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Partnering with a Professional Employer Organization (PEO) for your human resource needs will save you hours of human resource administration and often times money, while offering better benefits, by joining resources with other small and mid-sized companies. A co-employment relationship is one that a business owner should enter with caution. Below are 10 questions every business owner should pose to each prospective PEO. Get comfortable with your future PEO; they become an extension of your staff.

1. Will you 'unbundle' your billing? I would like to know exactly what I'm paying for.

Some PEOs will bundle their billing and quote business owners one lump fee (typically calculated per head or as a percentage of your payroll expense). Ask for your quote to be unbundled. You should see line items for things like health insurance, dental insurance, life insurance (and all other insurance options you chose), training, FICA, FUTA, unemployment insurance, workers compensation insurance, employment practices liability, management or administrative fee, 401K administration, cobra administration, employee assistance program management, credit union, flexible spending administration, unemployment claims management, and human resource management. If your quote does not have these line items, be aware that fees could be hidden inside the one lump fee you were quoted. You should know exactly what services and products you are paying for and which might be an additional cost.

2. Who, from your PEO, will I deal with on a daily basis? What is their background and qualifications?

Your PEO should provide a person who you can call should you need to discuss your payroll, benefits, risk management or simply have general human resource questions or needs. Sometimes you may be assigned a team of professionals who specialize in various areas of human resources to make up your service team. Meeting this contact or team of contacts during the quoting process is smart. Just like any on-site employee of yours, you will be working closely with this individual or team. You will trust them to handle one of your largest company assets – your human capital! Get a good feel for their professionalism, knowledge and ability to handle the issues that you face on a daily basis with your employees.

3. How often will someone from your PEO visit my office or check in via telephone or email?

Although the answer to this question may depend heavily on your company's human resource needs, the answer should really be a question back to you "how often would you like someone on our staff to visit your office?" The ability to customize a program to fit your human resource needs will benefit your company as it grows and changes. If you are fortunate enough to require little human resource intervention, bar the occasional employee hire or conflict, you may agree that telephone and email is an acceptable means of communication. If you, however, anticipate needing more assistance from human resources on a regular basis, you should be able to request on-site visits once a month, once every other week, once or twice a week. Ask about the flexibility to change this plan as your needs change throughout the year.

4. Do you assist with benefit and unemployment claims administration?

Your PEO should administer your benefit claims. If your employees have specific needs or concerns about their claims, address them before hiring your PEO. Make sure the PEO will be assisting adequately with your claims and contact insurance providers on behalf of your employees for claims assistance.

Unemployment claims can create costly unemployment rates. Because a PEO shares an unemployment rate with you, they should work diligently to ensure all claims paid out are legitimate. Ask your prospective PEO what steps they take to protect unemployment rates.

5. Can I submit payroll on-line?

In a technology driven world, your PEO should be able to offer you a high-tech, easy way to submit payroll. Most PEOs have an on-line option which saves you time and will minimize error as you often times are imputing your payroll into a live payroll system. (Make sure they still offer checks and balances!) If your PEO does not offer an on-line system, ask how payroll will be submitted and approved.

6. Can my employees view their paychecks and benefit information on-line?

If you are submitting your payroll on-line, most likely you are able to view your paycheck stubs and benefits information on-line too. This is a paperless, environmentally friendly way to allow your employees 24/7 access to their personal information. Often times, a paycheck stub can be reprinted or reviewed for employees needing to prove income levels to a bank or other institution. If your PEO does not provide an on-line service, ask how employees will view their paycheck stubs, including ones from past pay periods that may be lost.

7. Will you work with me to improve my workers compensation rate?

Your PEO should be interested in lowering your workers compensation rate through hands-on risk management, safety programs and claims management. Ask what types of safety programs would be implemented or enhanced in order to lower injuries for your workforce. Be wary of the PEO willing to sign you on without a thorough analysis.

8. I have a really good (medical, dental, 401K, etc.) plan. Can you carve out the cost of yours, so that I may keep my own plan?

If you have a young and healthy office staff taking advantage of your health insurance plans, you may be getting some good rates! Alternatively, you may have found a dental plan or 401K provider that your employees really appreciate. In any of these cases, ask if your PEO will allow you to keep a plan already in place. If they are not willing to carve this out of your fee, you will be paying for a benefit you are not taking advantage of or dumping a plan you are happy with.

9. What type of training and organizational development do you offer?

Your PEO should be interested in the growth of your employees. When your employees' abilities and skills are optimized, your business becomes more profitable. Ask about training opportunities and organizational development activities. Are these opportunities included in the price quoted or is there an additional fee?

10. I've heard of PEOs going out of business. How can I be sure that your PEO is financially solid and will not leave me liable?

Much like the banks are FDIC certified, professional employer organizations may opt to go through a rigorous certification process to become ESAC (Employer Services Assurance Corporation) certified. The PEOs covered submit quarterly financials to a review board to continue certification. Their financials are watched closely. If your PEO is ESAC certified, then should the PEO go out of business, assurance is provided through \$1 million surety bonds plus \$10 million excess bond covering all program participants. Bonds are backed by an A-rated national surety bond carrier,

Regions Bank. Ask if your PEO is ESAC certified or visit www.esacorp.org to find a list of certified PEOs in your area.

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