# Need help leaving your PEO?

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## Your advisor can help with these three steps.

Feel like it's time to move on from your PEO? Not sure you're getting the same value from the arrangement that you once did?

As we mentioned in part one of this series, transitioning away from a Professional Employer Organization (PEO) and managing HR administration, including employee benefits, workers' comp, and 401(k), on your own, requires careful planning and guidance.

Fortunately, benefits advisors in this space can walk you through a structured three-stage process that not only helps you assess readiness and feasibility for making the transition, but can also help ensure a smooth and successful exit from your PEO.

## Here's how:

### STAGE 1

**Validate that leaving your PEO makes financial sense for your business.**

During this initial stage, advisors can help clarify how much you're spending within your PEO by analyzing expenses related to your workforce, including service fees and administrative charges. Once that analysis is done, they can help you compare those costs against the potential investment required to establish and maintain an internal HR team (instead of staying with your PEO), and what costs you will assume once you do leave.

**Insight:**

*In many instances, the decision to leave comes down to the cost of employee benefits. So, it's important to find out if employee benefits will cost more or less when you're in, or out of, the PEO.*

### STAGE 2

**Determine how to fill operational gaps when you leave your PEO.**

Not only can benefits advisors point out that leaving a PEO can create holes in key areas of your operations (see below), but during this stage they can also recommend a curated list of vendor partners and help you chose the ones that are a best fit for your organization -- both now and in the future.

<u>Leaving a PEO can create holes in five areas of business operations:</u>

1. Payroll and HR technology
2. Benefits and benefits administration
3. Workers' comp and safety/risk management
4. Regulatory compliance
5. Employee relations

**Insight:**

*Often, business owners misguidedly start with this stage without fully validating if leaving a PEO makes financial sense for their organization. That's why it's important to fully complete stage one before moving on to stage two.*

STAGE 3

## Follow a detailed timeline for exiting your PEO.

Since it typically takes about six months to unwind your arrangement with a PEO, you need to have a well-thought-out implementation schedule or roadmap to ensure you will be ready by your start date.

A seasoned advisor can oversee the entire process and develop a clear timeline complete with specific milestone dates for the transition to account for factors such as: notice periods, data migration, federal and state tax filings/setups, system integration, open enrollment for new benefits, staff training, employee communications, and more. This way you can allocate resources to ensure a smooth transition without disrupting business.

***Insight:***

*There's a lot of work involved with exiting a PEO. Make sure you allow enough time to complete the process without skipping any steps. For example, if you are planning a 1/1 start date, you should start the transition by July.*

By working closely with a knowledgeable benefits advisor, business owners and HR leaders can effectively plan for a successful transition away from a PEO and toward a more tailored HR function within their organization.

Assess the probability of your company's success after exiting a PEO by taking our PEO assessment today.

Take Assessment

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