sign. We even work with brokers to customize proposals to include the services their clients need and exclude anything they don't.

I'll never speak to the same person twice!

Not true. At PrestigePEO, each broker client is introduced to and served by a dedicated account team. Depending on the services selected, brokers and their clients will work with a team of certified HR experts which might include a Human Resource Business Partner (HRBP), Benefits Specialists, Payroll Specialists, and a Retirement Specialist. This team collaborates with client managers both virtually and onsite.

I'll lose control over my clients' renewals.

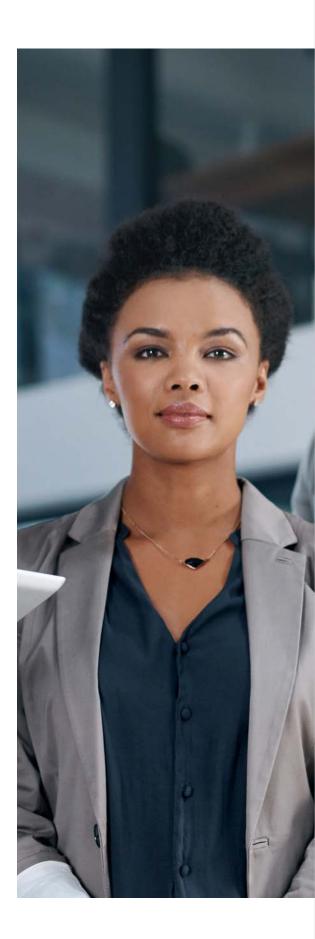
No, you will be very involved in renewals. You'll have the advantage of being the first to receive information about your clients' renewal rates and will play a pivotal role throughout the renewal process. With our innovative and proprietary PrestigePEO Renewal Portal, you and your clients can collaboratively review their current contributions, create new contribution models, and access comprehensive plan information, enabling you to make informed decisions about the most suitable plans together.

I won't have access to new leads.

On the contrary, we have several methods for assigning brokers to new business. When we onboard a direct client, we designate a broker to manage that client's account. Additionally, when your existing clients refer new clients, you are assigned as their broker.

A PEO is just trying to steal my business.

This isn't true. It's not our intention to steal business from brokers who have invested their time in crafting relationships with their clients. In fact, when brokers stay involved, everyone benefits—the client gets to continue to work with a trusted resource, you earn more in commissions, and we can better tailor solutions based on your input. So, the bottom line is we need you, and we're never out to take your business away.







How Brokers' Clients Benefit from Partnering with PrestigePEO

Some clients might already be familiar with PEOs and what they do. But they may not know exactly how they'll benefit, or they have preconceived notions about what it's like to work with a PEO.

You can serve as a source of truth for your clients when it comes to working with a PEO.

Partnering with a PEO can offer your client:

A one-stop shop for HR support.

A PEO isn't a replacement for a client's HR team—it's a full-service extension of it. PEOs enable SMBs to offer employees the benefits of a large-scale HR team at a fraction of the cost. We also help clients stay up-to-date on strategic HR practices, including Diversity, Equity, and Inclusion (DEI) strategies.

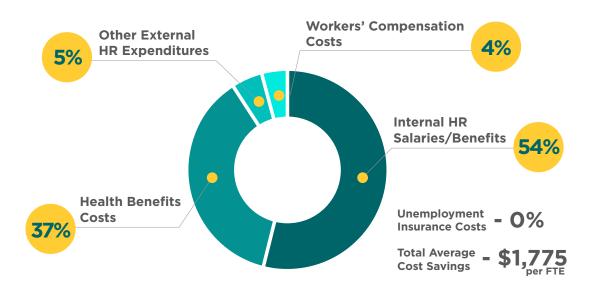
A smoother benefits experience for employees.

Working with a PEO gives employees access to tools and resources that enhance the employee benefits experience. PEOs provide support with open enrollment through our Open Enrollment Resource Center , which makes benefits selections easy. We also help employees with claims and benefits throughout the year, and offer strategic communications (like open enrollment guides) to help employees better understand and appreciate their benefits.

Significant cost-savings on HR services.

PEOs offer a full spectrum of HR services and solutions that help lower employee benefit costs and reduce administrative workloads, resulting in a real impact to the bottom line. In fact, it's estimated that the **annual return on investment (cost savings alone) from using a PEO is 27.2%.**³

AVERAGE ANNUAL COST SAVINGS PER EMPLOYEE⁴



^{3.} NAPEO.com The ROI of Using a PEO. 2019 [https://www.napeo.org/docs/default-source/member-resources/white-paper-7-the-roi-of-using-a-peo.pdf?sfvrsn=d2c52ed4_10]

 $^{4. \} NAPEO.com \ [https://www.napeo.org/docs/default-source/member-resources/white-paper-7-the-roi-of-using-a-peo.pdf?sfvrsn=d2c52ed4_10]$



Compliance and risk mitigation expertise.

Regulatory compliance continues to be a challenge for SMBs as new state and federal regulations are continually rolled out. A PEO keeps you and your clients informed of every new regulation that could impact SMBs, reducing the risk of non-compliance. We also work with your client's internal HR team to ensure each employee receives required compliance information on a timely basis.

A way to offer employees more robust and affordable benefits options.

Partnering with a PEO gives your clients access to large group plan rates and expanded medical plan options for medical, dental, and vision plans, as well as life and disability insurance and retirement options.

BENEFITS MOST FREQUENTLY ADDED BY NEW PEO CLIENTS⁵







PEOs can help SMBs win the war for talent

Small business employees are **7% less likely to be satisfied** with their job than workers at larger organizations. And, approximately **3 in 10 small business employees now say they plan to leave their employer in the next 12 months,** vs. 1 in 4 employees at larger organizations.

Benefits are often a critical factor in an employee's decision to stay with or leave a company.

A PEO gives small employers the chance to offer employees a comprehensive suite of benefits and streamlined HR services that result in a better experience overall and can lead to greater employee satisfaction and retention.

Source: MetLife 2023 PEO Advantage Report

5. NAPEO.com. [https://www.napeo.org/docs/default-source/member-resources/white-paper-7-the-roi-of-using-a-peo.pdf?sfvrsn=d2c52ed4_10]

Enhanced employee productivity.

When employees receive quick, competent answers to their benefits questions from our dedicated HR specialists (never a chatbot), they can spend more time doing their jobs.

Better employee retention and recruitment.

Employees are a company's top asset, and turnover is expensive—especially for small businesses. In today's competitive job market, a PEO can give a client's employees access to premium benefits, options, and perks that help retain top talent and differentiate the organization from their peers when it comes to recruitment.

ANNUAL EMPLOYEE TURNOVER %

	All Businesses	PEO Clients	Difference
Voluntary	29.9	19.4	-10.5
Involuntary	19.0	9.9	-9.1
Total	48.9	29.3	-19.6

Access to employee perks and discounts.

A PEO enables SMBs to offer additional employee perks like commuter benefits, pet insurance, discounts, cybersecurity protection, and exclusive access to local entertainment.

The chance to demonstrate a culture of caring.

Employees increasingly want employers to offer benefits programs that help them live well across their whole lives, beyond just traditional health and insurance benefits. Partnering with a PEO gives your clients' employees access to financial wellness and employee mental health benefits that show the company is invested in caring for employees.

Cutting-edge HR technology.

Our PrestigePRO technology platform offers clients a fast, flexible way to manage their day-to-day activities through a centralized web-based portal. We also work with technology partners who are leaders in their industry to provide: self-service for managers, direct access for employees, expense reporting, time and attendance tracking, applicant tracking, training, performance management system software, and employee background checks.



Common questions you might hear from your clients



If I work with a PEO do I need to stop working with you?

No, not at all. Clients can continue to work with you. Brokers are informed of rates and renewals every step of the way, allowing them to continue to be their clients' trusted advisor.

Will co-employment cause me to lose control of my business?

No, the co-employment arrangement only allows us to share in and manage employee-related responsibilities and liabilities. Clients maintain complete control over the day-to-day operations of their business as well as core HR functions like talent management and recruitment, performance management, compensation, and recognition.

Isn't a PEO just a glorified payroll company?

No, a payroll company just concerns itself with day-to-day payroll administration. A PEO can provide you with a range of extra services—HR management, employee benefits and support, and risk mitigation, and compliance—that allow you to save costs, grow your business, enhance your employee experience, and attract and retain talent.

What about confidentiality and data security?

At PrestigePEO, we take cybersecurity and confidentiality very seriously in order to ensure that the personal identifiable information (PII) and sensitive data of our clients and their employees are always protected utilizing SOC II, Type II, and 2FA technology protocols.

What support is provided to help my employees understand the relationship between our company and PrestigePEO?

During a client's onboarding process, employees learn about the new PrestigePEO relationship and how it supports them. We review their paycheck options which include check, direct deposit and pay cards. We also walk employees through the convenient PrestigeGO mobile app that lets them view their timecards anytime.

Will my employees be routed to a call center when they have a question?

No, employees will speak to an HR specialist who is dedicated to their team—never a call center or chat bot. The same goes for brokers—when you call, you'll be directed to the account representative who knows you and your client.

What if my employees don't get on board with the change?

In our experience this almost never happens. On the contrary, employees love it when their employers partner with a PEO because it means they can focus more on their work and less on pesky administrative tasks. They also get access to richer benefits and a support team who can help them with their benefits questions in real time.





PrestigePEO's Service Offerings

Your clients didn't go into business to handle HR, payroll, employee benefits, and compliance management. As a PEO, we're here to help.



Employee Benefits & Support 🗗



Human Resource Management 🗗



Workplace Compliance 2



Risk Mitigation 🗗



Payroll Processing and Administration 2



PrestigePEO brings small and medium-sized businesses together to leverage our expertise and collective buying power, allowing clients to offer high quality healthcare at cost-effective group rates. Clients also have access to perks and rewards that aren't typically available to small businesses. We work with brokers and their clients to ensure the best rates on premium employee benefits from the nation's leading carriers:

- Employee healthcare benefit plans
- Life, disability, and supplemental insurance
- Optional employee programs and discounts
- · Retirement planning

We also offer **support with benefits administration**, including:

- Expert cost analysis and plan selection assistance
- · On-site assistance with annual open enrollment and new hire enrollment
- · Simplified claims processing, administration, and compliance
- Employee and family member questions handled directly by benefits experts
- Convenient online benefits access with PrestigePRO technology platform

Health benefits are a critical component of the employee benefits package.

MetLife's 2022 Employee Benefits Trends Survey found that employees rank health insurance benefits number one compared to a list of 19 other benefits. A PEO can allow clients to offer their employees more premium health benefits that help them compete for top talent.

Source: Metlife https://www.metlife.com/workforce-insights/



- Leave of absence management
- Wage and hour audits
- Onsite workplace compliance inspections
- Training and guidance for workplace compliance



Human Resource Management

When your clients have human resource challenges, they need quick and accurate resolutions so they can get back to running their business. We provide day-to-day transactional HR support and expert advice for strategic HR decision-making. A team of certified human resource professionals is always available to clients and brokers via phone, email, or directly on-site whenever you need them.

Our comprehensive services include:

- Insightful advice on all HR-related matters
- Tailored HR policy and procedure creation
- Hiring and recruitment guidance, including applicant tracking and screening/background checks
- Consultation for handling employee investigations
- Best practices and tips for employee performance management, training, terminations, and employee relations
- Confidential resources for employees with work or personal problems that may affect job performance
- Guidance on best practices for DEI



Our compliance experts are knowledgeable and available to assist clients with the complexities of local, state, and federal laws. We stay up to date on changing requirements so you and your clients don't have to. We provide expert services for:

Our comprehensive services include:

- Payroll Compliance wage and hour adherence, union dues remittance, garnishment handling, and expense reimbursements
- HR Compliance worker eligibility and visa obligations, PFL*, FMLA*, labor law posters, employment practices and policy guidance, employee classifications, and compliant employee handbooks
- Benefits Compliance ACA, COBRA, HIPAA**, and Form 5500 filing

Workers' **Compensation** Insurance at **Affordable Rates**

Getting affordable workers' compensation insurance isn't easy for small businesses. We use our tremendous buying power to offer clients better rates and coverage to protect their business and their employees.obligations for their remote workforce.



When clients partner with PrestigePEO, we share the responsibility for compliance and workforce-related safety. Our team of specialists will help clients mitigate risk, manage a safe environment, and reduce unnecessary expenses. Clients can count on us for:

- Advice and guidance to develop strategies for the workplace
- Implementation of safety programs to help minimize accidents and injuries
- Monthly updates on local, state, and federal labor laws
- Support on complex compliance matters—complete forms, audit preparation, insurance, and OSHA requirements
- Guidance and direction for statutory short-term disability insurance (DBL)
- Expert claims management and assistance for healthcare, workers' compensation, EPLI, and SUI***

^{*}Paid Family Leave (PFL), Family and Medical Leave Act of 1993 (FMLA)

^{**}Affordable Care Act (ACA), The Consolidated Omnibus Budget Reconciliation Act (COBRA), Health Insurance Portability and Accountability Act (HIPAA)

^{***}Employment Practices Liability Insurance (EPLI), State Unemployment Insurance (SUI)



Payroll Processing and Administration

We take the payroll burden off your clients' shoulders. Our FPC- and CPP-certified professionals* know how to manage and process payroll from data submission to payday—accurately and on time. Our ESAC** accreditation and IRS certification guarantee financial security and reliability.

Payroll services we offer:

- Fast, secure, and accurate payroll administration
- Kronos® time and attendance management, and accrual tracking
- · W-2s, deductions, garnishments, withholdings, and general ledger exports
- Detailed and custom reporting in multiple format options
- IRS tax and regulatory management
- US Bank-issued prepaid debit card option to simplify payday
- · Quick answers to manager and employee payroll questions
- PrestigePRO online self-service for managers and employees
- Easy-to-use PrestigeGO mobile app for quick summaries and adjustments



^{* *}American Payroll Association Certifications: Fundamental Payroll Certification and Certified Payroll Professional

^{**(}ESAC) Employer Services Assurance Corporation

Why PrestigePEO?

We call ourselves "The Broker's PEO" for a reason.

We focus on building strong, mutually beneficial partnerships with brokers. We were founded by brokers so we understand your specific needs and the challenges you face, resulting in more tailored solutions and advantages when you partner with us versus other PEOs.

We help you grow your book of business.

We are one of the few PEOs who act as a strong referral channel for brokers. We introduce you to clients who don't currently have a broker partnership. And our sales force works directly with you to drive prospective clients to PrestigePEO, resulting in higher commissions and overall compensation.

We're among the 1% of PEOs in the U.S.

Who have achieved and maintained all three of the PEO industry's primary certifications, including CPEO, ESAC, and CI Institute Workers' Compensation Risk Mitigation Certification.

We offer clients a high degree of customization.

No cookie-cutter approach here. We create highly customized, flexible HR and benefits solutions that meet your clients' unique needs.

We're proud to feature costefficient solutions.

Our HR and benefits management solutions are among the most cost-effective in the industry, so even the most price-sensitive clients can benefit.

We provide clients with comprehensive HR services.

Unlike some PEOs, we give your clients access to a wide variety of HR services, beyond just benefits offerings.

We keep our clients happy.

Our business is built on personalized service and client satisfaction. So when clients join us, they tend to stay. We have an impressive 95% client retention rate, which means you'll continue to receive commissions and residuals from clients while you focus on generating new business.

PrestigePEO has a **95% Client Retention Rate**.

What you see is what you get.

We offer transparent pricing and no hidden fees, as well as flexible and customized quotes for brokers and their clients. Our team also provides your prospective clients with a helpful line-by-line price comparison that shows current in-house costs versus PrestigePEO.





What Our Clients Are Saying

Here's just a sampling of what our happy clients have to say about working with PrestigePEO.

The support I have with PrestigePEO allows me to do my job better daily.

Their quick response time keeps things quickly moving forward and allows me to get the answers our employees need. I breathe a sigh of relief knowing I have the people at PrestigePEO in our corner.

Apricot Law

Megan Castellucci, Apricot Law Hawthorne, NY

I'm very satisfied with the services PrestigePEO provides and the people I work with there.

Someone is always available to address any concerns that come up. We just completed our first benefits renewal, and I'm amazed that it went so smoothly.



Shelley Chera, Digital Gadgets Dayton, NJ

We came to PrestigePEO because our health insurance rates were rising every year.

We've seen a 30% decrease in health insurance rates. Our human resources rep has been nothing short of incredible and eliminated the need for us to hire someone full-time in-house.



Jamie Castagna, Morey Creative Syosset, NY

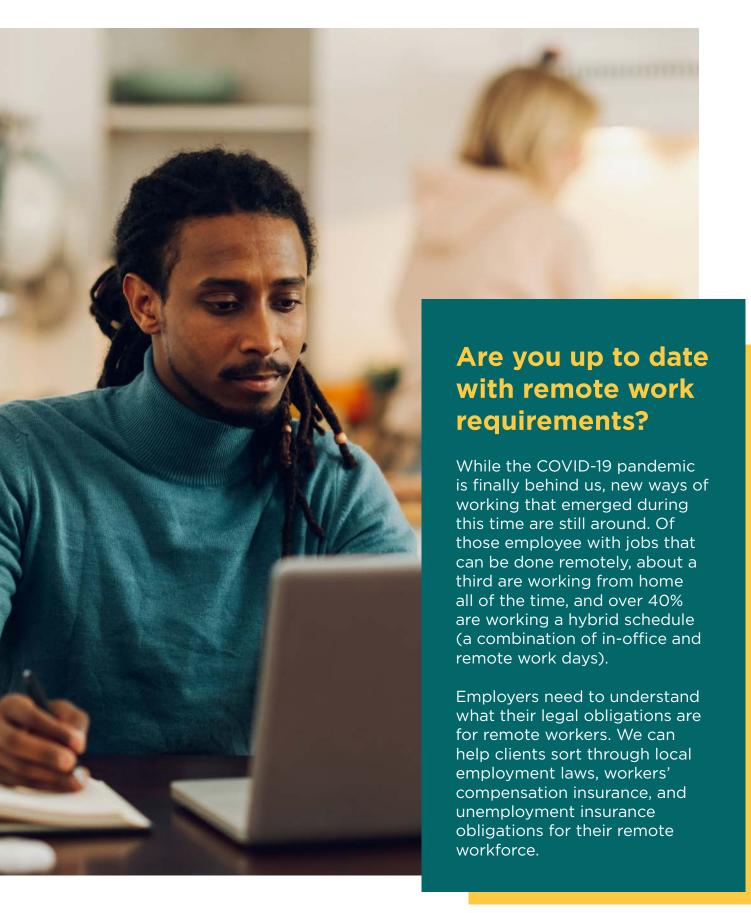


Benefits for You – Benefits for Your Clients

That's what it comes down to. With the support of a PEO, your clients get the peace of mind they need knowing their business is protected. They also save significantly on HR services, giving them the chance to grow their business. Their employees get access to great benefits, perks, and top-notch customer service, which increase engagement and retention, and improve workplace culture. You're able to nurture the client relationships you've cultivated over the years and become your clients' strategic business partner, all while you build relationships with new clients. That's the PrestigePEO difference.

Are you ready to explore what this partnership can look like for you as a benefits broker or general agent? Visit us at www.prestigepeo.com/for-brokers or contact us directly at 888-PEO-PEO1 or brokerpartner@prestigepeo.com.





Sources:

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Pew Research [https://www.pewresearch.org/short-reads/2023/03/30/about-a-third-of-us-workers-who-can-work-from-home-do-so-all-the-time/]