

Facts About Professional Employer Organizations (PEOs)

What is a PEO?

- A professional employer organization (PEO) provides comprehensive HR solutions to small businesses. Payroll, benefits, HR, tax administration, risk management, and regulatory compliance assistance are some of the many services PEOs provide to businesses across the country. PEOs are an important conduit of information for and about the small business community.

PEO Facts

- PEOs provide services to 173,000 small and mid-sized businesses, employing 4 million people.
- There are 487 PEOs in the United States.
- The total employment represented by the PEO industry is roughly the same as the combined number of employees for Walmart (United States only), Amazon, Kroger, and Home Depot.
- The PEO industry's 173,000 clients represent 15 percent of all employers with 10 to 99 employees.

Benefits of a PEO

- Businesses that use PEOs grow 7 to 9 percent faster, have employee turnover that is 10 to 14 percent lower, and are 50 percent less likely to go out of business than companies that do not use PEOs. Source: McBassi & Company, 2015.
- The ROI of using a PEO (in cost savings alone) is 27.3%. Source: McBasssi & Company, 2019.
- By providing payroll, benefits, and HR services and assisting with compliance issues under state and federal law, PEOs allow small businesses to improve productivity and profitability, to focus on their core mission, and to grow.
- Through a PEO, the employees of small businesses gain access to big-business employee benefits such as: 401(k) plans; health, dental, life, and other insurance; dependent care; and other benefits they might not typically receive as employees of a small company.

About NAPEO

- The National Association of Professional Employer Organizations (NAPEO) is the national trade association for the PEO industry, representing about 90 percent of the industry's revenues overall.
- NAPEO has approximately 250 PEO members ranging from start-ups to large publicly held companies with years of success in the industry, as well as more than 200 associate member companies that provide key services to the industry. NAPEO members are headquartered in more than 40 states and have worksite employees in all 50 states.



"Using a PEO is like having a human resources department. You have a team of HR people, but only pay a portion of the expenses."



"Our PEO has been with us every step of the way in handling challenging employee issues. The staff is always there to help us with benefits and payroll."



"Our relationship with a PEO gives us the freedom to focus our attention on our customers."



National Association of Professional Employer Organizations

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