

PEO INSIDER®

PUBLISHED BY THE NATIONAL ASSOCIATION OF
PROFESSIONAL EMPLOYER ORGANIZATIONS®

THIS MONTH'S FOCUS

HR & EMPLOYEE ENGAGEMENT

EMPLOYEE GROWTH
& DEVELOPMENT

ENGAGEMENT
STRATEGIES

2025 SMB
SURVIVAL KIT



COVER STORY

CSL SOLUTIONS

THREE DECADES OF EVOLUTION

Sydney Bohnert and Michelle Wightman of CSL Solutions

THE SOURCE FOR PEO EDUCATION® 707 NORTH SAINT ASAPH STREET, ALEXANDRIA, VA 22314 WWW.NAPEO.ORG

VOL. 29 ISSUE 1

FEB 25

**What do you call a person
who is happiest on Mondays?**



Retired.



SLAVIC
401K

Recordkeeper | TPA | Investment Advisor



► Sydney Bohnert, Head of Operations, & Michelle Wightman, CEO, CSL Solutions

34

COVER STORY:

CSL Solutions: Three Decades of Evolution.

Conte

THIS MONTH'S FOCUS: HR & EMPLOYEE ENGAGEMENT

12

20

26

EMPLOYEE GROWTH & DEVELOPMENT

Redefining Leadership: Helping Client Companies Become True Engagement Champions
Stacey Jensen, SPHR

Building Excellence From Within: The Critical Role Of Mentoring And Upskilling In PEO Success
Don Cahalan

Your Voice Matters: Building A Feedback Driven Culture
Beth Sunshine

ENGAGEMENT STRATEGIES

Cultivating A Culture Of Excellence: Achieving Near-Perfect NPS Scores
Marilyn Conyer

In today's competitive business landscape, a stellar Net Promoter Score (NPS) can set an organization apart as a model of customer satisfaction.

Beyond Payroll And Benefits: Operational Engagement As The New Standard For The Digital-First Workforce
Shaked Lev

If you're ready to go beyond surface-level gestures and tackle the silent friction holding your workforce back, read on. You may find that transforming everyday operations can do more for engagement than any perk or special event ever could.

2025 SMB SURVIVAL KIT

2025 Predictions: 5 Biggest Trends PEOs Can Expect In The New Year
John Polson, ESQ. & Richard Meneghello, ESQ.

Things might feel a bit disorienting for PEOs trying to navigate the new year ahead. But set your fears aside – this article will help you chart a safe course by providing predictions for what you can expect in 2025.

Top 5 Challenges SMBs Will Face In 2025
Roger Hays

As 2025 starts with a new administration in Washington D.C., it's essential for PEO operators to understand and prepare for the potential challenges that their SMB clients may face.

FEBRUARY 2025



ments

TRACKS

- | | |
|--|---|
| 07 Letter from the NAPEO Chair | 44 HR, Employment, & Benefits |
| 08 Quick Hits | 48 Operations & Technology |
| 34 PEO Voices | 50 PEO Growth |
| 40 Legal, Legislative, & Regulatory | 54 Letter from the NAPEO President |

NAPEO THANKS ITS 2025 MEDALLION PARTNERS

INDUSTRY CHAMPION



DIAMOND

PEO Velocity by Compass/PRM
PRO Software, LLC

PLATINUM

Ameritas
Aon
Fisher Phillips
Poster Guard Plus™
ThinkWare Corporation

GOLD

Gallagher
Guardian Life Insurance
Company
Libertate Insurance LLC
MetLife
Payroll Funding Company LLC
SUNZ Insurance Company
Transamerica

SILVER

AmWINS Specialty Casualty
Solutions, LLC
BLR
Key Risk (a Berkley Company)
McHenry Consulting
PayPlus Software, Inc.
Verikai

BRONZE

Aetna
Cloud9HR
Connecteam
Innovation Growth Partners
Specialty, LLC.
NestEggs 401(k)
Sentara Health Plans
SyncStream Solutions
Tabulera, Inc.
UnitedHealthcare

PEO INSIDER®

OFFICERS

CHAIR

David Feinberg

VICE CHAIR

Bill Maness

IMMEDIATE PAST CHAIR

AND SECRETARY/ TREASURER

Steve Politis

DIRECTORS

Joe Beers
Erica Brune
Alex Campos
Monica Denler
Eric Foster
Dale Hageman
Angela Hoch
Corey Hookstra
Hank Johnson
Wendy Katz

Melissa Kelly
Britt Landrum, III
Julie Long
Andrea McHenry
Chad Parodi
John Polson
Amie Remington
Steve Scott
Thad Steele

STAFF

PUBLISHER

NAPEO

CEO/PRESIDENT

Casey M. Clark

EDITOR

Chris Chaney

MANAGING EDITOR:

Kerry Marshall

VICE PRESIDENT OF

MEMBERSHIP DEVELOPMENT

Nancy Benoudiz
703/739-8169
nbenoudiz@napeo.org

DESIGN

Yes&

PEO Insider® (USPS 024-492)(ISSN 1520-894X) is published monthly except June/July and December/January, which are combined, by the National Association of Professional Employer Organizations, 707 North Saint Asaph Street, Alexandria, VA 22314-1911. \$150 of each member's dues goes towards his/her annual subscription to PEO Insider®. The annual subscription rate for non-members is \$150. Periodicals Postage paid at Alexandria, Virginia, and additional mailing offices. POSTMASTER: Send address changes to PEO Insider®, 707 North Saint Asaph Street, Alexandria, VA 22314-1911.

Opinions expressed in this publication are those of the individuals who have contributed articles and are not necessarily those of NAPEO, its officers, directors, or employees. No part of this publication may be reproduced or distributed without the written permission of NAPEO.

Subscribe Online

Renew or subscribe to PEO Insider® online! Save time and postage. Join NAPEO or renew your membership at www.napeo.org.

© 2025 NAPEO. All Rights Reserved.

The Voice of the PEO Industry™



cloud9 HR

EXPLORE ANOTHER REALM



PAYROLL • HR • BENEFITS SUITE
RETIREMENT • ACH • WC MANAGEMENT
FINANCIAL INTEGRATION • W2 • CUSTOM REPORTS

PAY IN BITCOIN



SAVE IN BITCOIN

BACK TO BASICS

HOW HIGH-QUALITY ORG CHARTS, EMPLOYEE HANDBOOKS, AND ONBOARDING TOOLS HELP SMBs HIRE AND RETAIN TALENT

BY DAVID FEINBERG

PEOs give SMBs an edge. Companies getting off the ground and growing might not have the resources or bandwidth to create HR infrastructure, which, in the worst case scenarios, can cause issues (team retention, compliance, etc.) down the line. Our industry bridges this gap—giving SMBs access to infrastructure and HR tools without leaders needing to allocate their limited time and resources to figuring all of it for themselves. Attracting and retaining top talent is challenging already. Strong candidates expect companies to have their ducks in a row when it comes to the basics, so why mess with them? Answer? We wouldn't. Helping SMBs nail the basics is one way PEOs level the playing field.

The onboarding process sets the tone for a new hire's experience with a company. Aside from the treasure trove

of information, processes, responsibilities a new hire receives on their first day on the job, they also fill out tax forms, select benefits (most of the time), and more. These first windows into the company's operations can allude to the company's culture, and having a PEO partner to make these tasks easier and more seamless, can make all the difference for the new hire.

Top candidates want to work for companies with exceptional culture. While company culture is experienced from the first day of employment, through their entire time with the company, artifacts outlining the company's culture, like employee handbooks and organizational charts, help a new hire understand the company's structure, expectations, values, and policies. Many PEO providers offer tools and templates for things like employee handbooks and organizational charts

right within their software. SMBs without HR departments, who might not have the resources to pay an HR consultant for developing these materials, find tools like this invaluable.

As an industry, we should always be thinking about creating efficiency and ease for the SMBs we serve. Bolstering small HR teams (or serving as an HR team) is one of our model's primary value propositions. While different industries might require different infrastructure, this concept still reigns. PEO leaders should consistently aim to improve the basics for SMBs so they can build trust with their teams, and become employers of choice. ■



DAVID FEINBERG

2024-2025 NAPEO Chair
SVP of Risk & Insurance
Justworks



MUST READ

NAPEO BOARD MEMBER AMIE REMINGTON PENS BOOK ON HR

NAPEO Board member Amie Remington, chief legal officer of The Peoplease Group, recently published *The ART (AND SCIENCE) OF HR: A Legal Guide for New Managers, CEOs and Leaders in Between*. The book aims to serve as a guide for leaders in the modern workplace. Remington notes, "So much has changed in the past five years. Employees are in the driver's seat now. How they experience your workplace can make or break you. This reality, coupled with ever-more complex workforce issues, means your risk of making costly mistakes is higher than ever. Creating the right kind of culture—one that keeps employees engaged, builds trust, creates belonging, and, frankly, makes them less litigious—is crucial." Congratulations, Amie!

INSIGHT

STUDY: WORKPLACE FRIENDSHIPS OFTEN CAUSE CONFLICT

New data from MyPerfectResume's Friendships in the Workplace report reveals that 7 in 10 workers report forming close bonds with colleagues. However, these relationships are not without challenges—94% of workers have observed conflicts arising from workplace friendships. Key findings from the report include:

- 73% of respondents credit workplace friendships with boosting collaboration, productivity and job satisfaction.
- 69% of workers report forming close friendships with one or two colleagues.
- 27% say they've made many close friends at work.
- 70% of workers frequently witness favoritism due to friendships.

ADVOCACY

KICKING OFF 2025 ADVOCACY EFFORTS

After a successful 2023–24 election cycle, in which 95% of the candidates that NAPEO PAC supported won, we have continued our advocacy efforts in the new year. Several team members attended the January 3 swearing day for the new Congress, an exciting day in Washington. We continue to forge close relationships with key lawmakers to advance the industry's priorities. As the new administration settles into office, an abundance of legislative activity will take place on Capitol Hill. Our working relationships with policymakers will be critical to ensuring we advance and protect key industry objectives. If you'd like to learn more about how to get involved with NAPEO's advocacy efforts, please visit www.napeo.org/pac or contact Thom Stohler, tstohler@napeo.org.



NAPEO's federal government affairs team with Rep. Beth Van Duyne (R-TX).



Casey Clark, House Majority Whip Rep. Tom Emmer, and Alex Milliken.



NAPEO CEO Casey Clark, his wife Liz Clark, and Rep. Mike Rulli (R-OH).



NAPEO CEO Casey Clark with Speaker Mike Johnson.



Casey Clark, Rep. Andy Barr (R-KY), and John Slavic of Slavic401k.



RESEARCH

SURVEY: EMPLOYEES EXPRESS INTEREST IN LONGER, 4 DAY WORKWEEK

A new study, LiveCareer’s 4-Day Work Week Report, revealed workers’ attitudes towards new, less traditional workplace hours. The survey found:

- 67% of workers believe longer 4-day workweeks would enhance their productivity compared to the standard 5-day workweeks.
- 67% feel they would be more productive working four 10-hour days compared to the standard five-day, 40-hour-a-week schedule.
- 76% of women favor the arrangement, compared to 57% of men, citing better work-life balance and increased job satisfaction as top motivators.
- 78% believe AI and automation could make a 4-day workweek possible.
- Men express concerns about reduced collaboration, while women emphasize fewer meetings and remote options as productivity boosters.

KUDOS

STRATUS HR NAMED AMONG BEST COMPANIES TO WORK FOR IN UTAH

NAPEO member Stratus HR recently announced that it has once again been named among the best companies to work for by *Utah Business Magazine*. This marks the fourth time in five years that the company has received this recognition, underscoring its steadfast commitment to creating a thriving, inclusive and balanced workplace environment. “This achievement reflects the exceptional contributions of our team, the healthy relationships they’ve built with our clients, and their embracing of what we call the ‘Stratus DNA.’ It’s each employee’s dedication and passion that set us apart,” said John Farnsworth, CEO of Stratus HR.

#1 Compliance made possible. Global made possible.

Only G-P lets you hire, onboard, and manage teams in 180+ countries – quickly and easily – with unmatched compliance, backed by the largest team of HR and legal experts in the industry.



Learn more at G-P.com



Global Made Possible



QUICK HITS

SAVE THE DATE

JOIN US IN NEW ORLEANS FOR NAPEO'S NEW OPERATIONS WORKSHOP APRIL 8-10

Mark your calendars for April 8-10, 2025, for NAPEO's first-ever Operations Workshop! We've combined two of our most sought-after events—Risk Management Workshop and CFO & Payroll Seminar—into a one-stop experience. Join us in the Big Easy for unmatched education and networking opportunities you won't want to miss!

We'll cover:

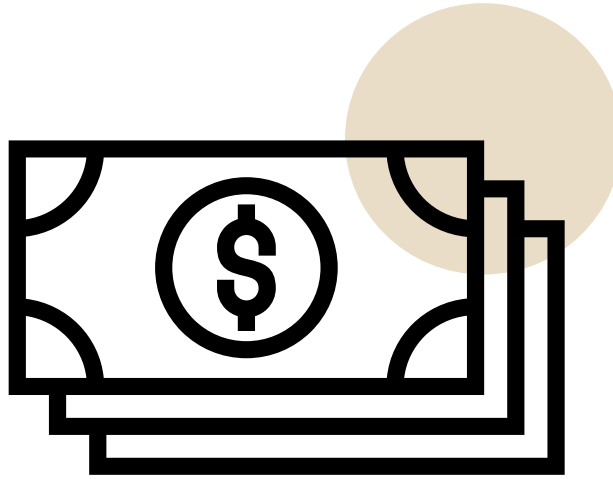
- Accounting/finance
- Risk management
- Cybersecurity
- Payroll
- Overall operations

The conference will take place at the New Orleans Marriott Warehouse Arts District. Housed in a 19th-century warehouse located in the Arts District, the vibrant neighborhood is home to many restaurants and museums and is within walking distance to entertainment. We look forward to seeing you there! Stay tuned for more information and visit napeo.org/events to register.

C-SUITE

TOTAL SOLUTIONS APPOINTS ANGELA MORRIS CHIEF GROWTH OFFICER

NAPEO member Total Solutions announced recently that it has hired a new chief growth officer, as the Iowa-based PEO continues to expand its services across the nation. Angela Morris, an experienced leader with nearly two decades of experience in HR and the PEO industry, began in her new role on November 1. "Angela brings a wealth of experience in the PEO industry, having successfully driven growth strategies and scaled other PEOs throughout her career," said Kristin Berry, president of Total Solutions. "Her vision, expertise, and leadership will be pivotal as we expand our reach and continue to deliver exceptional services to our clients."



BENEFITS

REPORT: 54% OF EMPLOYEES DIP INTO RETIREMENT SAVINGS EARLY FOR EMERGENCIES

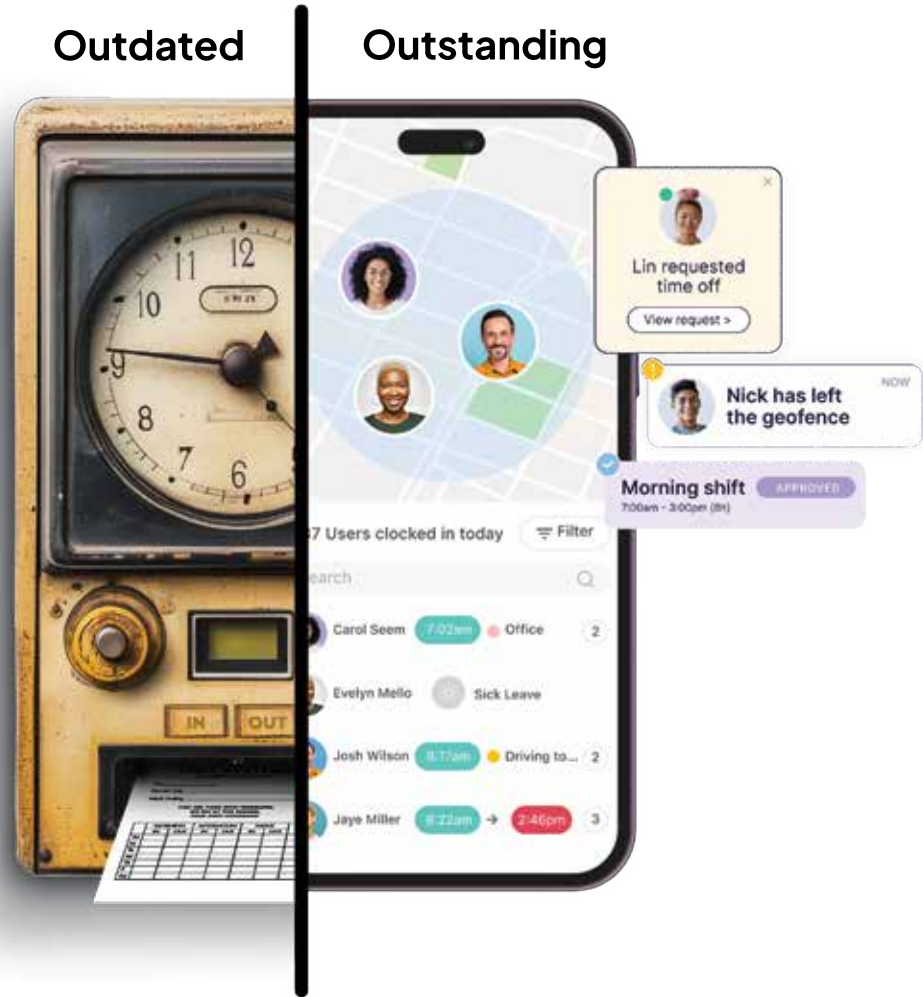
Even into 2025, money worries remain top of mind for many Americans. A report from Ally Financial recently found that 45 percent of Americans are concerned about their personal finances. Several factors contribute to this, many of which are related to the economy, such as fluctuations in interest rates, the cost of living, and rising prices. Other data from the survey points to the fact that Americans are most worried about their financial future, including not having enough money to retire (68 percent), keeping up with the cost of living (56 percent), and managing their debt levels (45 percent). The report also found that more than half of employees (54%) have tapped into retirement savings for emergencies.

LEADERSHIP

COADVANTAGE APPOINTS NEW CEO JOHN CUMBEE

NAPEO member CoAdvantage recently announced that COO John Cumbee has been named the company's next chief executive, effective January 2025. Cumbee joined CoAdvantage in 2022 with more than a decade of leadership experience in human capital management and digital solutions, leading the operations of the company including technology, marketing, sales, customer service and human resources. With this change, current CEO Clint Burgess will transition to serve as special advisor to the business and remain as a board member. "Over the last two years, John has had significant impact across the business and I am confident he is the right person to lead CoAdvantage in its next chapter and drive the company forward as an industry innovator," said Burgess. "Leading CoAdvantage as CEO has been a privilege and the highlight of my more than 30-year career. I want to thank our exceptional employees and leadership team for working together to achieve significant business success through their unwavering support and dedication to our clients." ■

How do your customers see their PEO?



Bring your customers the time & attendance solution they expect
Loved by 1.2M worksite employees

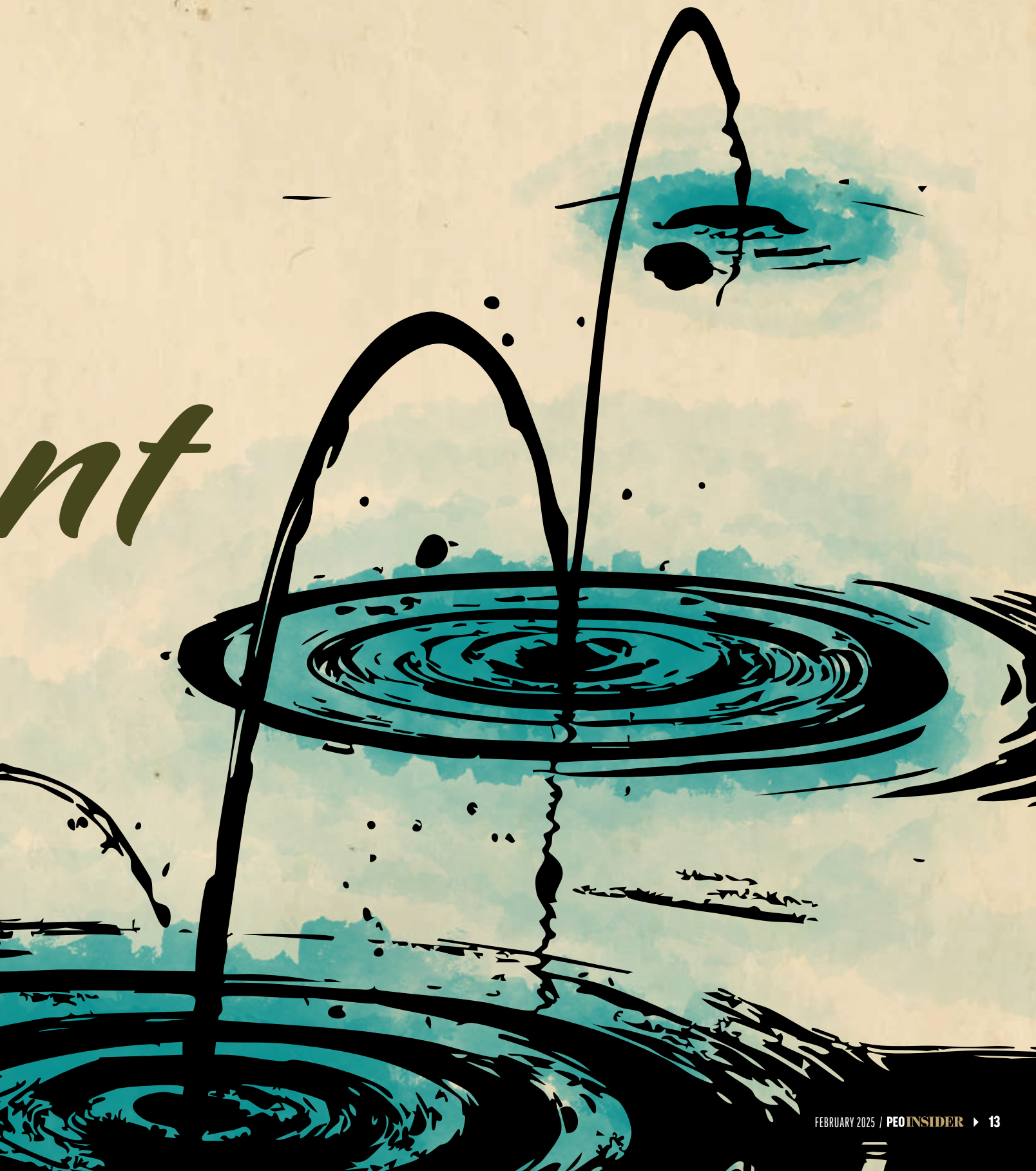
- GPS Time Clock
- AI Scheduling
- Digital Checklists
- Docs Management
- PTO Management
- Training & Onboarding
- Employee Celebrations

Contact us today for a demo
peo@connecteam.com



Employee
*Growth &
Development*

nt



Redefining Leadership: Helping Client Companies Become True Engagement Champions

BY STACY JENSEN, SPHR

Our quest to cut through the chaos for clients starts with the first relationship building touchpoint. As our business development professional learns the pain points, and opportunities, of our new or prospective client partners, asking the right questions about soft skills training and development opportunities is crucial.

Before we get into that, consider what your own training infrastructure looks like. Wait, before we do that, do me a favor and Google “glossophobia.” Or I can softball it over: it’s the fear of public speaking. It’s commonly referenced that 75% of all people have some fear of public speaking. How many of your HR professionals are comfortable, let alone good, at delivering training sessions? How are we finding HR superheroes who love creating and delivering their own content in front of a myriad of faces? Are we Chia petting them ourselves, hoping that they blossom under the continued internal growth models we are offering? What makes an HR person a public speaker?

If you are operating a smaller PEO, say roughly 5,000 or less worksite employees, your support team will be relatively lean

to cover your overhead. Amongst the B2B courting process, the needs of the clients you seek to serve will have needs that run the gamut from OSHA compliance training, policy and procedure development, payroll streamlining, to management training. The latter comes up not as a daily ask, but certainly when it does happen the PEO needs to have a SME who can develop and deliver effectively and know when to outsource to other professionals in our networks when we can’t provide meaningful and inspiring trainings.

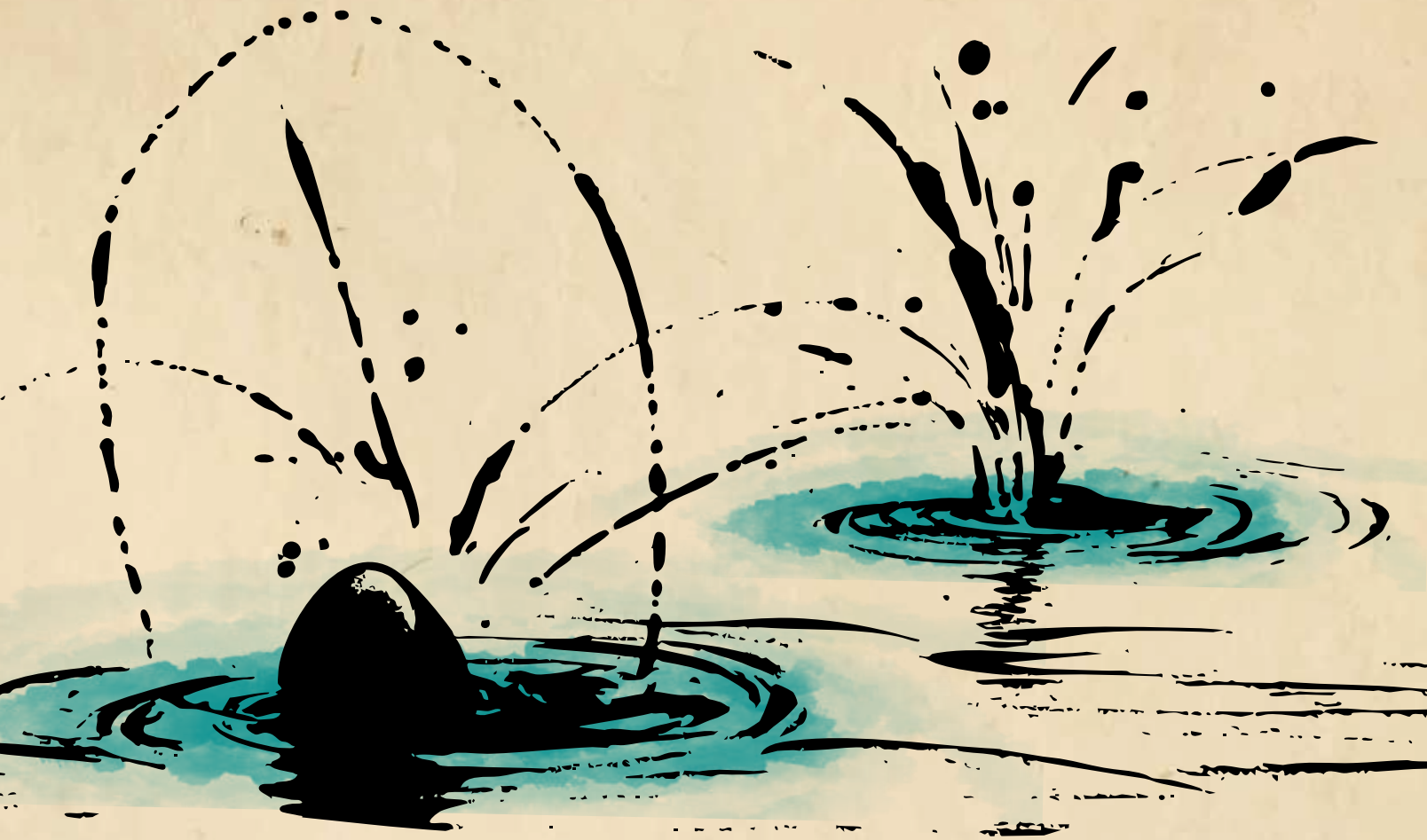
An HR leader who possesses the ability to deliver forward thinking, empathetic, and impactful training to client companies’ management teams demonstrates not just a perfunctory HR service, but rather puts a stronghold in the hearts of our small business owners that is key in client retention.

Where can these non-glossophobic champions of communication and interpersonal skills bosses be most pivotal? Regardless of how our often-virtual environment has morphed, the common workplace struggles our managers face have persisted.

MANAGEMENT TRAINING

Recognize that many newer managers have never received any form of management training. They were good at their job, so they got the next job up, managing the people who do the job they are good at. Booting the bird out of the nest does not necessarily mean they are ready to launch. Develop a solid Supervisor 101 training program and ensure that your owners and c-suite executives are aware that you offer said training. Make that training available to prospective managers - this is certainly a “stay incentive” to aspiring team members who are not quite there yet, or when such an opening does not yet exist.

Focus this training on no more than four key areas to avoid overwhelming your audience. Do your research in advance – have that template, but as opposed to finding yourself in front of a group that doesn’t do performance appraisals, or doesn’t believe in progressive discipline, set aside time to talk to your client in advance. Ask about their company culture. Find out how they do their hiring, research their turnover, how they conduct their employee reviews, and



if they have had persevering issues due to stuckness that you can help unhinge in these trainings.

SOFT SKILLS AND EMOTIONAL INTELLIGENCE (EI) TRAINING

Offer Soft Skills and Emotional Intelligence (EI) training. These customized workshops can help managers develop a deeper understanding of emotional intelligence – what it means, how to improve their own, including self-awareness, self-regulation, empathy, and social skills. This training is essential for understanding and responding to team members’ emotional cues, which will help to create a more supportive and responsive leadership style.

HR CERTIFICATION

Certify your HR professional(s) in some sort of personality indicator training. There are heaps of options, but some common ones are the Enneagram, Myers-Briggs, DISC, Real Colors. These classes tend to be F-U-N because they allow participants to talk about themselves (most people love this, I’m telling

you), and learn factoids about their team members that they a.) would never have guessed and b.) allow them to process their coworkers reactions to workplace situations in a removed manner - realizing that it had nothing to do with them personally!

COMMUNICATION CHALLENGES

Understand that when your clients state they have “communication challenges,” this is a dumpster term that is not necessarily indicative of any one issue. Get at the issues with them. Has everyone retreated to written communication post-pandemic, and lately getting someone to answer or pick up the phone is akin to root canal surgery? Are we keeping redundant outdated files, creating confusion? Do we have inconsistencies in processes? Often when clients state they need “Communication training”, it can be difficult to not insert our own work narratives. I’ve found that unless you dig at the root cause and key players in the process, our strategies (I’m looking at you, “use I statements”), may not scratch the actual itch.

Perhaps knowing what you are not good at, and where your limitations lie with training and development, is as important as honing or finding your talented HR trainers and coaches. Build your network – it is vital to have a list of great one on one leadership coaches you can refer out to. Diversity, equity, and inclusivity experts should also be in your pocket. Unless you are truly an authority on the topic, abstain from pretending that you are. This should further be made clear in the business development process – we are great at many things, and if you have an ask we cannot fulfill, our team can find you someone to help.

What an exciting place to live as the PEO – knowing that our hard-working experts can help mold and hold together the crucial players of our clients, who keep the entrepreneurial machine propelling forward. ■



STACY JENSEN, SPHR

*HR Director
InTandem HR
Denver, CO*

Building Excellence From Within:

The Critical Role of Mentoring and Upskilling in PEO Success

BY DON CAHALAN

As CEO of ArmHR and having spent decades in the insurance, PEO, payroll and HR space, I've learned that our industry's greatest asset isn't our technology or our processes - it's our people. The complexity of our business demands a workforce that's not just trained, but deeply knowledgeable and continuously learning.

THE PEO COMPLEXITY CHALLENGE

Let's be honest: few industries require mastery of as many intricate disciplines as the PEO space. Consider what we ask of our teams:

Payroll professionals must navigate multi-state taxation, complex wage garnishments, and ever-changing compliance requirements. They need to understand the nuances of premium overtime calculations, retroactive pay adjustments, and the impact of benefits on taxable wages. A single payroll cycle might involve dealing with multiple pay frequencies, various worker classifications, and different state-specific requirements - all while maintaining perfect accuracy.

Our insurance specialists must master an equally demanding landscape. They need to

understand the complexities of workers' compensation class codes, experience modification calculations, and state-specific insurance requirements. They must be able to analyze claims patterns, implement effective risk management strategies, and navigate the increasingly complex world of healthcare benefits.

HR professionals in our space face perhaps the broadest challenge. They must understand employment law across multiple jurisdictions, master the intricacies of leave management, and stay current with rapidly evolving workplace regulations. They need to be experts in everything from I-9 compliance to workplace safety requirements.

THE MENTORING IMPERATIVE

This complexity is precisely why traditional training isn't enough. While formal training provides a foundation, it's mentoring that builds true expertise. At ArmHR, we've developed a comprehensive mentoring program that pairs experienced professionals with emerging talent. This approach allows for:

1. Real-world Problem Solving: Mentors can guide mentees

through actual client situations, helping them understand the nuanced decision-making required in our industry.

2. Knowledge Transfer: Decades of accumulated wisdom about industry-specific challenges can be passed down through direct mentorship.
3. Client Service Excellence: Mentored employees learn not just the technical aspects of their role, but how to translate complex concepts into clear client communications.

UPSILLING FOR THE FUTURE

Beyond mentoring, continuous upskilling is critical in our rapidly evolving industry. We're seeing new technologies, changing regulations, and evolving client needs that require ongoing development. Our upskilling initiatives focus on:

- Cross-functional Knowledge: Helping payroll specialists



understand HR implications, HR professionals grasp insurance concepts, and insurance experts appreciate payroll complexities.

- **Technical Proficiency:** Ensuring our teams can leverage new technologies while maintaining their expertise in core PEO functions.
- **Regulatory Compliance:** Keeping our teams ahead of changing regulations across multiple jurisdictions.

GETTING BETTER EVERY DAY

At ArmHR, we've adopted the motto "Getting Better Every Day" because we understand that excellence in the PEO industry isn't a destination - it's a journey. Our mentoring and upskilling programs reflect this philosophy by: Setting clear development paths for employees; providing regular opportunities for skill

enhancement; recognizing and rewarding knowledge acquisition; and creating a culture of continuous learning.

THE ROI OF DEVELOPMENT

The investment in mentoring and upskilling pays dividends in multiple ways:

1. **Enhanced Client Service:** Well-developed teams provide better solutions and more confident guidance to clients.
2. **Improved Retention:** Employees who are growing professionally are more likely to stay with the organization.
3. **Reduced Errors:** Deep understanding leads to fewer mistakes in critical areas like payroll and compliance.
4. **Innovation:** Knowledgeable teams are better positioned to identify process improvements and innovative solutions.

LOOKING AHEAD

As our industry continues to evolve, the importance of mentoring and upskilling will only grow. The successful PEOs of tomorrow will be those that invest in their people today, building teams that can navigate the increasing complexity of our industry while delivering exceptional value to clients.

The challenge before us is clear: we must develop our teams to handle not just today's challenges, but tomorrow's opportunities. Through effective mentoring and continuous upskilling, we can build organizations that don't just survive complexity - they thrive on it. ■



DON CAHALAN

CEO
ArmHR
Fort Worth, TX

Your Voice Matters: Building a Feedback Driven Culture

BY BETH SUNSHINE

When was the last time someone sat down with you to discuss what you do really well and how you can use that strength to achieve even greater success? If you're still thinking, you're not alone—it likely doesn't happen often. Your employees probably feel the same way, and as HR leaders, you have the power to change that.

You are in a position to help your people managers create a culture of feedback that encourages employee growth and development while significantly boosting engagement. This article will explore how you can guide and support managers in establishing a feedback-driven culture that leans heavily on strength management.

While you and the leaders you support will need to have tough conversations from time to time—providing constructive criticism or addressing behaviors that must

stop—that is not our focus today. Instead, we'll emphasize how positive feedback can drive meaningful growth and engagement.

WHY DO WE FOCUS ON THE NEGATIVE?

Did you know it's human nature to focus on our shortcomings, often sabotaging ourselves in the process? From the beginning of time, focusing on weaknesses has been a survival mechanism. Historically, identifying and addressing weaknesses often meant the difference between life and death.

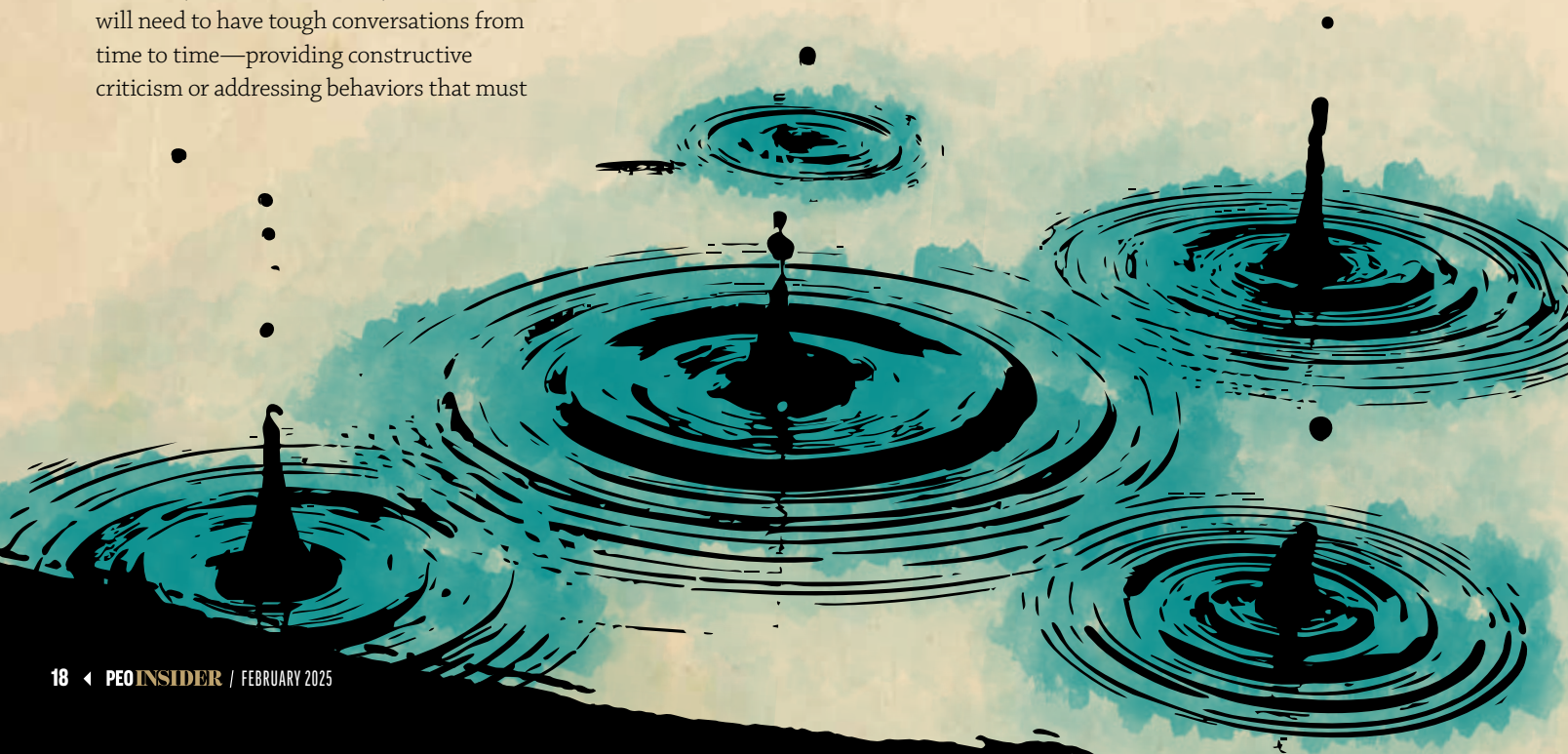
Unfortunately, this ingrained behavior has carried over into modern times, where we still tend to focus on what we need to fix rather than what we do well. Ask yourself: how many of your New

Year's resolutions focus on fixing a weakness rather than leveraging a strength?

FEEDBACK IS MOST EFFECTIVE WHEN IT IS POSITIVE

As HR leaders, we need to work to change this paradigm because research clearly shows that people experience faster growth and development when they build on their strengths instead of correcting their shortcomings.

Behavioral science demonstrates that positive reinforcement is up to three times more effective than negative reinforcement (Source: Skinner's Operant Conditioning Theory). A recent Harvard Business Review study also found that



positive feedback improves learning and retention by 31%, as employees focus on areas where they excel and build upon them.

Focusing on positive feedback grows people, increases productivity, and strengthens relationships. But how do we get it right?

THE FOUR STEPS TO EFFECTIVE FEEDBACK

A structured approach to feedback can make it easier to give and more impactful to receive. Here are four essential steps to delivering effective feedback:

1. **Prepare Your Thoughts.** Take a few minutes to focus your thoughts and filter out unnecessary or trivial details. Remember, this conversation is your opportunity to make a lasting impact. Focus on the “big rocks” that truly matter.
2. **Be Specific About the Action.** Point to the specific action you found effective or want to coach them to improve. Avoid vague statements like, “Great presentation,” and instead provide a concrete example: “I could tell you really prepared for that presentation. You appeared confident and passionate and had terrific stats and stories to back up your points.”
3. **Highlight the Impact.** Explain the impact their action had on you, others, or the organization. How did it make someone feel? How did it influence behavior or help the team? Providing this context gives the feedback meaning and helps the individual remember and replicate the behavior. For example: “I noticed Dan really leaning in during your presentation when you discussed your ideas for process improvement. You clearly piqued his interest and gave

him actionable steps to consider.”

4. **Make It Actionable.** Guide them in considering how they can use this feedback moving forward. Is there a similar opportunity where they could replicate their success? Could additional focus and attention turn something good into something great? For example: “Consider applying this same preparation and storytelling approach for our upcoming client pitch.”

IMPLEMENTING A FEEDBACK CULTURE

Now that we’ve outlined the steps for delivering effective feedback, let’s explore how HR leaders can foster a strong feedback culture:

1. **Lead by Example.** Model the behavior you want to see. Actively seek and give feedback to demonstrate its value and show that it’s a two-way street.
2. **Train and Support Managers.** Equip managers with the skills to provide constructive, strength-based feedback through targeted training programs. Teach them how to balance positive and negative feedback and tailor it to individual employees.
3. **Create Regular Feedback Opportunities.** Feedback shouldn’t be limited to annual performance reviews. Introduce regular check-ins, project debriefs, and peer review sessions to ensure feedback is ongoing and integrated into daily workflows.
4. **Leverage Technology.** Use feedback platforms to facilitate real-time feedback, track progress, and allow for anonymous input. These tools make feedback more dynamic and accessible.

5. **Encourage Peer Feedback.** Foster a culture where colleagues feel comfortable giving and receiving feedback. Promote this through team-building activities, workshops, and formal peer review processes.
6. **Tie Feedback to Development.** Collaborate with managers to create personalized development plans that leverage strengths and address areas for improvement. Regularly revisit these plans to ensure they align with employees’ goals.

MEASURING THE IMPACT OF A FEEDBACK CULTURE

To ensure a feedback culture takes root, it’s essential to measure its impact. Track improvements in employee performance, retention, and satisfaction—and use these metrics to refine your approach.

Like most rare things, effective feedback is incredibly valuable. When done right, it can make a lasting impact on individuals and the organization as a whole.

Take the first step today. Start building a culture of feedback that drives your team to new heights. Someday, when your employees are asked, “When was the last time someone sat down with you to discuss what you’ve done really well?” They’ll remember the powerful feedback they received and the growth you helped them achieve. ■



BETH SUNSHINE

*SVP Talent & Up Your Culture
The Center for Sales Strategy
Dallas, TX*

ENGAGEMENT STRATEGIES





CULTIVATING A CULTURE OF EXCELLENCE: ACHIEVING NEAR-PERFECT NPS SCORES

BY MARILYN CONYER

In today's competitive business landscape, a stellar Net Promoter Score (NPS) can set an organization apart as a model of customer satisfaction. For small organizations, achieving near-perfect NPS scores requires more than great products or services—it demands a culture of excellence where every team member is deeply invested in the customer experience. At Spirit HR, this culture is the foundation of our success. Here is how we cultivate a culture of excellence that drives our high NPS scores.

DEFINE AND COMMUNICATE A CLEAR VISION

Excellence begins with a clear, inspiring vision that aligns with an organization's mission and customer-focused goals. At Spirit HR, we ensure this vision resonates with every team member by embedding it in everything we do—from mission statements to team meetings to daily interactions.

When employees understand how their work contributes to delivering exceptional customer experiences, they are motivated to take ownership of their roles. This shared sense of purpose is a cornerstone of our culture.

HIRE AND RETAIN THE RIGHT TALENT

In small organizations, every hire shapes the company culture. Our recruitment process goes beyond evaluating skills and experience—we prioritize cultural fit and a passion for customer service. Empathy, problem-solving abilities, and a growth mindset are qualities we look for in every candidate.

Retention is equally critical. We foster an environment where employees feel valued and empowered by offering professional development opportunities, celebrating achievements, and encouraging open communication. Satisfied employees are naturally inclined to deliver exceptional service, which directly impacts customer satisfaction.

“It is all a chain effect, and it starts with the team; when there's a strong team working towards a common goal, we become more in-tune, not only with our peers but with our client's needs. I think we focus on being consistent and work with each other to make sure the client has a positive experience,” says Toby Portillo, a Spirit HR payroll manager.

EMPOWER EMPLOYEES WITH AUTONOMY AND RESOURCES

Empowered employees are key to creating remarkable customer experiences. At Spirit HR, we provide our team with the tools, training, and authority they need to resolve issues efficiently and effectively.

Our customer service training focuses on building soft skills like active listening and conflict resolution, while technology streamlines workflows and enhances efficiency. Employees who feel confident and capable are more likely to exceed customer expectations.

“Having the freedom to make decisions for our customers ensures they get the best possible experience,” explains Morgan Wilson, Spirit HR’s Director of Operations.

FOSTER A FEEDBACK-DRIVEN CULTURE

A culture of excellence thrives on continuous improvement. At Spirit HR, we regularly collect and act on feedback from customers and employees alike. NPS surveys help us identify trends and address pain points, while open dialogue with employees fosters innovation and growth.

Addressing feedback—whether it’s from a detractor or a team member—demonstrates our commitment to excellence and reinforces trust across all levels of the organization.

CELEBRATE SUCCESSES

Recognizing achievements is vital to reinforcing behaviors that lead to high performance. At Spirit HR, we tailor celebrations to what motivates each individual, from team-wide events to personalized thank-you notes.

Celebrating successes strengthens team morale and reminds every one of their critical roles in delivering exceptional customer experiences.

PRIORITIZE CONSISTENCY AND RELIABILITY

Consistency is a key driver of customer loyalty and high NPS scores. By standardizing processes and ensuring every team member understands our service standards, we deliver reliable, high-quality experiences across the board.

Regular training sessions and process audits ensure that consistency is maintained even as we grow. Every interaction is an opportunity to reinforce our commitment to excellence.

LEAD BY EXAMPLE

Leadership sets the tone for organizational culture. Spirit HR’s leaders embody accountability, empathy, and a dedication to continuous improvement, inspiring employees to do the same.

Whether it’s personally addressing customer concerns or recognizing employees’ contributions, our leaders demonstrate the behaviors they expect from the team. This authentic leadership fosters trust and motivates employees to exceed expectations.

BUILD A COMMUNITY OF ADVOCATES

Our culture of excellence extends beyond our internal team. We actively engage with our most loyal customers, encouraging them to share referrals, participate in testimonials, and provide feedback on our services.

By fostering a sense of community, we not only strengthen customer relationships but also create brand advocates who amplify our reach and reputation.

“The team at Spirit HR goes above and beyond. It’s easy to recommend them to others,” says John Johnson, a Spirit HR Customer.

CONCLUSION

Achieving near-perfect NPS scores is an ambitious but attainable goal for small organizations committed to cultivating a culture of excellence. By aligning vision, empowering employees, prioritizing consistency, and embracing feedback, organizations can create environments where exceptional customer experiences are the norm.

At Spirit HR, this commitment has allowed us to not only improve our NPS but also build loyalty, trust, and long-term success. ■



MARILYN CONYER

*President and COO
Spirit Human Resources
Oklahoma City, OK*

BEYOND PAYROLL AND BENEFITS: OPERATIONAL ENGAGEMENT AS THE NEW STANDARD FOR THE DIGITAL-FIRST WORKFORCE

BY SHAKED LEV

Why do some workplaces effortlessly empower their people, while others struggle to meet the demands of a digitally native workforce? As leaders in the PEO space, you've felt the tremors of change. We live in a world where employees handle personal tasks—booking appointments, ordering groceries, managing finances, even asking ChatGPT for quick information—on their smartphones in seconds. Yet, at work, they often confront outdated tools and sluggish processes. This disconnect isn't just inconvenient; it's eroding trust, undercutting engagement, and prompting them to ask: "If everything

else in my life is simple, why is work still so complicated?"

We'll explore how bridging this gap isn't simply about better technology. It's about how you, as a PEO, shape experiences that align with modern expectations. The tools and workflows you influence aren't background details: for employees, they represent their employer's operational capability—and, indirectly, the PEO's understanding of their reality. If you're ready to go beyond surface-level gestures and tackle the silent friction holding your workforce back, read on. You may find that transforming everyday operations can do more for engagement than any perk or special event ever could.

THE GAP: FROM PEO OFFICE TO FRONTLINE REALITIES

First, recognize a basic truth: as a PEO, you often work at a distance. Your clients manage dispersed teams—retail associates assisting customers, nurses caring for patients, construction crews at job sites. These worksite employees (WSEs) thrive on speed and convenience outside of work, yet inside it, they may face complex logins or rigid scheduling. The "face" of the employer's operational aptitude they see daily is the technology and processes they must use. Because you enable these systems, that indirectly shapes how WSEs perceive both their employer and you, the PEO.

If updating hours or requesting PTO feels cumbersome, employees assume the employer—and by extension, the PEO—is behind the times. Conversely, when day-to-day tasks feel as smooth as scrolling a feed or posing a question to ChatGPT, it signals that everyone involved understands their needs and respects their time.

EVOLVING EXPECTATIONS: WHY THE BAR HAS BEEN RAISED

Millennials and Gen Z form the majority of today's U.S. workforce, never having

known a world without smartphones or the internet. Surveys show over 70% say workplace technology affects engagement, and nearly half have considered quitting due to poor digital experiences. For a PEO, this is a wake-up call. In an era of mobile banking, ride-shares, instant messaging—and yes, effortless AI queries—work systems that feel clunky stand out like relics. Employees don't just blame their employer's HR department; they question the entire service ecosystem behind these outdated tools. If workflows feel off, it affects how they view both the employer and the PEO enabling them.

OPERATIONAL ENGAGEMENT AS THE NEW STANDARD

Many organizations try boosting morale with casual Fridays or recognition events. While pleasant, these gestures often skip the root issue: the operational environment itself. Engagement emerges when daily tasks—checking schedules, updating details, communicating with managers—are intuitive.

This is “operational engagement.” In a digital-first world, it's not optional. Employees expect frictionless experiences at work because they enjoy them everywhere else. Anything less feels like traveling back in time.

WHY EASE MATTERS: CONNECTING SIMPLICITY TO BETTER RESULTS

Making everyday tasks seamless isn't just about sparing annoyance—it yields real outcomes. Smooth processes reduce payroll errors since employees can accurately log hours.

Compliance improves when people get the information they need

instantly. Productivity rises when no one wastes time battling cumbersome systems.

Consider a healthcare clinic where nurses previously relied on bulletin boards for schedules. Introducing a mobile scheduling tool ended confusion and reduced absenteeism. Or a retail chain bogged down by slow email threads for shift swaps: offering an instant platform gave employees control and saved countless managerial hours. These aren't small wins—they show how reducing friction improves retention, accuracy, and compliance, strengthening the PEO's overall value proposition.

SEEING THROUGH THE EMPLOYEE'S LENS

Employees aren't complaining just to complain. They're living in a world where technology constantly streamlines their personal lives. If they can get answers from ChatGPT, update bank details, or reorder essentials in seconds, why must they jump through hoops to adjust a timesheet? As a PEO, you may never see a store associate juggling multiple logins or a nurse frustrated by a sluggish portal. Yet those moments define how employees view their entire work environment—and the partners behind it. Streamlining processes doesn't just smooth operations; it tells employees, “We respect your time and effort.”

MICRO-FRICTIONS: THE HIDDEN BARRIERS TO ENGAGEMENT

If operational engagement is the goal, “micro-frictions” are its subtle enemies. These small, persistent irritations—tedious passwords, delayed responses, unclear steps—quietly say, “We didn't consider your experience.”



Over time, micro-frictions add up, breeding resentment and distrust. Employees start to think, “If they can’t fix simple workflow issues, do they really care about us?” That’s a dangerous question that can lead to turnover, more compliance slip-ups, and lower loyalty. Eliminating these frictions isn’t superficial—it’s fundamental to maintaining credibility and trust.

Pinpointing and Fixing Friction

To address friction:

1. Complex Logins & Multiple Steps:

If employees juggle multiple passwords or personal emails, simplify with single sign-on or mobile-friendly credentials.

2. Stagnant Schedules & Manual

Changes: Waiting days for a manager’s reply? Implement a mobile app with real-time updates, instant shift swaps, and flexible options that mirror their personal digital life.

3. Delayed Communication:

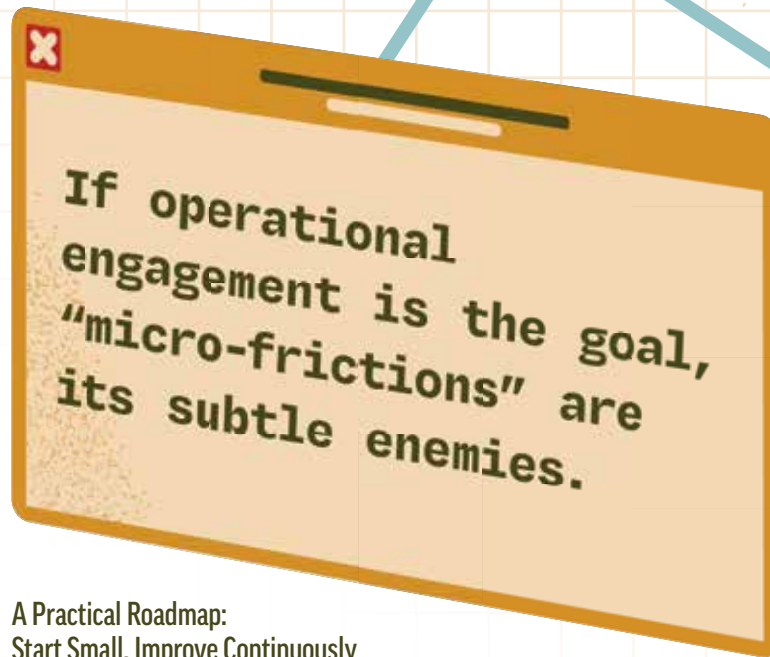
If routine questions take days to answer, integrate messaging tools for immediate responses. Quick feedback loops ensure employees feel heard. Each improvement says, “We see you and your time matters.”

Strategic Payoff: More Than Just a Perk

Don’t mistake these changes for small comforts. They have strategic implications. Supported employees mean clients enjoy lower turnover, fewer payroll errors, and smoother compliance. That enhances your PEO’s reputation and client retention.

As technology evolves, you might incorporate AI-driven solutions for even faster issue resolution or predictive scheduling. Employees will come to expect these enhancements, pushing PEOs to adapt continuously.

By delivering frictionless, human-centered digital experiences, you transcend a standard compliance/cost-savings narrative. Amid a sea of PEOs making similar claims, demonstrating that you truly understand and adapt to modern workforce expectations sets you apart.



A Practical Roadmap: Start Small, Improve Continuously

No need for an overnight overhaul:

1. WSE Experience Audit:

Ask employees about their biggest annoyances and tackle them first.

2. Embrace Mobile-First Design:

Make schedules, payroll, and benefits smartphone-friendly. Start with a pilot group, refine based on feedback.

3. Think Like a Consumer App:

If a system requires a manual for basic tasks, it’s too complex. Aim for intuitive, no-training-needed experiences.

4. Enable Instant Communication:

Integrate chat features for quick problem-solving. Immediate answers reduce frustration and strengthen compliance.

5. Measure & Iterate: Begin with one department and track changes in attendance, turnover, and accuracy. Use real-world data to refine and scale.

FUTURE-PROOFING YOUR PEO OFFERINGS

This isn’t a passing trend. As younger generations dominate and technology advances further, employees will expect even greater fluidity, speed, and personalization. Acting now isn’t just solving today’s friction; it’s preparing for tomorrow’s reality.

By championing operational engagement, you show clients and employees

that you’re not bound by old paradigms. Instead, you’re forging a more humane, efficient, and digitally fluent future—one where the PEO isn’t a back-office function but a key ally in delivering better work experiences.

FROM FRICTION TO FLOW: A BETTER PATH FORWARD

The question isn’t whether you’ll adapt, but how quickly. Organizations that earn trust and loyalty align their tools with employees’ lived experiences. By removing friction, you’re not merely upgrading technology; you’re restoring respect and removing needless hurdles.

If you’re ready to close the gap between employees’ personal digital ease (including how they tap ChatGPT for instant insights) and their professional world, the path is clear: reduce friction, invite input, and watch trust, productivity, and compliance thrive. It’s not about adding bells and whistles—it’s about crafting a work environment that feels as natural and intuitive as life outside the office. That may be your most valuable shift yet. ■



SHAKED LEV

Head of Business Development
Connecteam
Tel Aviv-Yafa, Israel



TOP 5

CHALLENGES SMBS WILL FACE IN 2025

BY ROGER HAYS

The landscape for small and medium businesses is rapidly evolving, influenced by the recently completed presidential election, technological advancements, changing consumer behaviors, and global economic factors. As 2025 starts and we have a completely new administration in Washington D.C., it's essential for PEO operators to understand and prepare for the potential challenges that their small and mid-size clients may be facing in the new year. Here are the top five challenges SMBs are likely to face in the coming year.

1. RISING COSTS AND INFLATION

Inflation continues to be a formidable challenge for SMBs. The cost of raw materials, energy, and labor has escalated, putting significant pressure on profit margins. This is driven by various factors such as supply chain disruptions, geopolitical tensions, and increased demand. SMBs must devise strategies to manage these rising costs effectively.

One approach is to pass on some of the increased costs to customers. However, this can be a delicate balance; raising prices too much can deter customers, especially if competitors can maintain lower prices. Another strategy is to find operational efficiencies, such as optimizing supply chains, reducing waste, and improving productivity through technology and process improvements.





While there is not much that PEOs can do to influence geopolitical tensions or even impact supply chain disruptions there is plenty of opportunity to help increase operation efficiencies to improve productivity within the companies that we serve.

2. REGULATORY CHANGES AND COMPLIANCE

SMBs will face heightened scrutiny and changing regulations across various domains, including environmental issues, data privacy, labor laws, and changing taxation rules.

Compliance will be both a challenge and an opportunity for SMBs to demonstrate their commitment to being proactive in addressing regulatory changes and new compliance requirements. This will involve staying informed about new regulations, investing in technology to ensure compliance, and fostering a culture of transparency and accountability.

The federal and state governments are not going to stop promulgating new rules, programs or regulations any time soon.

PEOs can also help their clients here. By continuing to keep our clients in compliance with new leave programs, ever changing overtime rules and many other changes PEOs will be able to show their value in this category and increase their importance to our clients.

3. LABOR SHORTAGES AND RETENTION

Finding and retaining skilled workers remains a major concern for SMBs. The labor market has become increasingly competitive, with many employees seeking better benefits, work-life balance, and higher wages. SMBs often struggle to compete with larger corporations that can offer more attractive compensation packages and career development opportunities.

To attract and retain talent, SMBs need to create a positive workplace culture. This includes offering flexible working arrangements, such as remote work or flexible hours, which have become highly valued by employees. Providing opportunities for professional development and career advancement can also help retain employees. This can include training programs, mentorship, and clear career paths within the company.

Competitive compensation is important, but it's not the only factor that matters to employees. SMBs can differentiate themselves by offering a supportive work environment, recognizing and rewarding employee contributions, and fostering a sense of community and purpose within the

Why would one of the *largest PEOs in the country* make the switch to PRO Software?

PRO is Built for the Future.

"After 22 years with an old system, I knew making a change was necessary to modernize our PEO. We left no stone unturned in our search for the right solution and even considered building our own platform. In the end, we determined that PRO had everything we needed for the future: the best software with the best team that could support GMS' long-term growth.

Putting our previous software in the rear-view mirror has been one of the best business decisions I've ever made. My advice to any PEO that's serious about growing its business and building towards the future? Go PRO."

— Mike Kahoe, Owner of GMS



Find out how PRO is the right fit for your business by scheduling a demo today!

Marketing@prosoftware.com
PROSoftware.com
281.202.3648

PRO
SOFTWARE

Member of

HCM DEFENDER



DIAMOND





4

organization. Solid benefit plan offerings and employee well-being initiatives, such as wellness programs and mental health support, also enhance job satisfaction and retention.

This is the sweet spot for PEOs and a major area where we can have a big impact on our clients, as we all know.

4. DIGITAL TRANSFORMATION AND TECHNOLOGICAL ADOPTION

The rapid pace of technological change means SMBs must embrace digital tools and platforms to stay competitive. This includes adopting artificial intelligence (AI), machine learning, and enhancing their online presence. Failure to keep up with these advancements can leave SMBs behind their competitors who are able to operate more efficiently and engage more effectively with customers.

Digital transformation can involve significant investments in technology infrastructure, software, and training for employees. SMBs should focus on implementing technologies that can streamline operations, improve customer experiences, and provide data-driven insights for better decision-making. This might include customer relationship management (CRM) systems, e-commerce platforms, and digital marketing tools.

A major area of the growing digital world that SMBs need to prioritize is cybersecurity as they adopt new technologies. This includes implementing robust security measures to protect against

cyber threats, regular training for employees on cybersecurity best practices, and ensuring compliance with data protection regulations. Partnering with managed service providers or investing in cybersecurity insurance can also help mitigate risks.

PEOs can provide an enormous benefit to our clients here with our ability to bring state of the art HCM software systems, like CRM platforms that can be provided through the PEO as well performance management tools and other software programs that help the SMBs manage costs and efficiently manage their teams. There will also be a lot of opportunities for us to assist our clients with ongoing AI growth and challenges.

5. CYBERSECURITY THREATS

As SMBs become more reliant on digital tools, the risk of cyberattacks increases. Cybercriminals often target smaller businesses because they tend to have fewer resources dedicated to cybersecurity. Protecting customer data and sensitive business information is crucial to maintaining trust and complying with regulations.

Implementing robust cybersecurity measures is essential, even with limited IT resources. This includes using strong, unique passwords and enabling multi-factor authentication (MFA) for all accounts. Regularly updating software and systems to patch vulnerabilities is also important. SMBs should conduct regular security audits and invest in antivirus and anti-malware solutions.

Employee training is a key component of cybersecurity. Educating staff on how to recognize phishing attempts, avoid suspicious links, and report potential security incidents can help prevent breaches. Creating a response plan for cyber incidents ensures that the business can act quickly to mitigate damage and restore normal operations.

Again, as with the previous topic this is another issue where PEOs can play a critical role. PEOs can, and should, assist their clients with the creation of strong cybersecurity policies and training that can help keep their clients safe in this ever-expanding digital world. ■

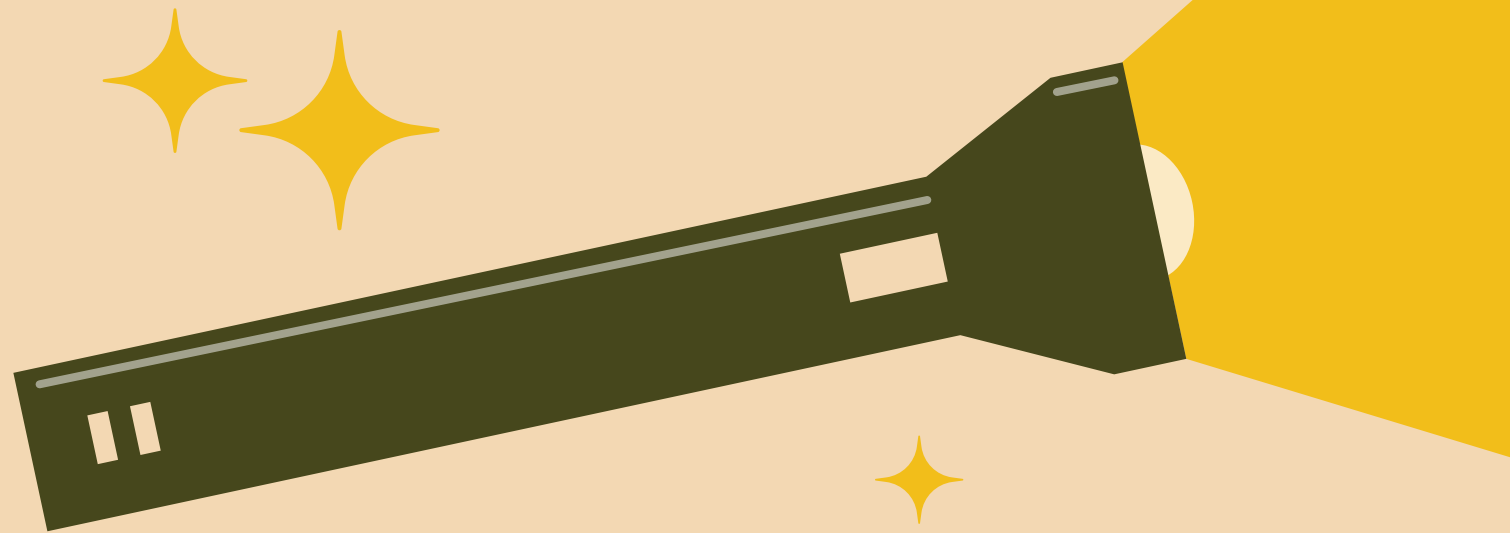


ROGER HAYS

*President and CEO
PassioHR, Inc.
Centennial, CO*

5





2025 PREDICTIONS: 5 BIGGEST TRENDS PEOS CAN EXPECT IN THE NEW YEAR

BY JOHN POLSON, ESQ. AND RICHARD MENEGHELLO, ESQ.

In some ways, you might feel a bit of déjà vu when it comes to the new year. After all, it wasn't too long ago that PEOs were getting used to a new Republican administration led by Donald Trump entering the White House enjoying control of both the House and Senate as well. But it's been a full eight years since the first Trump administration took office, and it feels like the world has completely shifted on its axis since 2017. Things might feel a bit disorienting for PEOs trying to navigate the new year ahead. But set your fears aside – this article will help you chart a safe course by providing predictions for what you can expect in 2025.

1. NEW ADMINISTRATION WILL CREATE BUSINESS-FRIENDLY ATMOSPHERE IN D.C.

Maybe this prediction doesn't seem like much of a stretch given that the first Trump administration pushed D.C. into very business-friendly territory. But alarm bells were set off a few months ago when former Rep. Lori Chavez-DeRemer was nominated to helm the Department of Labor. After all, the former House Representative from Oregon is a self-avowed labor advocate who supported the most union-friendly legislation imaginable during her brief time in Congress. Despite this selection, we still expect the new administration to help cement an environment friendly to businesses – including PEOs – starting

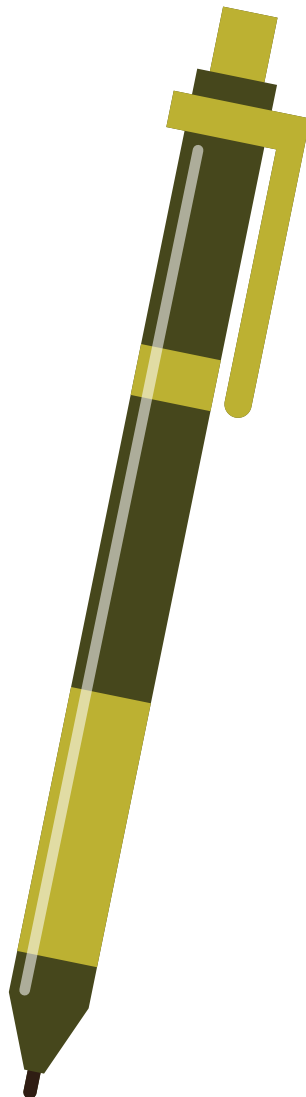
early in 2025. We expect the DOL to loosen independent contractor restrictions and push for a new joint employment rule that will reflect the evolving nature of flexible work arrangements by the end of this year.

2. STATE-LEVEL PATCHWORK WILL BE EVEN MORE COMPLEX

Even though D.C. might be friendly confines for the PEO community in the new year, that doesn't mean 2025 will be a cakewalk for businesses. State lawmakers and regulators will pick up the slack. They'll continue to create a patchwork of legal compliance measures – and PEOs will be caught in the middle. Data security, workplace privacy, pay



Even though D.C. might be friendly confines for the PEO community in the new year, that doesn't mean 2025 will be a cakewalk for businesses. State lawmakers and regulators will pick up the slack.



transparency, paid leave, wage and hour, and minimum wage are just a few of the areas where employment laws will further fracture from state to state – and in some cases by county or city. PEOs will have no luck with any sort of uniform set of standards that would apply on a nationwide basis, especially as Republicans operate Congress with a razor-thin majority.

3. WORKPLACE AI WILL FACE INCREASING REGULATION

Speaking of technology, the use of AI in hiring, performance management, and payroll systems will continue to increase across all sectors in 2025 – which means that the use of AI will draw increasing regulatory scrutiny in 2025. We've already seen significant substantive laws pop up in Colorado and Illinois in 2024, and we expect to see several more states

jump on the bandwagon in 2025. PEOs should be prepared to respond to allegations that customers have misused AI driven decision-making tools resulting in biased decisions. To the extent PEOs use AI or generative AI in their internal operations, PEOs should develop policies addressing AI governance, including transparency, vendor screening, accountability, and audits.

4. TIGHTER IMMIGRATION POLICY WILL LEAD TO PEO CHALLENGES

Here's the big one. We anticipate massive changes when it comes to immigration policies under the new administration. And while initial steps might focus on deporting those with criminal backgrounds, we can expect that immigration officials will soon turn to the workplace as another venue to carry out their policy goals. Which means employers should



feel greater pressure to comply with workplace immigration laws in 2025. PEOs and their customers will see heightened risks related to proper I-9 documentation, preparing for ICE audits, managing visa-related employment, deciding on E-Verify usage, and potential raids or policy changes affecting undocumented workers.

5. CYBERSECURITY RISKS WILL HIT SMALLER BUSINESSES HARDER

As cyberattacks grow more sophisticated, hackers will increasingly target smaller and mid-sized businesses that lack the resources to implement robust protections – especially those with a treasure trove of personal information. PEOs, which serve as trusted partners for these businesses and often interact with their systems and personnel, will need to continue with an intense focus

on cybersecurity in 2025. PEOs should prepare for more state-level data security laws with strict breach notification requirements, much like California's CCPA and other emerging regulations. Those that fall behind could face devastating operational and financial consequences. ■



JOHN POLSON, ESQ.

*Chairman & Managing Partner
Fisher Phillips
Irvine, CA*



RICHARD MENEGHELLO, ESQ.

*Chief Content Officer
Fisher Phillips
Portland, OR*



CSL SOLUTIONS: THREE DECADES OF EVOLUTION

BY CHRIS CHANEY

Michelle Wightman's journey into the PEO industry wasn't one she planned, but looking back, it feels inevitable. Growing up, she had a front-row seat to her father's fearless entrepreneurial ventures—who started businesses ranging from real estate to construction and even a premier deer processing plant in Alabama. Watching him navigate both successes and setbacks, she absorbed a natural instinct for building something from the ground up.

On May 5, 1993, Michelle officially launched her PEO, Certified Staff Leasing (now CSL Solutions), filing her Articles of Incorporation with the California Secretary of State. Thirty-two years later, her business continues to thrive in California, serving clients with a deeply personal approach to professional employer services.

Yet, even after decades in the industry, family and friends still ask her the age-old question: "What exactly do you do?"

"It's funny because people who've known me for years still aren't sure. They guess things like staffing service, insurance broker, or labor law attorney," Michelle says. "I always tell them, 'Almost, yes, but not quite.'"

THE EARLY DAYS

Before launching CSL, television broadcasting seemed to be Michelle's calling. She studied it in school and envisioned herself becoming the next Maria Shriver or Diane Sawyer. But her time in the newsroom quickly revealed the harsh realities of the field.

"Uncovering bad news, uncovering tragedy—I hated it," she recalls. "It just wasn't good for my soul."

Feeling lost, she packed her car and prepared to move to Washington State. But a stop at a friend's house changed everything.

"My friend had circled a wanted ad from a temp agency, and it caught my attention," Michelle says. "Their tagline—'Find your next best career'—hooked me. I decided to stay in California for a bit longer and give it a shot."

With intentions of signing up to explore different industries and find a new career path, Michelle instead found herself being hired internally by the temp agency to work in its office. She soon began selling staffing services to small businesses in manufacturing and blue/grey-collar sectors. It was during this time that one client's dilemma sparked an idea that would change the course of her career.

"He explained that running temp labor through the agency's payroll was cheaper than handling it himself because of workers' comp costs," she explains. "It was a breakthrough moment. I loved the concept, and as a commissioned salesperson, I loved helping a client grow from 3 employees to 30."

Michelle immersed herself in the emerging field of "staff leasing," attending workshops and learning from pioneers like T. Joe Wiley and Martin Babinec. When her temp agency decided to step away from the liability of co-employment, she had 30 days to find a solution for her clients.

HARDER NOT TO START A BUSINESS

With a \$1,000 contribution from her mother—a gesture of support and belief in her vision—Michelle launched her company and framed the Articles of Incorporation alongside the check as meaningful reminders of her humble beginnings.

"The first five years were all about survival," she says. "It was the epitome of on-the-job training—payroll taxes, benefits, compliance, safety, and even leadership. My focus was just keeping the lights on and making payroll."

Reflecting on her career, Michelle divides her journey into three distinct decades.



"If I had to break down my 'Lessons Learned Log,' the first 10 years were all about learning the industry," she explains. "Becoming an expert in all things employment isn't easy, but I dove in headfirst."

The next 10 years were focused on managing and growing the business. "Those years taught me resilience," she says. "I built new client relationships, navigated financial planning, and took some tough hits. Balancing family and business was a real challenge, but I learned to get back up every time."

The last decade, she says, has been the most meaningful. "It's been about leading a team well, focusing on service with heart, and realizing this is more than a numbers game. It's about relationships, personal growth, and becoming the best versions of ourselves. It's about finding joy in the middle of it all."

CULTURE IS EVERYTHING

At the heart of CSL's success is a team that's flexible, committed, and client-focused. "Our team is everything because our clients are everything," Michelle says. "We have an amazing

team because they stay flexible and always put our clients first. I don't take that for granted—it's a privilege to work with people who genuinely care about delivering the best for our clients."

Michelle credits her team's success to their shared commitment to growth and adaptability. "We're willing to do what it takes to give our clients what they need, even if that means customizing our processes or finding new ways to solve challenges," she explains.

Part of what makes this possible is CSL's focus on continuous growth, supported by coaching. "I've brought in my own coach to work with our team on communication, collaboration, and understanding one another's strengths," Michelle says. "It's helped us build trust, improve how we work together, and create innovative solutions for our clients."

With this mindset, CSL delivers a high-touch approach that truly sets them apart. "It's not just about doing the work—it's about growing as a team so we can serve our clients better," Michelle says.

A defining part of CSL's culture is the dynamic partnership between Michelle

and her daughter Sydney, who leads operations. Sydney's meticulous nature and focus on details—crossing T's and dotting I's—perfectly complement her mother's visionary approach. "I love dreaming big, trying new things, and bringing people together to talk about possibilities," Michelle says. "Sydney's follow-through ensures those ideas become reality. We're a perfect team."

She often jokes, "If Sydney leaves, I leave. But no one is leaving."

For Michelle, having her daughter work alongside her is a dream come true.

"Raising my girl, sending her off to college to spread her wings, and then watching her come back to use her skills in this family business—it's more than I could have hoped for," she says.

Michelle's son also shares her entrepreneurial spirit.

"He's cut from the same cloth as me," she says proudly.

Currently in college, he's exploring his passions and finding his purpose. While his future path remains his own, Michelle smiles at the possibility of him bringing his talents back to CSL someday.



THE NEXT CHAPTER

As the PEO industry has evolved, so has CSL Solutions. Technology has transformed the way businesses operate, from fax machines to digital portals. Michelle embraces these changes while maintaining the personal touch that defines her company's culture.

She's also deeply grateful for NAPEO's role in advocating for the industry, particularly during pivotal moments like the fight for PPP loan eligibility.

"That recognition of PEO tax IDs didn't just happen—it was fought for," she says. "Leaders in this industry and at NAPEO put in the work, and we all stand on the shoulders of giants. I'm beyond grateful for everything they've done to protect and elevate this industry."

Michelle is also proud to reengage with NAPEO on the service side, particularly

through initiatives like NAPEO Gives Back. "There are so many PEOs out there who value serving and giving in their communities, and it's truly inspiring," she explains. "I feel called to connect with those PEOs, learn their stories, and share them. Don't be surprised if you're a PEO and you get a call from me wanting the tea on your most recent service endeavors!"

Looking ahead, Michelle is focused on providing exceptional service and nurturing a culture of growth.

"This is an industry worth fighting for, and I'm excited to see where the next chapter takes us," she says. ■



CHRIS CHANEY

*Editor, PEO Insider
NAPEO
Alexandria, VA*



PEO Velocity

Powered by



PEO Velocity is a risk-management platform that will help your master-health plan thrive.

We go beyond underwriting by bundling:

- project management
- competitive benchmarking
- risk assessment
- new-business pricing
- performance dashboards
- high-tech tools
- actuarial support
- interactive team

All in one unique PEO experience that's actionable, collaborative, transparent, and specialized.

Contact T. Eric Foster, CEBS
Managing Principal
moreinfo@peovelocity.com
860-573-8708

peovelocity.com

Accelerate your growth today through Velocity's deliberate, creative solutions.



Advance Your Tech, Advance Your Business

Race ahead of competitors by advancing your company's technology. PrismHR's innovations in Workforce Management, Performance Management, Benefits Administration and the powerful new Report Center can help you win and service more clients than ever before.

As the industry leader, we are constantly on the leading edge, improving efficiency, profitability and ease of use. Put PrismHR to work for you. And give your business an edge too.



See the latest innovations at prismhr.com.



PEOs IN THE COMMUNITY

JUSTWORKS: GRANTING CONFIDENCE TO NONPROFITS

BY EVAN FALLOR

If you're familiar with Justworks, you know it subscribes to the mantra of *doing well by doing good*.

The New York-based technology company and PEO has made it its mission to level the playing field for small businesses and help them grow with confidence. And among its small business clients include more than 1,000 nonprofit organizations, many of whom do not have the same financial resources as for-profit businesses. With that in mind, company leadership pondered, how can we help these impactful nonprofits advance their respective missions in the communities they serve?

So in 2020, it began the Spring Forward Fund, an annual grant of now \$50,000 awarded to a Justworks nonprofit customer that has best developed a project that creates more equitable access for an underrepresented population in the communities it serves.

"We launched the Spring Forward Fund to spotlight our community of impactful

nonprofits and their missions, as well as accelerate their work with this grant," said Layla Ramirez, Justworks' director of diversity, equity, inclusion and belonging.

Open to Justworks nonprofit clients across the U.S., the annual contest receives scores of entries during the late summer submission period that are put before a series of judging panels that score the ideas on organizational overview, project focus, expected impact and management plan.

Entries are first judged by an internal sponsor judging panel, and those receiving the highest scores from the first round are then scored by an external group of judges. The five finalists with the highest overall scores are invited to a fall celebration gala, where the winner of a generous prize purse of \$50,000—doubled from the \$25,000 amount before 2024—is announced.

That 2024 winner was Step Up Tutoring, a Los Angeles nonprofit that provides virtual tutoring and mentorship to elementary and middle school students in LA's underserved communities. With Justworks' grant, the California nonprofit

said it will provide a full year of virtual math and reading tutoring to more than 250 Black, Hispanic and low-income students, a percentage of whom are also English learners.

What stood out to the program's judges is that the organization has been integral in providing virtual tutoring services in the Los Angeles community, especially as the effects of the pandemic continue to impact childhood education, Ramirez said.

"They're truly leveling the playing field for their community," Ramirez said. "The project's specificity and potential impact stood out to our committee."

The Justworks grant is especially impactful for Step Up Tutoring, which serves the second-largest school district in the country that includes more than 250,000 economically disadvantaged students.

"We were thrilled to receive the [award] and especially enjoyed connecting with the Justworks team and the other finalists," Gabriella Schneider, Step Up Tutoring's development director and chief of staff, told *PEO Insider*. "These funds will help us expand our reach ensuring that a growing number of low-income second-to-sixth grade students have access to our one-on-one high-impact tutoring program."

In October, Justworks held a gala in Manhattan to celebrate the Los Angeles nonprofit, as well as the other four finalists—a theater group for individuals with developmental disabilities, a career mentoring program for adults from under-resourced communities in New York and Washington, a New Orleans organization that provides community safety resources and a nonprofit that provides legal representation to New York's undocumented immigrants. More than 100 attendees, including nonprofit leaders, local New York City community partners and Justworks executives were a part of the special evening.

Though the Spring Forward Fund is a national initiative, Ramirez said that it is a way for Justworks to make an impact in the



Justworks Director of Diversity, Equity, Inclusion and Belong Layla Ramirez presents the 2024 Spring Forward Fund award to Gabriella Schneider, Step Up Tutoring's development director and chief of staff. PHOTO CREDIT: Sam Popp.

local communities where it has a notable presence. The grant program, by design, has benefited a diverse group of nonprofits across different pockets of the country.

In 2023, the award went to the Alliance to Cure Cavernous Malformation, a

Charlottesville, Va.-based nonprofit that works to improve health outcomes for patients impacted by the rare disorder that causes lesions to develop in the blood vessels of the brain or spinal cord. The year prior, the grantee was a New York civic organization that provides free legal, finance and marketing assistance to small business owners from marginalized communities.

In addition to the Spring Forward Fund, Justworks in 2021 joined the growing Pledge 1% movement and began donating 1% of its equity and profits to create more equitable access to entrepreneurship. Shortly after it launched the Just Thrive program to make its platform more accessible for new and existing minority and women-owned businesses.

Both of those, in addition to its Service for Impact program that

connects Justworks employees with community service opportunities with small businesses and organizations that serve them, are part of a multi-pronged effort to deepen connections with the company's diverse set of community customers.

Justworks was founded on a mission to help small businesses grow with confidence, and in the decade-plus since, it's made it part of that mission to also help the communities they serve grow and prosper. It's safe to say that mission is becoming a reality.

Doing well by doing good is going pretty well. ■



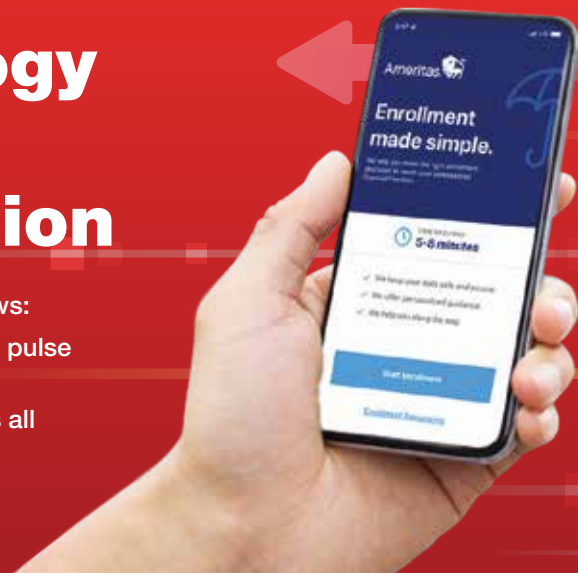
EVAN FALLOR

Director, Communications
NAPEO
Alexandria, VA

Modern Technology for Your PEO's Retirement Solution

Our advanced, multi-tier technological capability allows:

- Sub-adopter reporting that keeps your finger on the pulse and uncovers plan opportunities.
- Guided participant enrollment and election changes all from a hand-held device.
- Automated 360 payroll integration with key HRIS providers in the PEO marketplace.



Ready to Learn More?

Contact Ameritas retirement plans at 800-923-2732, PEO@ameritas.com, or scan the QR code to discover how to start or grow your pooled retirement plan today.



Ameritas 
fulfilling life.

DEVELOPING A TRAINING PLAN FOR HR COMPLIANCE

BY KRISTEN FRADIANI

An effective HR compliance training plan is essential for any organization committed to fostering a safe, fair, and legally compliant workplace. With ever-evolving federal and state regulations, businesses face the constant challenge of staying up to date while ensuring their workforce is properly trained on key compliance issues.

HR compliance isn't just about meeting legal requirements—it's an opportunity to engage employees, foster trust, and build a thriving workplace culture. For professional employer organizations (PEOs), delivering engaging and effective HR compliance training can set the tone for their clients' organizational success. When done right, compliance training becomes a tool for empowerment, connection, and shared responsibility.

WHY ENGAGING HR COMPLIANCE TRAINING MATTERS

Think of HR compliance training as a strong foundation for a building—without it, the entire structure is at risk. Businesses that fail to prioritize it expose themselves to costly lawsuits, reputational damage, and even regulatory penalties.

While it can sometimes be seen as a dry necessity, HR compliance training has the potential to drive meaningful engagement. It helps employees:

Understand their roles: Clear expectations create confidence and clarity.

Feel valued: Training reflects an organization's commitment to their well-being and professional growth.

Contribute to culture: Engaged employees actively support a fair, inclusive, and compliant workplace.

A 2023 survey by the Society for Human Resource Management (SHRM) revealed that 81% of HR professionals identified maintaining employee morale and engagement as a top priority for their organizations. Compliance training that engages employees also helps build trust, boosts morale, and strengthens workplace relationships.

KEY AREAS OF HR COMPLIANCE TRAINING

Sexual Harassment Prevention

Preventing sexual harassment is about more than following regulations—it's about creating a safe and respectful workplace. Engaging employees in this effort requires more than a traditional lecture format.

Engagement strategies:

- Use real-world scenarios and role-playing exercises to illustrate concepts.
- Incorporate interactive elements like polls or group discussions.
- Offer clear and relatable examples of acceptable and unacceptable behaviors.

Training objectives include:

Define sexual harassment and legal standards, explain how everyone plays a role in creating a safe workplace, and emphasize the importance of immediate reporting and support mechanisms.

Key laws: Title VII of the Civil Rights Act, the Age Discrimination in Employment Act (ADEA), and the Americans with Disabilities Act (ADA).

Anti-Discrimination Policies

Anti-discrimination training fosters a sense of belonging and inclusion when employees see it as a shared commitment rather than a mandated requirement.

Engagement strategies:

- Use storytelling to highlight the impact of discrimination and the benefits of inclusion.
- Facilitate open dialogues to encourage employee participation.

- Highlight success stories of diverse and inclusive workplaces.

Training objectives include: Identify protected classes under federal and state laws, recognize and prevent discriminatory practices, and promote equity and inclusivity in day-to-day operations.

Key areas to address: Recruitment, promotions, performance reviews, and workplace culture.

Key laws: Civil Rights Act of 1991, Pregnancy Discrimination Act, and Uniformed Services Employment and Reemployment Rights Act (USERRA).

Substance Abuse Awareness

Addressing substance abuse is vital for maintaining a safe and productive work environment. Engaging employees in this area requires sensitivity and support.

Engagement strategies:

- Provide interactive resources such as self-assessment tools.
- Highlight available support programs, such as Employee Assistance Programs (EAPs).
- Use multimedia content to illustrate the impact of substance abuse on individuals and teams.

Training objectives include:

recognize signs and symptoms of substance abuse, understand the company's substance abuse policy, and promote resources for seeking help.

Key laws: Drug-Free Workplace Act (DFWA), Occupational Safety and Health Act (OSHA), and the Family and Medical Leave Act (FMLA).

Wage And Hour Compliance

Ensuring fair compensation is essential for employee trust and satisfaction. Engaging employees in wage and hour compliance training can create transparency and understanding.

Engagement strategies:

- Create engaging visual aids, such as charts or infographics, to explain wage computations and make the process easier to understand.

- Conduct Q&A sessions to address common concerns.
- Incorporate interactive elements to reinforce key concepts.

Training objectives include: clarify employee rights and responsibilities regarding wages, address key wage and hour laws, including the Fair Labor Standards Act (FLSA), and promote transparency in compensation policies.

Best practices to keep in mind: regularly audit payroll practices to ensure accuracy and fairness, maintain clear communication about wage policies and updates, and encourage employees to ask questions and provide feedback on policies.

STEPS TO CREATE ENGAGING COMPLIANCE TRAINING

Transforming compliance training into an engaging experience requires creativity and focus. Here's how PEOs can make training more impactful:

1. Tailor training to your audience.

Understand the unique needs of your client's workforce. Customize training content to reflect their industry, workforce demographics, and organizational culture.

2. Use interactive technology.

Leverage tools like Learning Management Systems (LMS) to deliver dynamic and engaging training experiences.

3. Make it relatable. Use real-world examples and relatable scenarios to connect with employees. Tailor training to address common challenges and experiences within their roles.

4. Incorporate feedback. Regularly collect feedback from participants to understand what works and what doesn't. Use this data to continuously refine and improve your training program.

5. Celebrate the wins. Recognize employees who actively participate in and support compliance initiatives. Celebrate milestones to reinforce the importance of ongoing engagement.

MEASURING THE IMPACT OF ENGAGEMENT

To ensure ongoing improvement, it's critical to measure the success of your compliance training efforts. PEOs can:

- Track participation rates: High attendance is a good indicator of interest and buy-in.
- Assess knowledge retention: Use quizzes and follow-up surveys to test understanding.
- Gather employee feedback: Identify strengths and areas for improvement through anonymous evaluations.
- Monitor compliance metrics: Look for reductions in compliance violations or related complaints.

THE ROLE OF ENGAGEMENT IN LONG-TERM COMPLIANCE

Engaging compliance training is not just about ticking a box; it's about creating a culture of accountability and respect. When employees feel connected to the mission of compliance, they are more likely to: Retain information and apply it in their daily roles; report issues promptly and responsibly; and contribute to a positive and inclusive workplace environment.

For PEOs, developing a robust HR compliance training plan is more than a service offering; it's a strategic advantage. By proactively addressing compliance risks and fostering a culture of accountability, PEOs can empower their clients to thrive in an increasingly complex regulatory environment.

Investing in comprehensive, ongoing training isn't just about avoiding penalties—it's about building a workplace where employees feel valued, respected, and safe. With the right tools and strategies, PEOs can lead the charge in creating compliant, productive, and inclusive workplaces for their clients. ■



KRISTEN FRADIANI

Content Marketing Manager
BLR
Branford, CT

PEOs MUST PROCEED WITH CAUTION WITH EMPLOYEE RETENTION CREDIT

BY MATT HUNTER, ESQ. AND DON SНИЕZEK

As a result of the COVID-19 pandemic, Congress enacted the Employee Retention Credit (ERC), to help taxpayer businesses weather the storm. But despite the genuine benefit that ERC provides to qualifying businesses, the IRS has been faced with many fraudulent and questionable claims.

As a result, the Service has initiated aggressive enforcement actions centered on this credit.

The wave of IRS audits, inquiries and assessments has spurred concern for taxpayers across the country and has even resulted in firms selling ERC insurance. Importantly, several Professional Employer

Organizations (PEOs) have found themselves in a precarious situation (beyond ERC processing times) as IRS audits have started to hit their clients.

PEOs file ERC on behalf of their clients. Typically, these PEOs file Form 941s in aggregate under its own Employee Identification Number (EIN). These filings should include a Schedule R that describes aggregated wages and credits claimed for each of the PEOs clients.

As PEOs claimed ERC on behalf of their pool of clients, several issues of liability began to come into question. For example, the IRS stated in 2023 that it has the authority to satisfy a PEO's tax liability with amounts of the PEO clients' ERC claims.

Now, another concern has come into play. This issue rears its head when the IRS audits a PEO's client (or client base) and finds ineligible ERCs. In this case, the IRS has made its stance clear: the PEO is jointly on the hook with its clients' for ERC liabilities.

Although there is disagreement in terms of whether or not PEOs are liable for their clients' claims, and the issue likely will continue to play out before the agency and in the courts, the IRS made its position clear in Chief Counsel Memorandum 2024-001.

According to the Service, when "improperly claimed credits are claimed by a PEO for its client, and the credit claim is based on the wages paid by the PEO to the client's employees and reported on the PEO's employment tax return, both the PEO and its client are liable for any underpayment of tax resulting from the improperly claimed credits."

This burden has put certain PEOs, who simply cannot afford the liability for their client base in total, in a quandary.

The truth is that, for PEOs who already find themselves on the hook for an ERC liability, options might be limited. The IRS opened a supplemental claim process, offering a way for PEOs to exclude improper client claims or correct miscalculated claims, and the deadline for filing this supplemental closed on December 31, 2024.

PEOs who find themselves faced with an ERC audit should immediately seek out tax counsel to help navigate their path forward.

The reality now is that the IRS has begun to roll out ERC audits in full force as the agency has issued several rounds of tax credit denials while identifying more and more areas of high risk.

However, for those PEOs who have submitted ERC claims on behalf of their clients and are not in the midst of an IRS audit, the path forward should be tread lightly.

First, if a PEO has not yet submitted what would at this point be an amended ERC claim, it is imperative that the firm have their CPA, or a reputable firm specializing in the credit, review the underlying ERC

claims for accuracy. There is still a short but open window to file a supplemental claim and correct the ERC errors.

This review should verify that the ERC claims have each been calculated correctly and that they can be substantiated should the IRS initiate an audit. Doing this sort of analysis will inevitably minimize the time and expense of dealing with a potential IRS audit down the line.

However, if a PEO firm has already claimed the ERC on behalf of its clients, it should without a doubt still conduct an extensive review of the claims *before* paying out credit monies received to its clients.

The statute of limitations for the final eligibility quarters for ERC, Q3 and Q4 of 2021, isn't until April 15, 2027. The tax credit is incredibly valuable and PEOs shouldn't shy away from claiming it. But they must do so with a critical eye and evaluate positions taken

More questions about the ERTC and NAPEO's efforts on the issue? Visit napeo.org/advocacy/what-we-advocate/federal-government-affairs/employee-retention-tax-credit to see what we're up to.

The IRS has made clear that the number of its ERC audits will continue to grow. And again, PEO firms could very well be liable should these audits impact their clients. PEOs should take this notion to heart and conduct a thorough risk assessment to ensure they are compliant with ERC requirements.

Organizations such as NAPEO continue to work diligently on behalf of the industry when it comes to challenges surrounding ERC, and while these issues continue to play out PEOs should proactively assess their tax situation. If imposed, the ERC liability at issue will not go away. And failing to address the situation head on could be costly. ■

▼ This article is designed to give general and timely information about the subjects covered. It is not intended as legal advice or assistance with individual problems. Readers should consult competent counsel of their own choosing about how the matters relate to their own affairs.



MATT HUNTER, ESQ.

Senior Associate
Zerbe, Miller, Fingeret, Frank &
Jadav LLP
Houston, TX







DON SNIZEK

Senior Technical Advisor
Zerbe, Miller, Fingeret, Frank &
Jadav LLP
Houston, TX

Find an HCM Partner That **Grows** with You

Choosing the right human capital management (HCM) partner is key to growing your business and supporting your clients. Our guide provides five steps to find the best partner for your business.

You'll learn:

-  How to align with your customers' needs
-  Features that fuel growth and innovation
-  Tips for a seamless, stress-free transition
-  Long-term value beyond technology



Download Now
isolvedhcm.com



THE FUTURE OF PAYROLL: WHY EMPLOYEE PAYCARDS ARE REVOLUTIONIZING WAGE DISTRIBUTION

BY ANDY SONGER

In the modern workplace, convenience and innovation drive the way businesses operate—and payroll is no exception. Employee paycards are stepping into the spotlight as a cutting-edge solution to wage distribution challenges. Acting like prepaid debit cards, these tools offer a cost-effective, efficient, and flexible alternative to traditional payroll methods.

Whether you're an employer looking to cut costs or an employee seeking

easier access to earnings, paycards are transforming pay. Let's explore why they matter and how they're shaping the future of wage distribution.

BREAKING BARRIERS FOR UNBANKED WORKERS

Imagine earning a paycheck but facing hurdles to access your money. For millions of unbanked and underbanked Americans, this is a daily struggle. Without traditional bank accounts,

workers often turn to costly check-cashing services to access their wages.

Paycards eliminate this barrier, offering direct deposit onto a card employees can use for everyday purchases, ATM withdrawals, or online shopping. This is especially significant in industries like retail, hospitality, and construction, where unbanked workers are more common. By providing an accessible, hassle-free way to receive wages, paycards promote financial inclusion and independence for these workers. The result? A seamless, efficient way to access earnings without the need for a traditional bank account.

For employers, this means meeting the needs of a broader workforce while enhancing employee satisfaction and retention.

THE BOTTOM LINE: COST SAVINGS FOR EMPLOYERS

Let's face it: traditional payroll methods are expensive. From printing checks to mailing them and reconciling discrepancies, the costs add up—especially for businesses with large teams. According to industry estimates, the cost of processing a single paper check can range from \$2 to \$4. Multiply that by hundreds or thousands of employees, and the financial impact becomes significant.

Paycards streamline this process. Funds are electronically transferred, cutting administrative overhead and minimizing the risk of lost or stolen checks. For businesses, this not only reduces costs but also improves operational efficiency. Additionally, many states require employers to pay wages promptly, and paycards make it easier to meet these requirements, reducing legal risks.

SECURITY FIRST: PROTECTING EMPLOYERS AND EMPLOYEES

Security is a top concern for any payroll system, and paycards offer a distinct advantage. Unlike paper checks, which can be lost, stolen, or altered, paycards come with built-in security measures

such as PIN protection and fraud detection features.

For employees, the ability to securely withdraw funds or make purchases without carrying cash is a game-changer. This is particularly valuable for workers in industries where cash flow is heavy or security risks are higher. Employers also benefit from reduced exposure to payroll fraud and errors, making paycard a win-win for all parties involved.

RIDING THE DIGITAL WAVE

As society embraces cashless transactions, paycards are becoming a cornerstone of the digital payment ecosystem. From mobile wallets to online banking, digital payments are reshaping the way we handle money. Paycards fit seamlessly into this landscape, offering employees the flexibility to use their earnings in a variety of digital formats.

For employers, adopting paycards signals a commitment to innovation and adaptability. This forward-thinking approach not only meets the needs of a modern workforce but also enhances employer branding. Offering paycards is more than a convenience—it's a statement that your company is ready to meet the future head-on. For younger, tech-savvy employees, this adaptability can be a deciding factor in choosing one employer over another.

A COMPETITIVE EDGE IN TALENT RETENTION

In today's tight labor market, perks matter. Paycards are more than a payroll tool—they're a way to show employees you care about their financial well-being. Offering flexible, accessible payment options demonstrates a commitment to meeting diverse workforce needs, which is especially important as younger generations prioritize convenience and technology in their professional lives.

Employees appreciate this modern touch, which translates into greater satisfaction and loyalty—key drivers for

reducing turnover. By positioning your company as innovative and employee-focused, you can attract and retain top talent in a competitive hiring landscape.

TIPPING MADE SIMPLE

For tipped employees in industries like restaurants and hospitality, paycards are a dream come true. Instead of handling large amounts of cash, employees can have tips deposited directly onto their cards. This system simplifies cash management for employers and enhances safety for workers, who no longer need to carry large sums of cash home at the end of a shift.

Moreover, paycards streamline the logistics of tip distribution, saving time and reducing errors. For employees, the convenience of immediate access to tips without a trip to the bank adds an extra layer of appeal.

COMPLIANCE IS KEY

Despite the benefits, paycards must be implemented thoughtfully to comply with federal and state wage laws. Employers should ensure they:

- Offer employees the choice to opt out and select an alternative payment method.
- Ensure employees can access their wages without incurring fees.
- Provide transparent information about any potential fees.

By prioritizing compliance, businesses can enjoy the advantages of paycard while avoiding legal pitfalls. Transparent communication and proper implementation are key to ensuring a positive experience for all employees.

A GREENER PAYROLL SYSTEM

Going green has never been easier. By reducing reliance on paper checks, Paycards support environmentally friendly business practices. The production and transportation of paper checks consume significant resources, contributing to environmental degradation.

Switching to digital payroll solutions like PayCard aligns with corporate sustainability goals while reducing waste.

For businesses committed to greener operations, adopting paycards is an easy step toward a more sustainable future—one that resonates with environmentally conscious employees and customers alike.

OVERCOMING CHALLENGES

While the benefits of paycards are clear, they're not without challenges. Employees may encounter fees for certain transactions, like ATM withdrawals or balance inquiries. To avoid dissatisfaction, employers must choose providers that offer large ATM networks with no fees.

Additionally, some workers may need guidance on using paycards effectively. Employers should invest time in selecting a paycard provider that focuses on training and resources to ensure a smooth transition. By addressing these challenges proactively, businesses can maximize the advantages of paycards while minimizing potential drawbacks.

Employee paycards are more than a payroll innovation—they're a tool for progress. They empower unbanked workers, reduce costs for employers, enhance security, and support the shift toward digital payments.

As the workplace continues to evolve, paycards will play an even greater role in shaping payroll systems. For employers ready to embrace this change, the rewards are clear: happier employees, lower costs, and a reputation as a forward-thinking business prepared for the future. By adopting paycards, businesses can ensure they stay ahead in a rapidly changing world, benefiting both their workforce and their bottom line. ■



ANDY SONGER

*Channel Sales Manager
Green Dot Corporation
Nashville, TN*

PROMOTING EMPLOYEE MENTAL HEALTH AND WELLBEING

BY WALTER SABIN

As the Chief Talent Officer at Vensure Employer Solutions, I have witnessed firsthand the profound impact that mental health and wellbeing have on both internal employees and client worksite employees. In today's fast-paced and ever-changing work environment, it is crucial to prioritize mental health and create a supportive atmosphere that fosters wellbeing.

Here are some strategies and insights I would suggest on how to promote mental health and wellbeing in the workplace.

Transparent communication.

This is the cornerstone of a healthy workplace. When employees feel informed and included, it reduces anxiety and fosters a sense of trust. Regular updates, open forums, and clear communication channels can help employees feel

more connected and valued. Encourage managers to be open about company goals, changes, and challenges, and to actively listen to employee feedback.

Patience and Empathy. These are essential qualities for leaders and managers. Understanding that employees may face personal challenges and providing support without judgment can make a significant difference. Training managers to recognize signs of stress and to approach conversations with empathy can create a more compassionate workplace. Empathy helps build stronger relationships and encourages employees to seek help when needed. A supportive culture is one where employees feel safe expressing their concerns and seeking help. Encourage open discussions about mental health and reduce the stigma associated with it. Celebrate Mental Health Awareness Month and organize

events that promote mental wellbeing. Creating a culture of support can lead to a more engaged and productive workforce.

Flexibility. Offering flexible work arrangements can greatly enhance employee wellbeing. Flexibility in work hours, remote work options, and the ability to manage personal commitments can reduce stress and improve work-life balance. By accommodating individual needs, employers can create a more inclusive and supportive environment.

Offer Resources. Providing access to mental health resources is crucial. Employee Assistance Programs (EAPs), counseling services, and mental health workshops can offer valuable support. Ensure that these resources are easily accessible and that employees are aware of them. Regularly promote the availability of mental health services and encourage employees to take advantage of them.

Training and Development.

Investing in training and development programs that focus on mental health can empower employees to manage stress and build resilience. Workshops on stress management, mindfulness, and emotional intelligence can equip employees with the tools they need to navigate challenges. Providing opportunities for continuous learning and growth can also enhance overall job satisfaction.

Work-Life Balance. Promoting a healthy work-life balance is essential for mental wellbeing. Encourage employees to take regular breaks, use their vacation days, and disconnect from work outside of office hours. Implement policies that support work-life balance and lead by example. When employees see that their leaders prioritize balance, they are more likely to do the same.

Recognition and Rewards. These can boost morale and motivation. Acknowledge employees' hard work and contributions through regular recognition programs. Whether it's a simple thank you note, an employee of the month award, or a team celebration, recognizing efforts can make employees feel valued and appreciated.

Community. Fostering a sense of community within the workplace can enhance mental wellbeing. Organize team-building activities, social events, and volunteer opportunities that allow employees to connect and build relationships. A strong sense of community can provide emotional support and create a positive work environment.

Economic Stressors. Financial stress can significantly impact mental health. Providing resources and support for financial wellbeing, such as financial planning workshops, access to financial advisors, and employee discounts, can

help alleviate financial burdens. When employees feel financially secure, they are more likely to be mentally and emotionally healthy.

Remote and Hybrid Work. These types of arrangements present unique challenges for employee wellbeing. One of the primary difficulties is the lack of physical presence, which can make it harder to monitor and support employees' mental health. Remote workers may feel isolated and disconnected from their colleagues, leading to increased stress and anxiety. Additionally, the blurred boundaries between work and personal life can result in burnout and decreased productivity. To address these challenges, it is essential to implement strategies that foster connection and support for remote and hybrid employees. Regular virtual check-ins, team meetings, and social events can help maintain a sense of community and belonging. Providing resources for remote work, such as ergonomic equipment and mental health support, can also enhance wellbeing. Encouraging employees to set boundaries and take breaks can help prevent burnout and promote a healthier work-life balance.

Promoting employee mental health and wellbeing is a strategic move that benefits small, mid-sized, and large firms alike.

For small businesses, fostering a supportive work environment can lead to higher employee retention and reduced turnover costs. According to the American Psychological Association (APA), 92% of workers believe it is important to work for an organization that values their emotional and psychological wellbeing. This is particularly crucial for small businesses where each employee's contribution is significant.

Mid-sized firms can see enhanced productivity and engagement by prioritizing mental health. The APA's 2023 Work in America Survey found that 77% of workers reported being satisfied with the mental health support they receive from their employers. This satisfaction translates into higher morale and motivation, which can drive innovation and efficiency within the company. Additionally, providing mental health resources and flexible work arrangements can help mid-sized firms attract and retain top talent in a competitive market.

For large corporations, the benefits are even more pronounced. Implementing comprehensive mental health programs can lead to significant cost savings. Mental Health America (MHA) reports that poor mental health costs employers up to \$1 trillion per year in lost productivity. By investing in mental health initiatives, large firms can reduce absenteeism, and "quiet quitting" leading to a more productive workforce.

Furthermore, creating a culture of support and inclusivity can enhance the company's reputation, making it an employer of choice for high-caliber professionals.

In conclusion, promoting mental health and wellbeing is not just a moral imperative but also a sound business strategy. Whether a company is small, mid-sized, or large, investing in employee mental health leads to a more engaged, productive, and loyal workforce, ultimately driving long-term success. ■



WALTER SABIN

*Chief Talent Officer
Vensure Employer Solutions
Hollywood, FL*

AI TRENDS SHAPING THE FUTURE OF PEOs

BY STAN SMITH

As both traditional AI and generative AI technologies evolve, the insurance industry will see some tremendous changes, which will impact both insurers and PEOs. By leveraging AI, these organizations can address critical challenges, streamline operations and enhance their service offerings.

Here are six key predictions specific to the opportunities they present for PEOs.

1. AI WILL DRIVE NEXT BEST ACTION RECOMMENDATIONS IN UNDERWRITING AND CLAIMS MANAGEMENT

Managing workers' compensation and employee benefits on behalf of their clients can be time intensive and complex for PEOs. This year we will see more PEOs leverage AI to provide **next best action** recommendations for both underwriting and claims management. When underwriting, 'next best action' recommendations provide PEOs with specific suggestions to adjust coverage limits or additional data sources to better assess risk, based on AI-driven insights. Similarly, when overseeing claims, AI can suggest specific next best actions such as seeking

additional documentation or identifying the optimal settlement path based on previous claims data. These advanced insights will streamline decision making, reduce resolution times and create a more seamless client experience.

2. SPECIALIZED GENAI WILL BECOME COMMONPLACE IN INSURANCE

PEOs are continually challenged to keep up with a multitude of evolving state and federal employment laws, joint-employer regulations, paid family leave, and minimum wage requirements. AI tools and their capabilities deliver tremendous benefits, yet they may fall short when it comes to addressing industry-specific needs, like analyzing policy language or understanding regulatory requirements.

As demand grows, purpose-built Generative AI models will evolve to produce increasingly specialized tools that can better interpret nuanced insurance data. These tools will be tailored to analyze intricate policy documents and draft tailored policy language, making them far more effective than general-purpose AI. This shift will enable PEOs to better navigate complex regulatory environments

and improve their ability to design personalized insurance products to align with the diverse needs of their clients.

3. PEOs WILL PHASE IN DIGITAL TRANSFORMATION TO AVOID LEGACY SYSTEM OVERHAUL FAILURES

Many PEOs operating with legacy HR, payroll, and benefits management systems know they need to modernize these systems to stay competitive. However, attempting to replace all core systems simultaneously can become unmanageable, leading to delays and costly setbacks.

In 2025, we will see PEOs take a phased approach to digital transformation, implementing targeted upgrades rather than complete system overhauls. This approach will allow them to focus on specific areas like customer portals or underwriting modules, integrating AI gradually and minimizing disruption to existing operations. This incremental strategy delivers immediate value while ensuring continuity of operations for both PEOs and their clients.

4. SPECIALIZED DATA SOURCES WILL INCREASE INSURANCE RISK ASSESSMENT ACCURACY

A PEO's ability to provide competitive employee benefits policies depends significantly on having accurate risk assessment. Insurers typically use established data sets like historical loss data, demographic information, and general weather reports to assess risk. Current AI models handle broad categories of risk—they rarely leverage niche data sources.

In 2025, PEOs will start to integrate specialized data sources, such as climate and health data to enhance risk assessment and underwriting for deeper insights. For example, tapping into health data, like fitness-related information from smartwatches, can help PEOs differentiate between policyholders who may look the same in a policy application but actually represent vastly different risk profiles (e.g., active triathletes vs. sedentary individuals with significant latent health risks). This specialized data

integration will provide insurers with a holistic view, enabling more accurate policy pricing and claims assessments.

5. AUTOMATED INSURANCE DOCUMENT PROCESSING WILL BECOME SMARTER AND MORE SCALABLE

PEOs may face challenges in managing tremendous amounts of paperwork, including employee records, payroll documentation, and benefits contracts. In 2025, advancements in automated document processing will enable PEOs to manage these documents faster and with better accuracy.

They will be able to process thousands of lengthy, multi-format documents efficiently, handling everything from de-duplicating redundant data to categorizing unstructured records. For example, claims involving extensive medical histories will no longer require tedious manual reviews, as automated systems will quickly summarize and catalog pertinent details across hundreds of pages. This means that

claims processing will be faster, cheaper, and more accurate, allowing PEOs to manage even higher volumes of claims while reducing error rates and improving customer satisfaction.

6. AI MODELS WILL ALIGN WITH NEW REGULATORY DEMANDS

Regulatory compliance is a high priority for PEOs, especially when managing client employee benefits and workers' compensation programs across multiple states. Recently, the National Association of Insurance Commissioners (NAIC) adopted a model bulletin outlining compliance requirements for insurers' AI systems. This bulletin clarifies expectations for development, deployment, and documentation of AI technologies to ensure adherence to state and federal laws.

In 2025, PEOs will begin to adopt transparent, AI-driven models that align with both NAIC guidelines and specific state regulations. These models will also

include explainable AI components to ensure clear, auditable insights into predictive processes to meet compliance demands. For PEOs operating across state lines, these advancements will streamline regulatory adherence and enhance consumer trust by offering transparent, ethical risk assessments. This shift will establish responsible AI use as a foundational standard in the industry, reshaping the role of predictive analytics and data usage in insurance.

PEOs that adopt both traditional and generative AI technologies are positioning themselves to drive meaningful change, unlock new growth opportunities, and deliver greater value to their small and midsized business customers. ■



STAN SMITH
CEO & Founder
Gradient AI
Boston, MA



McHenry Consulting

PEO Mergers & Acquisitions



Matt Claus,
M&A Practice Leader

INCREASE YOUR VALUATION
AND STREAMLINE THE PATH
TO A SUCCESSFUL CLOSE



www.mchenryconsulting.net
678-793-6693

PEO PULSE METRICS HOLD STEADY

NAPEO QUARTERLY PULSE SURVEY—Q3 2024 RESULTS

The results of NAPEO’s PEO Pulse Survey for the third quarter of 2024 show that metrics remained mostly flat from one year ago.

Here are some of the survey’s highlights:

PEO REVENUE INCREASES SLIGHTLY

- 57% of PEOs report revenue increasing somewhat from the 3RD quarter of 2023.
- 23% of PEOs report declining revenue.

WAGES STAY FLAT

- 47% of PEOs report that WSE wages remained that same.
- 43% report WSE wages increased somewhat.

HIRING HOLDS STEADY

- 47% of PEOs indicated that the average number of WSEs per client remained the same.
- 47% of PEOs indicated that the average number of internal employees stayed the same.

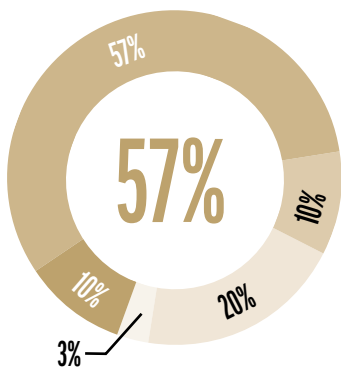
FINANCIAL FOOTING STABLE

- 50% of PEOs reported that gross profit increased either somewhat or significantly.
- 33% of PEO reported declining gross profit.
- 66% reported increases in operating income.
- 43% reported that the number of clients has increased; 17% report declining client counts. ■



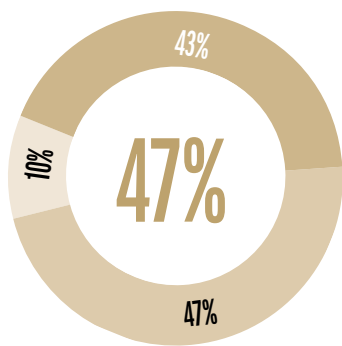
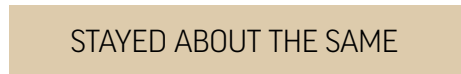
HOW DID THE 3RD QUARTER OF 2024 COMPARE WITH THE 3RD QUARTER OF 2023?

PEO REVENUE



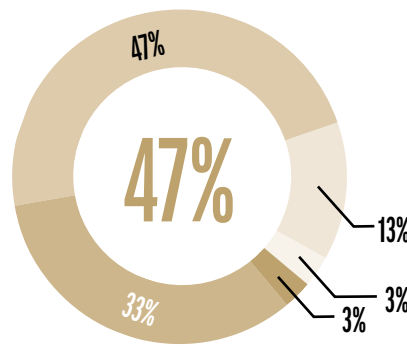
RESPONSE COUNT **30**

AVERAGE ANNUAL WAGE PER WORKSITE EMPLOYEE (WSE)



RESPONSE COUNT **30**

AVERAGE NUMBER OF WORKSITE EMPLOYEES (WSES) PER CLIENT COMPANY



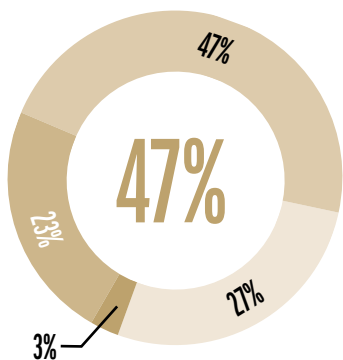
RESPONSE COUNT **30**

NUMBER OF INTERNAL EMPLOYEES (INCLUDING SALESPEOPLE)

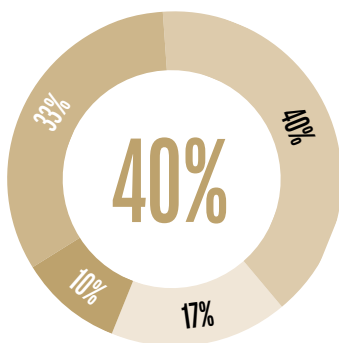
NUMBER OF CLIENTS

STAYED ABOUT THE SAME

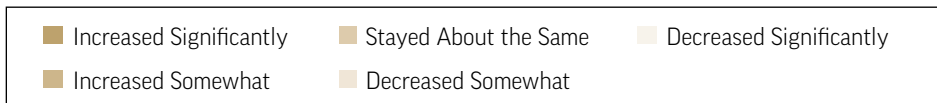
STAYED ABOUT THE SAME



RESPONSE COUNT **30**



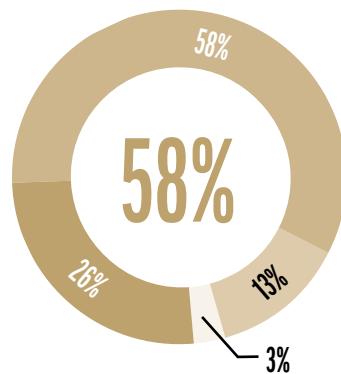
RESPONSE COUNT **30**



HOW DO YOU ANTICIPATE YOUR NUMBER OF WSES WILL CHANGE OVER THE NEXT 12 MONTHS?

WSE PROJECTION

INCREASE SOMEWHAT



RESPONSE COUNT **31**

* The Expected Growth Index is based on the average score on a five-point scale: 1 = Significant Decrease / 3 = No Change / 5 = Significant Increase.

NAPEO's Pulse Survey was developed by the Accounting Practices Committee in 2016 and is conducted quarterly among members to take the pulse of the PEO industry through a series of easy-to-answer questions. For more information about NAPEO's Pulse Survey, please contact Farrah Fielder, ffielder@napeo.org.



Benefits Reconciliation Platform for PEOs #1

- Trusted by **50+** PEOs
- Reconcile **75%** faster than in Excel
- Significantly reduces write-offs**
- Integrates with **PRISMHR & solved**
- Up and running in weeks



Scan here or visit tabulera.com to learn more

Category	Amount	Percentage
Over Collected	\$374.82	100.0%
Under Collected	\$374.82	0%

Person Name	Plan Type	Carrier Plan
1. Jimmy Olsen	Medical	PPO 500 (Select Plus Netwo...
2. Catty Olsen	Medical	PPO 500 (Select Plus Netwo...
3. Clark Joseph Kent	Medical	PPO 500 (Select Plus Netwo...
4. John Henry	Medical	PPO 500 (Select Plus Netwo...
5. Lana Lang	Medical	PPO 500 (Select Plus Netwo...
6. Lois Joanne Lane	Medical	PPO 500 (Select Plus Netwo...
7. Lucy Lane	Medical	PPO 500 (Select Plus Netwo...
8. Perry White	Medical	PPO 500 (Select Plus Netwo...
9. Ron Troupe	Medical	PPO 500 (Select Plus Netwo...
10. Steve Lombard	Medical	PPO 500 (Select Plus Netwo...
11. Dwight Schrute	Medical	PPO 500 (Select Plus Netwo...
12. Michael Scott	Medical	PPO 500 (Select Plus Netwo...



DON'T MISS OUT

on your exclusive, members-only benefits:

Get Connected

- View NAPEO's calendar of upcoming [events and educational webinars](#).
- Keep up to date on PEO issues impacting your state and region via your [Leadership Council activities and communications](#).
- Search your online Member Networking Directory through your [Member Portal](#).
- Check out [NAPEO Forum](#), the online community to connect with other members.

Get Informed

- [Regulatory Database](#) - Provides detailed information about the laws and regulations affecting the PEO industry at the state and federal levels.
- [Marketing Your PEO](#) - A robust library of materials to help you in your marketing and sales efforts.
- [Webinar Archive](#) - On demand access to a variety of topics including accounting, finance, government affairs, legal, and sales.
- [PEO University](#) - Short videos describing every aspect of PEO operations and useful for new folks in the industry.

Get Involved

- Join a [NAPEO Member Committee](#); from government affairs to education to marketing, there is a committee for everyone!
- Join us for our in-person events this year!
 - PEO Operations Workshop | New Orleans, LA | April 8-10
 - PEO Capitol Summit | Arlington, VA | May 20-22
 - Annual Conference & Marketplace | Austin, TX | October 6-8

If you need assistance logging into your NAPEO Portal account to access these benefits, please email Cass Likouris, clikouris@napeo.org.



AD INDEX

Ameritas Retirement Plans	39
Cloud9HR	6
Connecteam	11
Enterprise HR	53
G-P (Globalization Partners)	9
isolated	43
McHenry Consulting	49
PEO Velocity by Compass/PRM	35
Poster Guard Plus™	56
PrismHR	36
PRO Software, LLC	29
Slavic401k	2-3
Tabulera	51
ThinkWare Corporation	55

Boldface type indicates NAPEO Medallion Partner

BROKERS and AGENTS JOIN US



EnterpriseHR works **ONLY** with brokers and agents. We make difficult prospects easy to place in Employee Leasing.

We make earning commissions easy:

- Small businesses, as little as one employee.
- Construction-related businesses.
- Hard to place businesses.
- Companies with previous bad losses.
- Startup companies.
- Our average commission is 2.13% of PAYROLL!
- Certs as fast as 1 day!
- 20 years in business with over 13,000 added in 2019

Contact:

Tim Russell

727.520.7676, ext. 206
888.770.7676
trussell@encorehr.com

700 Central Avenue, St. Petersburg, FL 33701
www.enterprisehr.com

PRODUCTIVE DISRUPTION

BY CASEY M. CLARK

I hope that 2025 is off to a prosperous start for all of you! If the pace at which we've been shot out of a cannon at NAPEO is any indication, it's going to be a busy and productive year.

As I write this, Washington is recovering from a winter storm and bracing for a presidential inauguration, which is an exciting time to be here if you're interested in American politics, history and/or major traffic disruption!

Anyone who lives here appreciates an old adage about your nation's capital: it is a company town and the government is the company. The difference between DC and other headquarter locations is that every new Administration and Congress marks a significant transitional period for everyone. Hundreds or thousands of "company" people and their families move to and from Washington as the power shifts in one direction or another, impacting everything from who your neighbors are, your golf pairings, kids' classmates, and oh yeah, who the decisionmakers are across the federal government.

And while change elections have become the norm, this one feels different.

In total, there are 75 new elected officials in the 119th Congress—12 new senators and 63 new representatives.

60 percent of the House wasn't in office in 2017, the last time the Congress worked on a comprehensive tax package like the one that will be taken up this year. 69 percent of House Ways and Means Committee members—and 63 percent of Senate Finance committee members—are new to the committee since that 2017 effort.



We'll work with the White House, IRS and even the new Department of Government Efficiency on IRS modernization efforts that bog down your business and your client's credits.

This kind of transition can be disruptive, but also incredibly productive.

As you likely know, NAPEO has invested significantly, both through direct lobbying and financial support

through our PAC, to strengthen our relationships with key policymakers on both sides of the aisle. Because of this we are extremely well-positioned with influential legislators.

Since 2017, our industry has committed countless hours to raising the PEO profile to build political capital and accelerate the critical role we play in support of businesses across America. We want policymakers to understand that PEOs ensure timely payment of payroll taxes, assist with state and federal compliance for a new, sprawling workforce and enhance benefits that level the playing field for all employers.

Because of all of this, we've earned a seat at the proverbial table from which we can work with the Congress and the Administration to make meaningful progress on issues that have impacted our growth for years. We will approach our friends on Ways and Means about tax credit liability and statutory recognition of 199A deduction eligibility for PEO clients. We'll work with the White House, IRS and even the new Department of Government Efficiency on IRS modernization efforts that bog down your business and your client's credits (shouldn't the fax machine be the poster child for government inefficiency!?). And we'll keep pressuring the government across the board to pay earned credits to business owners who earned them, starting with PEO claims that have undergone additional layers of scrutiny.

The definition of inauguration is the beginning or introduction of a system, policy or period. Kind of perfect for the new era of PEO comprehension, appreciation and advancement we're embarking on. ■



CASEY M. CLARK

President & CEO
NAPEO
Alexandria, VA



A NEW DAY IN SOFTWARE INNOVATION
A NEW FUTURE FOR YOU

 cohesion
by thinkware

Are You Confident that Your Clients Comply with Employee Handout Requirements?



Federal, state, and even local laws require businesses to distribute various written notices to their employees at specific times. These notices, just like workplace posters:

- Vary from state to state
- Change frequently
- Carry fines for noncompliance

We've got you covered!

The same legal team that guarantees workplace posting compliance through **Poster Guard® Poster Compliance Service** offers a first-of-its-kind service to PEOs: **Mandatory Employee Handout Service** from **Poster Guard Plus**.



DOWNLOAD A FREE E-GUIDE by visiting PosterGuardPlus.com/PEO-Handouts-Eguide:
Mandatory Labor Law Handouts: What Employers Need to Know

Satisfy this critical area of compliance with the **Mandatory Employee Handout Service!**
To learn more, call **954-970-5611**

