

# How Do PEOs Help American Businesses and Their Employees?

## What You Should Know About PEOs

Professional employer organizations (PEOs) provide payroll, benefits, and other HR services to hundreds of thousands of small and mid-size businesses employing 4 million people. PEOs help businesses improve productivity, increase profitability, and focus on their core mission. Through a PEO, the employees of small businesses gain access to employee benefits such as 401(k) plans; health, dental, life, and other insurance; dependent care; and other benefits typically provided by large companies.

By partnering with a PEO, your constituent employers are able to focus on increasing productivity, offering superior products and services, and running a successful business. In fact, businesses that use a PEO enjoy:

- ▶ twice the rate of survival
- ▶ higher growth rates
- ▶ lower employee turnover
- ▶ higher employee satisfaction

And they fared better during the pandemic.

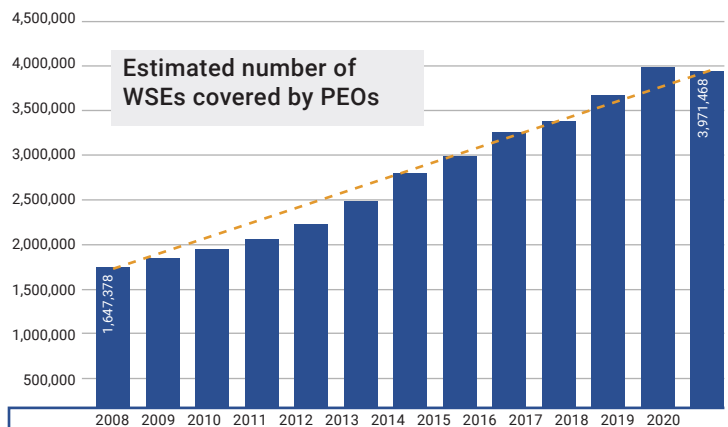
PEO Clients were:

- ▶ **119% more likely** to have received PPP loans.
- ▶ **60% less likely** to have permanently closed.

While only **28 percent** of all small businesses reported growth in 2020, **69 percent** of PEO small business clients reported growth in 2020.

## More Growing Businesses are Partnering with PEOs

Employment growth in the professional employer organization (PEO) industry is **16 times higher** than the growth rate in the U.S. economy overall since 2013.



The number of WSEs employed in the PEO industry grew at a compounded annual rate of **7.6%**.

## PEO Facts

Overall, at the end of 2020, there were **487 PEOs in the United States**, employing **3.97 million** worksite employees (WSEs), who were paid a total of **\$216 billion**. These employees worked for approximately **173,000 different small to mid-size businesses**, representing **15.3 percent** of all businesses with 10 to 99 employees.

The WSEs employed by PEOs represent:

- ▶ **13.7 percent** of all employment by private sector employers that have 10 to 99 employees (the size range of a large percentage of PEO clients)
- ▶ **2.7 percent** of all civilian employment in the United States
- ▶ The number of people employed by the PEO industry is the same as the combined workforce of...



The National Association of Professional Employer Organizations