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.

![Graph showing estimated number of WSEs covered by PEOs]

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...