

A
STEP-BY-STEP
GUIDE
TO
OUTSOURCING YOUR
HR

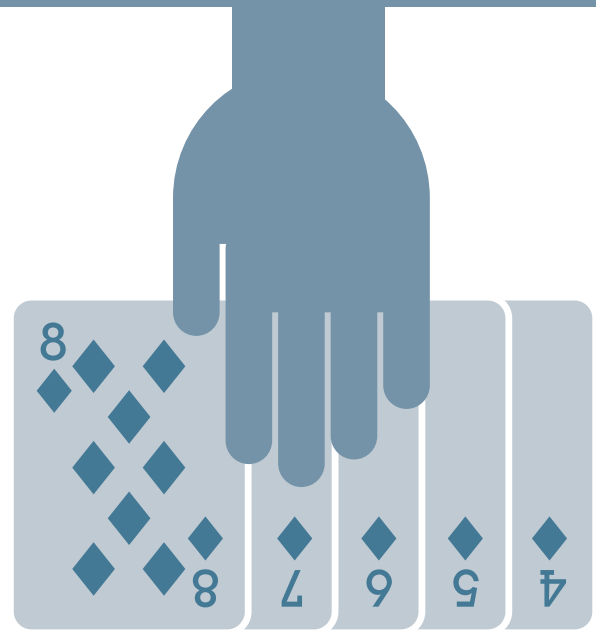


Insperity[™]

Inspiring Business Performance[™]

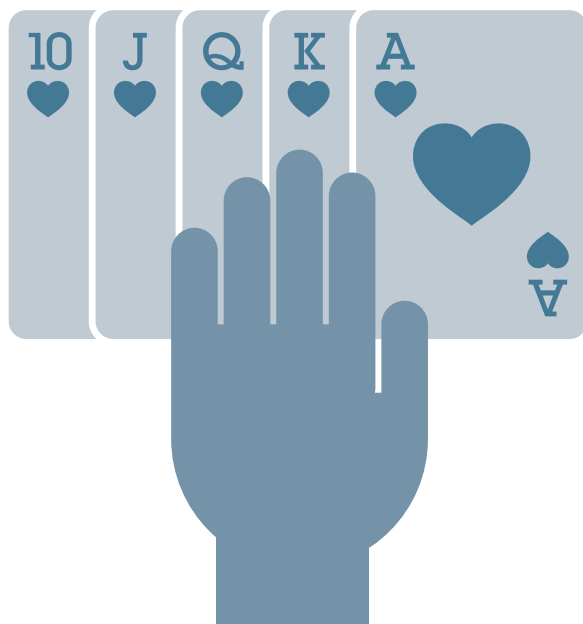
Companies of all sizes struggle with growth. But if you feel like the deck is stacked against you as a small business owner, you may be right.

Not only do small businesses have fewer resources to deal with daily HR responsibilities, they also face greater regulatory burdens than their larger competitors.



According to the Small Business Administration's Office of Advocacy, it costs about \$2,830 more for firms with fewer than 20 employees than those with 500 or more employees to comply with government regulations on a per-employee basis.

FACT



The good news is you can still beat the house with the cards you've been dealt.

Outsourcing even a portion of your HR tasks can afford you the freedom to focus on core activities that will help you grow your business.

HR outsourcing provides your company with access to these key resources:

- Better health, retirement and workers' compensation benefits
- Professionals well-versed in all aspects of employee recruitment, retention and management
- Reduced accounting and payroll costs
- Comprehensive employer liability management that lessens employment-related risk
- Relief from administrative duties that drain your valuable time and attention

For over 25 years, Insperty has provided companies with industry-leading HR and business performance solutions. We provide the infrastructure and tools required for maximum growth and prosperity.

WHO WE ARE

See how HR outsourcing can help you up your ante with this comprehensive guide.

You'll find tips for gauging your needs, vetting service providers and quantifying results. Most importantly, you'll learn how partnering with an [HR service provider](#) can help your business go "all in" in spite of its size.

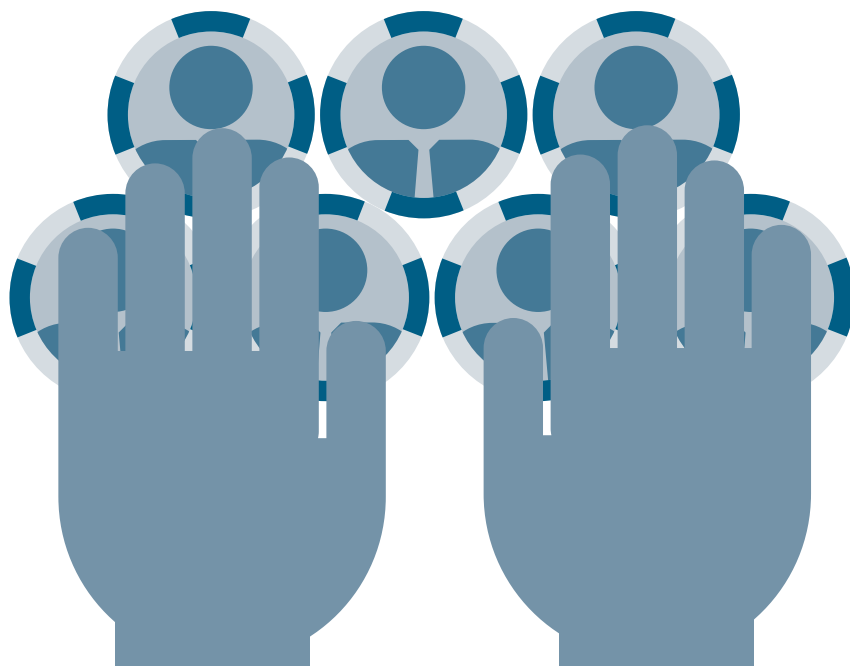
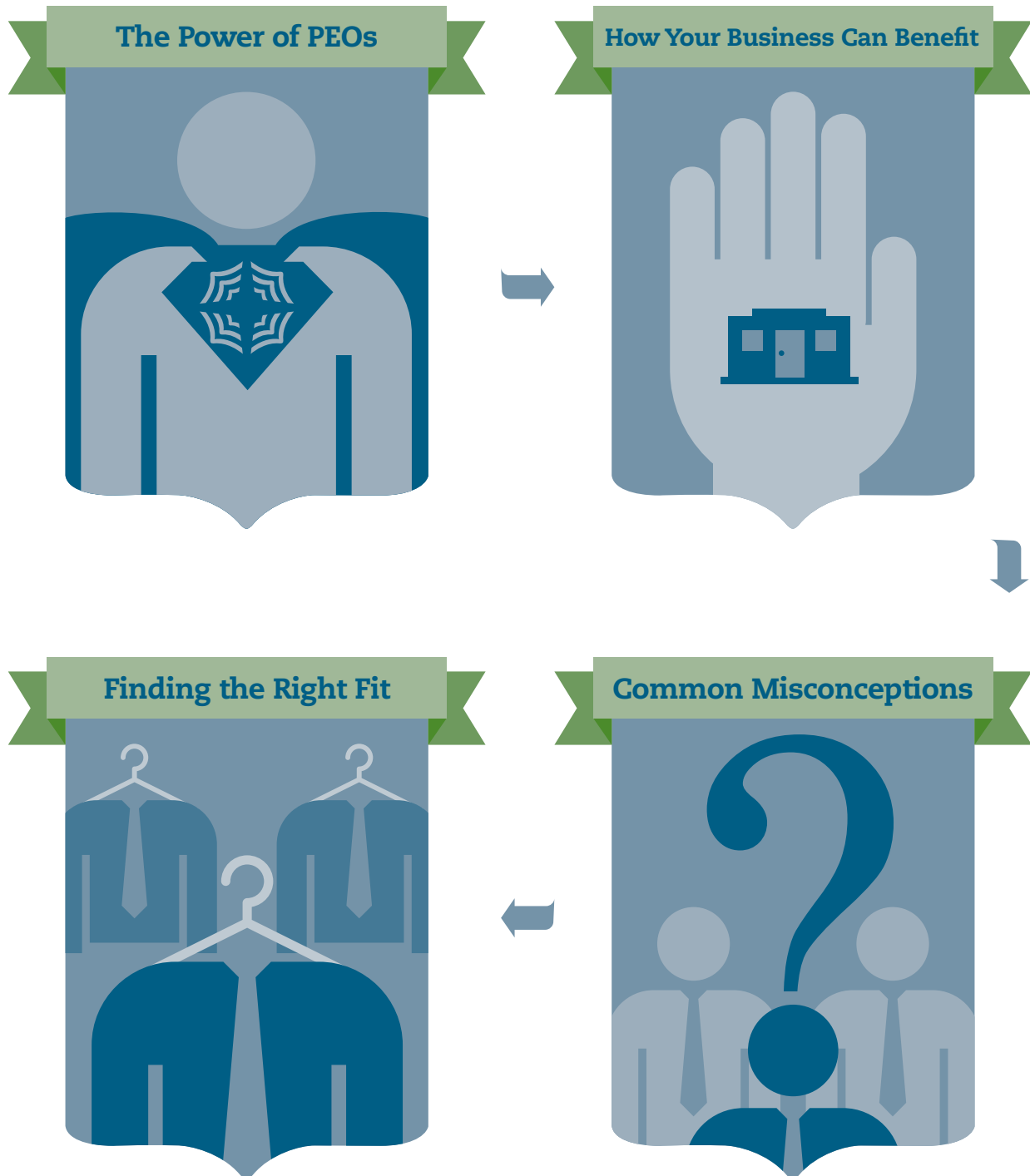


Table of Contents





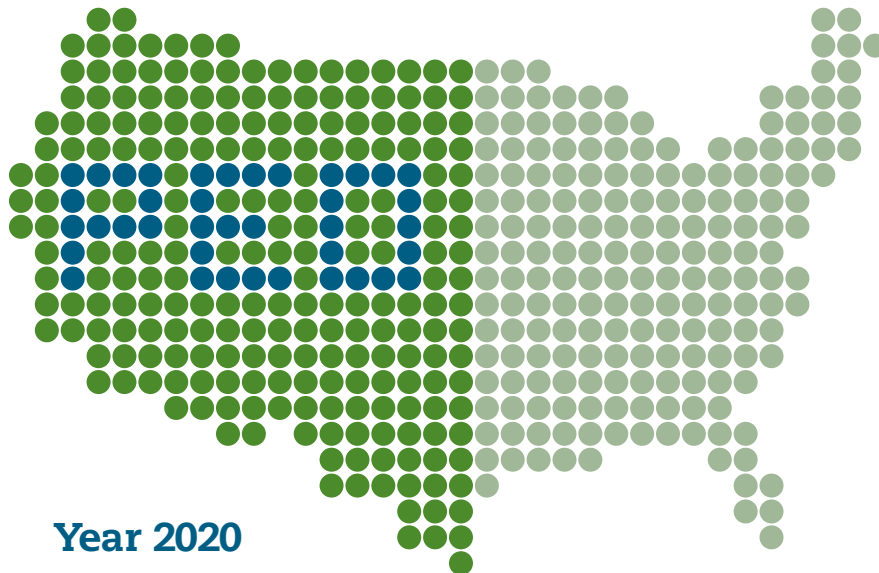
[HR outsourcing](#) can take many forms, from basic payroll processing and timekeeping to complex regulatory compliance and benefits administration. The most comprehensive solution is a [Professional Employer Organization \(PEO\)](#), which offers a full slate of HR services to its clients.



The Power of PEOs

The National Association of Professional Employer Organizations (NAPEO) estimates that about 800 PEOs are in operation today in every state, covering 2-3 million American workers. U.S. Department of Labor statistics predict that by 2020, PEOs will be responsible for half of all U.S. employees.

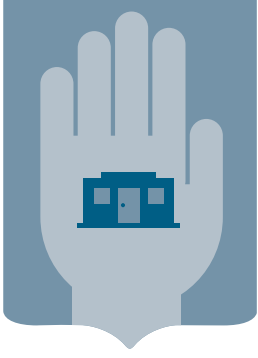
FACT



Unlike other types of HR outsourcing companies that provide only one or two specific services, PEOs can handle the bulk of your business's HR tasks. As a PEO client, you won't have to devote your valuable time to tracking payroll or negotiating rates with benefits providers, nor will you have to hire additional staff to manage these responsibilities for you.



Outsourcing all or even a portion of your HR duties can provide the following: ➡



How Your Business Can Benefit

1. Access to comprehensive and affordable benefits.

A PEO typically provides benefits under a sponsored plan and can offer a wider range of services to your staff at a much better price, including health and [retirement \(401\(k\)\) benefits](#).

2. Relief from general HR tasks.

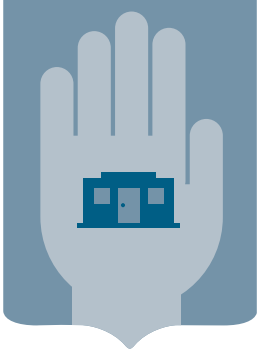
Outsourcing administrative duties to a group that specializes in HR ensures that important issues will be handled correctly, including:

- [Payroll administration](#)
- Government compliance
- Employee benefits
- Employer liability management

3. Reduced payroll and administration burdens.

By contracting with a PEO, you stand to benefit from a decrease in the costs associated with payroll processing and maintaining wage records. You'll also receive reliable assistance with tasks such as:

- Payroll processing
- Tax reporting and deposits
- Paycheck/paystub preparation and delivery
- Garnishments



How Your Business Can Benefit

4. Assistance with federal and state employment laws and regulations.

A PEO should be able to:

- Administer payroll in accordance with federal and state laws, and properly report federal, state and local taxes
- Administer unemployment claims
- Respond to employment verifications
- Comply with federal laws affecting PEO-sponsored benefits (e.g., COBRA, HIPAA, and ERISA)
- Provide guidance with OSHA

5. Reduced liability.

PEOs have a vested interest in keeping your business compliant and will assist you with related tasks, including:

- Employee handbooks
- Workers' compensation claims
- Agency interface

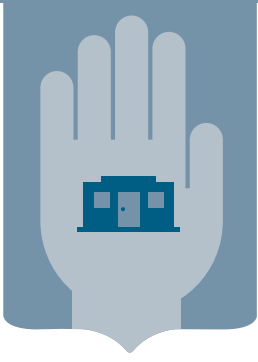
6. Access to seasoned HR professionals.

PEOs are comprised of knowledgeable professionals who specialize in HR and can be trusted to handle issues in a timely and thorough manner, including:

- Employee relations support
- Employee liability awareness training
- EEOC claim investigation, reporting and mediation

7. Freedom to focus on core business issues.

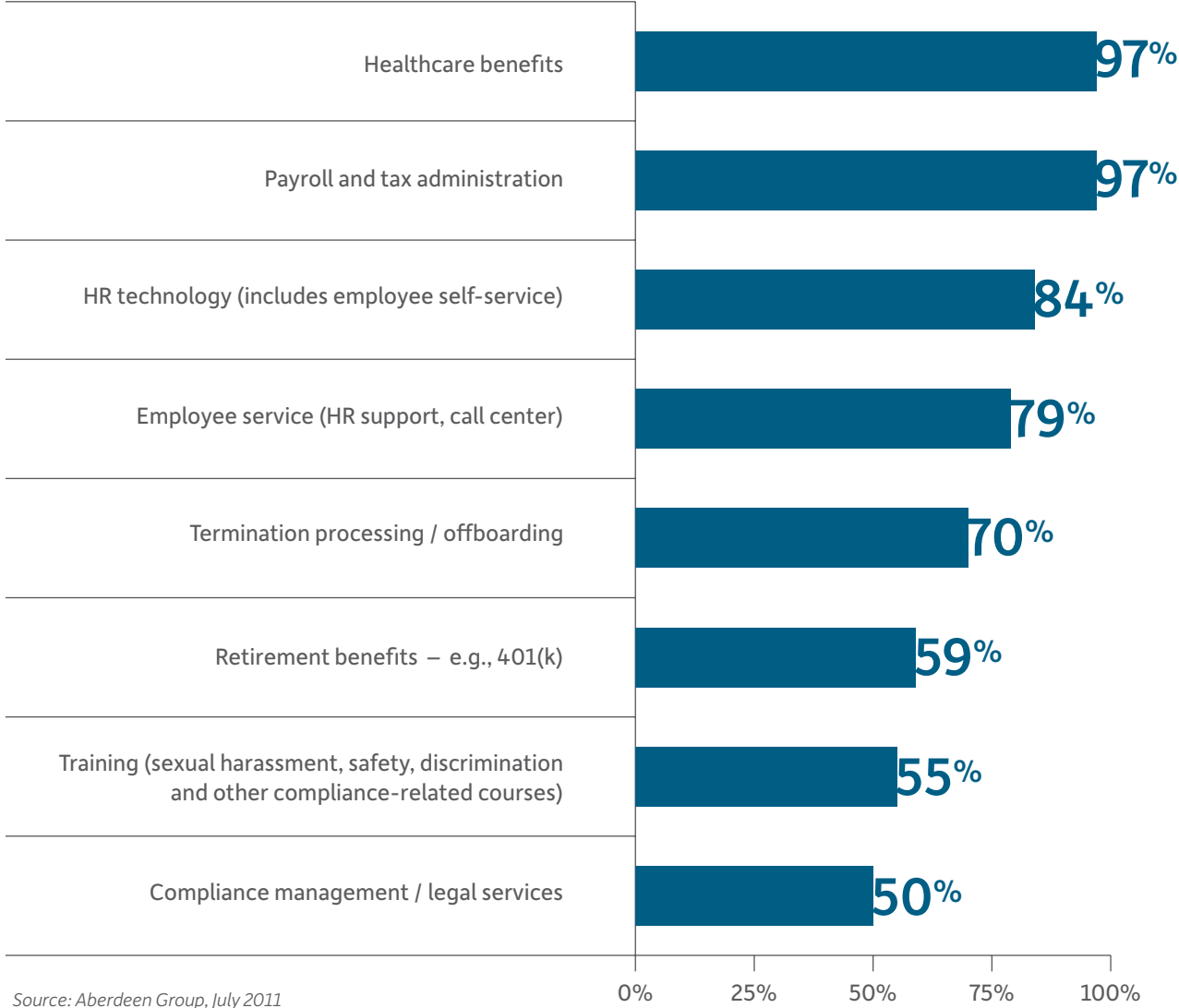
Your time is valuable and better spent attending to tasks related to growth and profitability.



How Your Business Can Benefit

Co-Employment Explained

PEOs exist through a relationship called [co-employment](#). Simply put, your employees work for both your company and the PEO. You maintain control of all business decisions and operations while the PEO manages all personnel-related functions (payroll, benefits, HR, workers' compensation, etc.) Above all, it is important to note that PEOs do not supply a workforce; they supply HR services and benefits to your company and its existing workforce.



Source: Aberdeen Group, July 2011



Although the PEO industry is more than 30 years old,
some common misconceptions persist.



Common Misconceptions



Loss of control.

PEOs provide access to seasoned HR professionals, whose guidance and advice you can solicit when you need assistance. They will manage the employee-related aspects of your company, but you maintain control of all business and operational decisions.



Worry that employees may not embrace the relationship.

There is minimal, if any, disruption to employees when you work with a PEO. They will see that they are being paid by the PEO and not your company, but will likely appreciate the greater depth and breadth of benefits offered as a result.



Worry that existing HR staff will be terminated.

PEOs often align with existing HR departments to provide much-needed expertise in areas where they may fall short. External resources can prove invaluable when you are faced with high-risk HR situations.

Working with a PEO does not require the forfeiture of your employer rights. In a PEO relationship, you are encouraged to work with your PEO in making HR decisions that are best for your company.

FACT



If you've decided to partner with a PEO, here are some points to consider before making your selection: ➡



Finding the Right Fit

1. The financial strength and security of the candidate company.

Verify that each company's financial statements are independently audited by a CPA; their risk management practices have been independently certified; and their operational, financial and ethical practices have been independently accredited.

2. Their commitment to customer service.

Meet the people who will be serving you. Some companies charge extra to speak with a live representative, while others use call centers and expect you to speak with a different person each time you need help. A dedicated service team can be priceless.

3. The breadth of their benefits plan options.

A PEO whose health plan centers around a state-specific provider won't work if you have employees in other states or plan to expand your business.

4. Their service and cost structure.

Many variables affect the cost of partnering with a PEO. Your company's size, overall workers' compensation risk and the benefits package you would like to offer will all play a part. Most PEOs bill based on a percentage of gross payroll or total number of employees and are able to offer considerable savings because of economies of scale.



Finding the Right Fit

5. Their client and professional references.

Ask for referrals from other businesses in your industry and/or geographic location.

6. The company's administrative and management expertise and competence.

What experience and depth does their internal staff have? Are they familiar with the laws governing your state?

7. How employee benefits are tailored.

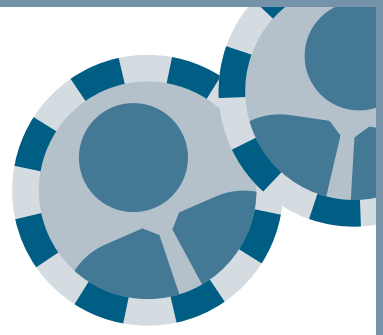
Determine if they fit the needs of your employees. Will you have input into HR policies?

8. The fine print.

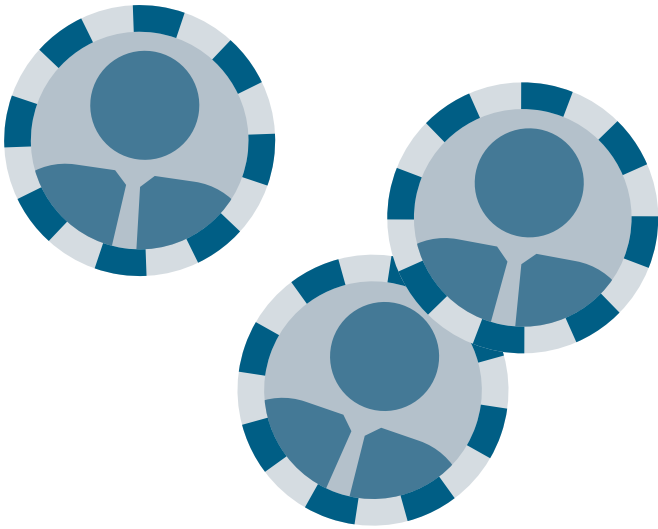
Are the respective parties' responsibilities and liabilities clearly laid out? What provisions permit you or the PEO to cancel the terms of the contract? Does the company carry professional liability insurance? What coverage (if any) will you gain?

Insperty shares or absorbs many of your employer-related responsibilities and risks. The result: You'll actually gain more control of your business because you'll be able to focus on achieving your goals.

FACT



Your company can buy in and compete in today's marketplace with the help of [HR outsourcing](#). A professional PEO can shoulder the bulk of your administrative burdens so you can focus on what matters most — growing your business.



Success Story

Insperty's suite of HR services helps a growing advertising firm attract and retain top talent in a competitive field.

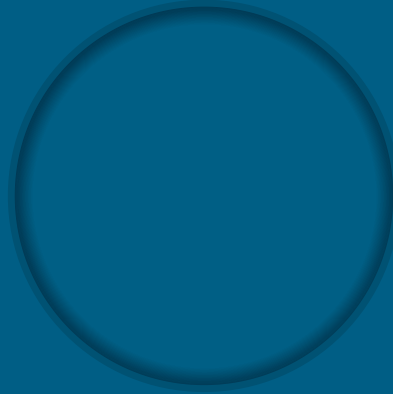
“Choosing Insperty is probably one of the best business decisions I’ve ever made.”

Tom Conti, EVP and COO
thelab

Thelab is a media arts firm headquartered in New York. Before signing on with Insperty in 2007, they lacked the resources to handle day-to-day HR duties, including benefits administration, government compliance and payroll processing. Thelab solved this problem with a tailored set of business performance solutions from Insperty.

Focus On Growing Your Business

Learn how to maximize your company's opportunities for growth
and profitability with strategic HR support from Insperity.



To learn more about how Insperity can help your business,
please call 888.808.8842 or visit www.insperity.com.

