



## Frequently Asked Questions

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### 1. What does HRB-S do for me?

At HRB-S, we use our understanding of the outsourcing marketplace to find the right solution for your business. We work for you, not the outsourcing companies. This is unique in the fact that we are not bound to present only one outsourcing company or option to you. We save our clients time and money by sourcing the market and evaluating outsourcing providers to find the best companies, products and services to offer. We also negotiate on your behalf and help design a pricing structure that meets your needs. We broker with quality service providers just as an insurance agent will broker with insurance companies so there is no cost to you.

### 2. What is a PEO?

A PEO (Professional Employer Organization) is an outsourcing service company that provides human resources, employee benefits, payroll, workers compensation and safety services through a co-employment relationship. The PEO, acting as a large employer, brings extensive employee benefit packages and subject matter experts to its clients. Because PEO's typically have thousands of employees, they can aggregate those employees to help lower costs of benefit plans and leverage them when purchasing other services for clients. This can make critical items, such as software, online training programs and workers compensation, feasible for clients. These are typically at a lower cost through a PEO than a business attempting to purchase them on their own. For example, a company with 50 employees will generally not be able to purchase services as cost-effectively as a company with 5,000 or even 50,000. By removing these administrative burdens, PEO clients are able to focus on the revenue producing side of the business.

### 3. What is co-employment?

Co-Employment is basically the concept of shared employment. The client company's employee is shared between the PEO and the client company. The PEO will contractually assume certain responsibilities as the employer of record. The employees are under the PEO's FEIN so it is held accountable for many burdensome administrative tasks such as:

- the collection, payment and reporting of payroll taxes,
- processing unemployment claims,
- carrying the workers compensation insurance, and
- maintaining employee records.

Co-employment is unique to the PEO industry. Having employees under the PEO's FEIN is what allows it to aggregate all of its client companies' employees together for the purpose of shopping services and products in the market. The client company will continue to direct the employees' daily work activities just as it always has.

### 4. What if I want to outsource but don't want to involve co-employment?

A company can absolutely outsource without utilizing co-employment. Co-employment only exists in the PEO arrangement. There are many PEO companies who offer other outsourcing arrangements that do not involve co-employment. They can be referred to as HRO (Human Resource Outsourcing) and ASO (Administrative Service Outsourcing). They will do many of the administrative services on the client company's behalf just as in the PEO model (e.g. processing payroll, unemployment claims, etc.). However, their FEIN is not used which means they are not held accountable for the statutory items such as the payroll tax obligations, maintaining employee records, carrying workers compensation insurance and the like. These responsibilities and associated liabilities will remain entirely with the client company.