

# Insurance Broker or PEO

## How this choice impacts you and your employees.

There are advantages and drawbacks to working with employee benefit brokers and PEOs. What is the best option for your company?



### Benefits Expertise

Broker	PEO
<p>Insurance brokers are experts in benefit plan design and claims management. They meet face-to-face with you to discuss your needs, in addition to assisting employees in-person during open enrollment. Because brokers are required by law to be licensed to sell insurance in your area, they have a deep understanding of the local healthcare market. Often, they serve as an advocate for employees to carriers.</p>	<p>A PEO employs staff from several companies, also known as coemployment. This can reduce the benefit premiums and deductibles for employees. PEOs also provide 24/7 online support for businesses and their employees.</p>



### Choice In Carriers & Plans

Broker	PEO
<p>A broker has the ability to offer benefit options from multiple carriers. They listen to your feedback about which plan types fit your employees, and then survey the entire market to find the plans best suited for your business. If there is a specific plan you'd like to offer, they will explore that option with you.</p>	<p>A PEO is awarded policies based on the number of employees from all of the businesses they work with. This large pool of employees results in competitive rates, but can also make it difficult for you to request a specific plan from a specific carrier.</p>



## Technology For Benefits Administration & HR

Broker	PEO
<p>A broker offers benefits administration software with employee onboarding features for free. This software integrates with other HR solutions allowing you to use the best-in-class technology for each HR function, while gaining the efficiencies of having one system.</p>	<p>A PEO uses software that they built themselves to manage each of your benefit and HR processes. While some of the HR features may be best-in-class and fit your policies and procedures, others may not.</p>



## The Role Of Your HR Team

Broker	PEO
<p>Your broker and HR team will work together to choose which benefits to offer, enroll new employees, and manage enrollment. A broker with online enrollment technology can also provide integrations for compliance support, time-off tracking, performance review management, hiring, and more.</p>	<p>PEOs eliminate many of the everyday tasks of an HR team, specifically around benefits enrollment and payroll. However, PEOs are not able to provide employees with tailored career support or guidance with internal conflicts.</p>



## Impact On Cost

Broker	PEO
<p>Premiums decrease the more employees you have. You can change plans year to year based on company size and employee traits to save money.</p>	<p>A PEO can provide lower premiums and deductibles due to coemployment. They charge 3-15% of payroll per employee, making them an affordable choice when your company is smaller, but less so when larger. Additionally, PEOs charge an unemployment tax based on all of their employers, allowing a small local business to be charged the same as a big corporation.</p>



## Making Changes

Broker	PEO
<p>You are able to customize a benefits offering based on the traits of a groups' staff, average age, company size, and location. If you decide to change your broker-of-record to another broker, there will be no interruption or change in coverage. Rates will only change at time of renewal.</p>	<p>If you decide to switch from a PEO to a broker, you'll have to take the time to suspend coverage and initiate new coverage. Because PEOs usually manage payroll, you will have to find a new payroll provider as well.</p>

**Benefits is one of the largest costs businesses in the United States encounter. It's important to pick an option that will serve your business well in the present and future.**