

PEO INSIDER®

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PROFESSIONAL EMPLOYER ORGANIZATIONS®

THIS MONTH'S FOCUS

ELEVATING THE PEO VALUE PROPOSITION

STRATEGY & DIFFERENTIATION

CLIENT ENABLEMENT
& RISK MITIGATION

WORKFORCE WELLNESS

COVER STORY

FROM CUBA TO CORPORATE SUCCESS

A FATHER-SON JOURNEY IN THE PEO INDUSTRY

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2026 CRYSTAL BALL

BY BILL MANESS

When I think about what is important for NAPEO to tackle next year, I see a pattern. It's not what's new; it's what's next.

As we are neck deep in client conversions, insurance renewals and the looming January 1 new client start-up deadline, I'm going to attempt to take a pause and look into the 2026 crystal ball.

In the short term, NAPEO will continue fighting the ERTC battle. I can't remember an issue that has lasted this long that has also affected all of us. I predict that there will be progress on the outstanding backlog, and we will hopefully look back and breathe a collective sigh of relief that this boondoggle is finally over (ok, I'm a bit of an optimist).

We will continue our advocacy efforts to pass H.R. 3223. We have made a lot of progress but there is more work to do to get across the finish line. Maintaining bipartisan support will help get this needed legislation passed. It also helps that this year's NAPEO PAC fundraising

total has been the second highest ever. Our PAC is a key part of our advocacy efforts and helps to establish, maintain and strengthen relationships with PEO champions in Congress. If you have contributed to the PAC this year, thank you. It really does make a difference!



We will continue our advocacy efforts to pass H.R. 3223. We have made a lot of progress but there is more work to do to get across the finish line.

At the state level, we have a full plate again. Everywhere we turn states are either creating more issues for us to dive into (think paid leave or mandated

retirement plans) or are putting additional pressure on small businesses with new regulations without considering the PEO relationship (my home state of Kansas is recently guilty of this). More time and energy will be required not only for staff, but for all of us at the grassroots level to contribute our time and energy to support NAPEO's efforts.

Finally, we will begin the process of evaluating NAPEO's revenue structure. We must come together to discuss ideas that will work for the association and its membership going forward. Nobody wants to spend more than they have to, but it is high time we tackle the issue together. I'm not very good at kicking the can down the road, so you can expect me to dive in and drive us toward a satisfactory solution. ■



BILL MANESS

2025-2026 NAPEO Chair
CEO
Syndeo

QUICK HITS



PARTNERSHIP

PAYPLUS SOFTWARE AND PEO PREMIER HEALTH ANNOUNCE STRATEGIC PARTNERSHIP

NAPEO members PayPlus and PEO Premier Health have formed a strategic partnership to bring high-quality health insurance plans to PayPlus's PEO clients. "We believe PEO Premier Health provides our PEO clients access to the best health insurance alternatives in the market today," said Susan Primrose, president of PayPlus Software. "This is a tremendous opportunity for us to partner with PayPlus to bring preferred/enhanced programs to the PayPlus clients, for not only full PEO employer-clients but also ASO, WCO, HRO, and every other type of client relationship a PEO may have," said Jim O'Connor, president and founder of PEO Premier Health.

INSIGHTS

U.S. WORKERS MAY BE RESISTANT TO COMPANIES USING AI FOR PAYROLL

As artificial intelligence becomes more integrated into business operations, recent data indicates that many U.S. workers are wary of employers using it for payroll and paycheck processing. According to a survey of more than 25,000 Americans, 34% of respondents said they are uncomfortable with AI calculating their wages, and 45% said they oppose AI handling payroll inquiries instead of a person. Experts say it's important to keep human oversight in place to ensure employee trust. At the same time, organizations are expected to keep testing AI tools alongside personalized support, making transparency and clear communication essential to addressing worker concerns.

INNOVATION

G-P UNVEILS THE NEXT GENERATION OF G-P GIA™

NAPEO member G-P (Globalization Partners) has launched the next generation of G-P Gia, an agentic AI solution designed for compliant global HR. Gia is a comprehensive agent that provides HR guidance, creates policy documents, completes tasks, proactively monitors employment law changes and more. "G-P Gia delivers trusted, verified sources to provide better outcomes and stronger compliance for today's most pressing HR and business needs," said Nat Natarajan, chief operating officer at G-P.

KUDOS

THRIVE PEO NAMED 'BEST HR OUTSOURCING COMPANY' FOR FIFTH CONSECUTIVE YEAR

NAPEO member Thrive PEO has been named "Best Human Resources Outsourcing Company" by the Tulsa World's Best in the World Awards for the fifth consecutive year. "This has truly been a remarkable year for Thrive PEO. To be named Tulsa's Best HR Outsourcing Company for the fifth year in a row, while also earning recognition on the Inc. 5000 as one of America's fastest-growing companies, is both humbling and energizing," said Thrive PEO Co-Founder and CEO Jon Scoggins.

LEADERSHIP

COADVANTAGE AND PRIMEPAY ANNOUNCE COMBINED LEADERSHIP TEAM FOLLOWING MERGER

NAPEO member CoAdvantage and PrimePay announced the leadership team for their newly merged company, bringing together industry experts to leverage the strengths of both organizations. The team will focus on introducing new and improved products and features aimed at increasing client satisfaction, expanding market share and driving revenue growth. "This isn't just a merger of two companies; it's a convergence of top talent from across the industry. Our team's expertise will continue to drive a best-in-class experience and partnership for businesses everywhere," said CEO John Cumbee.

ONEDIGITAL EXPANDS NATIONAL PEO PRACTICE WITH ACQUISITION OF WOMEN-LED APPLIED COMPANIES



NAPEO member OneDigital has acquired The Applied Companies (TAC), also a NAPEO member, marking its first PEO acquisition in Nevada and further accelerating the growth of its national PEO practice. “By combining our strengths with TAC’s professional team, we can offer an even broader range of services and deeper expertise to businesses throughout Nevada, all while maintaining our commitment to local ownership and personalized client care,” said Ted Crawford, CEO of OneDigital’s PEO division. “By partnering with OneDigital and their nationally expanding PEO

platform that shares our values and commitment to excellence, we can better support the unique needs of our community, while offering clients the advantages of a broader network,” said Celeste Johnson, CEO of The Applied Companies.

GRADIENT AI PARTNERS WITH CONNEXURE TO STREAMLINE RISK MANAGEMENT WORKFLOWS FOR CARRIERS AND MGUS

NAPEO member Gradient AI has partnered with Connexure, a leading provider of quoting, underwriting and administrative software for the self-funded market. The collaboration provides a more integrated workflow for customers, empowering them to make faster decisions and achieve better outcomes. “We are excited to collaborate with Connexure to bring the joint power of seamless, end-to-end workflow and dynamic AI-driven predictive analytics and insights together to our customers,” said Stan Smith, founder and CEO of Gradient AI.



G-P



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ANALYSIS

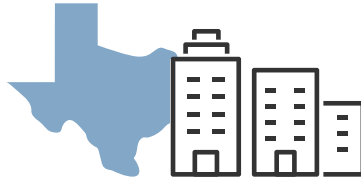
STUDY FINDS INSPERITY HR360 DELIVERED A POSITIVE 3-YEAR RETURN ON INVESTMENT AND SIGNIFICANT QUALITATIVE BENEFITS

NAPEO member Insperity released the results of a commissioned study showing the economic impact of its HR360 solution, including a 77% return on investment over three years driven by measurable financial benefits. “We believe this study reinforces the impact of our Insperity HR360 solution and how it enables businesses to focus on growth by reducing the administrative burden of HR,” said Kathy Johnson, executive vice president of strategic development at Insperity.

CONGRATULATIONS

KEY RISK RECOGNIZED AS A TOP WORKPLACE IN INSURANCE FOR 2025

NAPEO member Key Risk (a Berkley company) has been named to the 2025 Best Places to Work in Insurance list. This is the sixth consecutive year and eighth time overall Key Risk has earned this national recognition. “At Key Risk, we are committed to fostering an environment where our employees can thrive, grow, and succeed. This recognition is a testament to the exceptional workplace we’ve built together and the strong relationships we’ve cultivated with our customers. Ultimately, it’s our people and their dedication that make this achievement possible,” said Key Risk President Scott Holbrook.



M&A

G&A PARTNERS ACQUIRES SAN ANTONIO-BASED PEOs INTEGRITY HRM AND COVENANT SERVICES

NAPEO member G&A Partners has acquired Integrity HRM and Covenant Services, two prominent PEOs based in San Antonio, Texas. “Both firms share a client-first approach and dedication that closely mirrors our own core values, making these acquisitions a natural fit,” said G&A Partners President and CEO John W. Allen. “These two acquisitions will expand our presence in the San Antonio market and allow us to provide small and medium businesses there with even more competitive benefits, state-of-the-art HR technology, and the resources they need to focus on achieving their business goals.”

KUDOS

PAYROLLORG RECOGNIZES G&A PARTNERS WITH 2025 MANAGEMENT PRISM AWARD

NAPEO member G&A Partners won the 2025 Management Prism Award, one of PayrollOrg’s highest honors. The award spotlights companies advancing the strategic function of payroll within their organizations and for their clients. “Receiving the Management Prism Award is a true testament to the dedication and expertise of our payroll and leadership teams. Our highest priority is ensuring every client employee receives their hard-earned wages accurately and on time, and this award validates our commitment to that mission,” said Erin Rafferty, vice president of payroll operations and client onboarding at G&A Partners.

PARTNERSHIP

BIZCARE BENEFITS & PRISMHR PARTNER TO OFFER AFFORDABLE, FLEXIBLE ICHRA PLANS

NAPEO member PrismHR has partnered with BizCare Benefits, a leading health benefits platform, to give PEOs and their clients access to BizCare’s fully automated ICHRA solution, which provides employees with portable health insurance options not available through traditional plans. “At PrismHR, we understand our clients are always looking for the best benefits to support the needs of their customers. By integrating BizCare’s unique solutions to our platform, we’re empowering our clients to deliver the most flexible and employee-friendly solutions on the market,” said Aleksandra Boruk, senior vice president of customer success and client growth at PrismHR. ■

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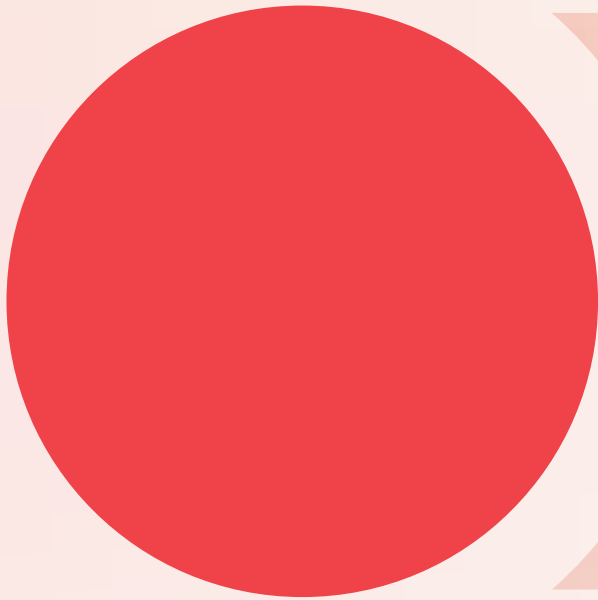
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STRATEGY & DIFFERENTIATION

We're Not Selling Chlorine
Escaping The Peo Commoditization Trap

BY MATT CLAUS



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RECLAIMING YOUR STRATEGIC EDGE TO WIN THE SMBs NOT USING THE PEO MODEL

The PEO industry stands at a strategic inflection point. Market awareness is rising, but so is a quiet threat: commoditization. When any business sounds the same—offering payroll, benefits, and compliance as interchangeable features—price becomes the battleground, and loyalty erodes.

This is happening more and more today. We know this because EVERY client of McHenry Consulting deals with this issue. Compete on price, and you risk becoming a vendor. Compete on differentiated value, and you unlock market opportunity—businesses that have never engaged a PEO and don't yet understand what they're missing. Current clients may not fully appreciate what you are delivering today.

This piece explores how commoditization creeps in—and how PEOs can fight back by elevating their true value proposition.

THE DRIFT TOWARD SAMENESS: COMMODITIZATION IN ACTION

Industries like industrial chemicals accept commoditization as a norm. Chlorine from one supplier is indistinguishable from another. Price rules.

But PEOs are not selling chlorine. PEOs are selling transformation. The outsourced payroll industry faced this same trap and evolved into Human Capital

ELEVATING THE PEO VALUE PROPOSITION



“ Your value proposition isn’t a list of services—it’s a promise of impact. It’s the difference between being a vendor and being a growth partner.

Management—layering in strategic services, analytics, and integrated platforms. Those who failed to evolve were left behind. Today, several forces are pushing PEOs toward commodity status. This is how it shows up:

Over-standardization: When many market participants lead with payroll, benefits, and compliance functionality, differentiation disappears. Note the word “functionality” as this is key to where sales positioning can fail. More on this later.

Tech-first positioning: Software is powerful, but it’s not the whole story. During the PPP crisis, it wasn’t tech that saved clients—it was your people.

Price-led messaging: When cost becomes the headline, value gets lost in the shuffle.

If this trajectory continues, the consequences are clear:

Eroded perception: Clients may see all PEOs as interchangeable.

Compressed margins: Premium pricing becomes harder to defend.

Stalled innovation: It becomes harder to bring new products and services to the market when you aren’t getting paid for your current offering.

This would be a loss for the industry—and for the businesses you serve. PEOs have the power to transform how companies grow, scale, and lead. That story must be reclaimed.

REDISCOVERING YOUR VALUE PROPOSITION: FROM VENDOR TO A PARTNER THEY WOULD NOT CONSIDER LEAVING

Your value proposition isn’t a list of services—it’s a promise of impact. It’s the difference between being a vendor and being a growth partner. To sharpen your edge:

Lead with outcomes: Talk about profit, retention, scalability, and culture vs something as functional as “payroll.” Value is the “what,” payroll is a “how.”

Tell real stories: What is your purpose? Why are you in this business?

Highlight emotional ROI: How do CEOs sleep better? How do employees feel more supported, and thus motivated to achieve more? These are the things that drive people to good decisions.

PEOs don’t just handle tasks. PEOs remove friction, unlock growth, and elevate leadership.

THE MARKET THAT DOESN’T KNOW YOU YET

Here’s the real opportunity: Most U.S. businesses have never worked with a PEO and/or are unclear on what it is. Not because they’ve rejected the model—but because they don’t understand it.

This isn’t a market penetration problem. It’s a messaging problem. To reach the majority:

Reestablish how you position your value:

Assume your audience doesn’t know what a PEO is—or thinks it’s only for enterprise firms. Perhaps take a step back and check in on your approach to prospects and client reinforcement of value.

Segment by pain, not headcount: A 10-person firm might be drowning in compliance. A 50-person firm might be scaling fast. Tailor accordingly.

Reframe identity: Show how partnering with a PEO transforms the owner’s effectiveness—from task manager to strategist.

FINAL THOUGHT: LEAD YOUR CLIENTS AND PROSPECTS INTO A HIGHER PERSPECTIVE

In a landscape of flat pricing and standard service menus, the winning PEOs will be those who claim a higher mission: guiding businesses through complexity, growth, and change.

That’s the promise that speaks to the SMB—not “we do payroll,” but “we unlock your potential to achieve more.” ■



MATT CLAUS

M&A Group Practice Leader
McHenry Consulting
Atlanta, GA

BEYOND COMPLIANCE

How Strategic
Handbook Services Drive
PEO Differentiation

BY KRISTEN FRADIANI



The PEO industry has reached an inflection point. While traditional service offerings like payroll processing, benefits administration, and risk management remain foundational, they no longer provide the competitive edge they once did. As the market matures and client expectations evolve, successful PEOs are discovering that differentiation lies not in the breadth of services alone, but in how strategically those services are positioned and delivered.

One area ripe for strategic repositioning is employee handbook development and management. What many PEOs still treat as a compliance checkbox represents a significant opportunity to demonstrate expertise, build deeper client relationships, and create sustainable revenue streams. The transformation of handbook services from administrative necessity to strategic advantage offers a compelling case study in PEO diversification.

THE SHIFTING CLIENT LANDSCAPE

Small and midsize business clients in 2025 operate in an increasingly complex environment. They navigate evolving employment laws across multiple jurisdictions while simultaneously working to scale operations, attract talent, and build cultures that reflect their values. As we approach 2026, emerging workplace trends around artificial intelligence integration, flexible work arrangements, and evolving leave policies are creating additional layers of complexity that require proactive guidance. These clients aren't simply looking for vendors to handle administrative tasks. They want strategic partners who can provide clarity, reduce risk, and actively support their growth objectives.

This shift in client expectations creates both challenges and opportunities for PEOs. Organizations that continue to position their services primarily through a cost-savings or risk-mitigation lens may face being seen as interchangeable vendors and find themselves competing primarily on price. However, those that can demonstrate strategic value and operational impact have the opportunity to strengthen client relationships and command premium positioning in the marketplace.

The employee handbook is one of the clearest, most visible demonstrations of compliance in practice, allowing PEOs to show clients that regulations are not only understood but applied consistently across the organization. Rather than simply providing a template or basic compliance document, forward-thinking PEOs are leveraging handbook

development as a platform to demonstrate their understanding of legal obligations, client culture, industry dynamics, and operational goals.

TRANSFORMING SERVICE DELIVERY

The strategic approach to handbook services begins with reframing the conversation. Instead of presenting the handbook as a required document, successful PEOs position it as policy infrastructure that guides decisions, drives consistency, and reduces operational risk across the client's entire organization.

This reframing opens up numerous opportunities to demonstrate value. During the initial handbook development process, PEO teams can conduct stakeholder interviews to understand company tone, goals, and culture. This deeper engagement provides valuable insights into how the client operates, what they prioritize, and where they may need additional support down the road.

The handbook development process also creates natural touchpoints for showcasing expertise across multiple areas. Federal and state policy requirements, classification of employment relationships, performance management philosophy, and diversity, equity, inclusion, and belonging principles all represent opportunities to demonstrate knowledge and provide guidance that extends well beyond basic compliance.

Implementation becomes equally important as content development. Rather than simply delivering a completed document, strategic PEOs structure their handbook rollout as a comprehensive change management initiative. This might include creating quick-reference tools for managers, providing targeted training to ensure consistent policy enforcement, and establishing systems for tracking acknowledgment and version control.

BUILDING LONG-TERM VALUE

The ongoing maintenance and optimization of client handbooks represents perhaps the greatest opportunity for PEOs to transition from service provider to strategic advisor. Regular policy updates driven by regulatory changes, quarterly or annual reviews aligned with evolving business goals, and proactive policy refreshes based on workforce trends all demonstrate ongoing commitment to client success.

These maintenance services also create natural opportunities to identify and introduce additional services that align with client needs. During handbook review sessions, PEO teams can uncover requirements for leave and time-off policy

ELEVATING THE PEO VALUE PROPOSITION

management, compliance training, employee relations support, or multi-state policy alignment. This consultative approach to service expansion feels organic to clients rather than transactional.

Version tracking and audit readiness support also provide measurable value that clients can easily understand and appreciate. In an environment where regulatory compliance carries real financial and reputational risk, the ability to demonstrate consistent, up-to-date policy documentation becomes increasingly valuable.

REVENUE AND RETENTION IMPLICATIONS

From a business development perspective, strategic handbook services offer multiple advantages. The customization required for effective handbook development creates natural barriers to client switching, as competitors would need to invest significant time and effort to understand and recreate the client's specific policy framework.

The ongoing nature of handbook maintenance also supports predictable revenue streams through annual retainer arrangements or periodic update services. These recurring touchpoints strengthen client relationships and provide regular opportunities to assess satisfaction and identify expansion opportunities.

Perhaps most importantly, the visibility and practical utility of well-crafted handbooks make them powerful tools for demonstrating value to client organizations. Unlike many PEO services that operate behind the scenes, handbooks are used daily by managers and employees across the organization. When these documents are clear, comprehensive, and aligned with company culture, they serve as constant reminders of the PEO's contribution to organizational effectiveness.

MARKETING AND THOUGHT LEADERSHIP OPPORTUNITIES

Strategic handbook services also provide rich content for marketing and thought leadership initiatives. Real client questions about policy interpretation can be transformed into blog posts, articles, or guides that demonstrate expertise and generate leads. Seasonal campaigns around policy audits or handbook updates create opportunities for proactive client engagement.

Webinars covering timely topics like inclusive policy language, supervisor readiness, or multi-state compliance issues allow PEOs to showcase their knowledge while providing valuable educational content to prospects and clients. Case studies highlighting successful handbook rollouts or policy

implementations offer concrete examples of value delivery.

OPERATIONAL CONSIDERATIONS

Successfully scaling strategic handbook services requires careful attention to operational efficiency. The customization and ongoing maintenance that create client value also demand significant expertise and time investment. PEOs must balance the desire to provide personalized service with the need to maintain profitability and operational consistency.

Technology solutions for document management, version control, and client collaboration become essential infrastructure for organizations looking to scale handbook services effectively. Investment in compliance monitoring systems and legal expertise also ensures that the quality and accuracy of handbook content can be maintained across a growing client base.

LOOKING AHEAD AT 2026

The evolution of handbook services from compliance necessity to strategic advantage reflects broader trends in the PEO industry. As clients become more sophisticated in their expectations and more selective in their vendor relationships, PEOs must find ways to demonstrate unique value and deep partnership.

The organizations that successfully make this transition will be those that can identify service areas ripe for strategic repositioning and invest in the capabilities needed to deliver differentiated value. Employee handbook services represent just one example of how traditional PEO offerings can be transformed into competitive advantages.

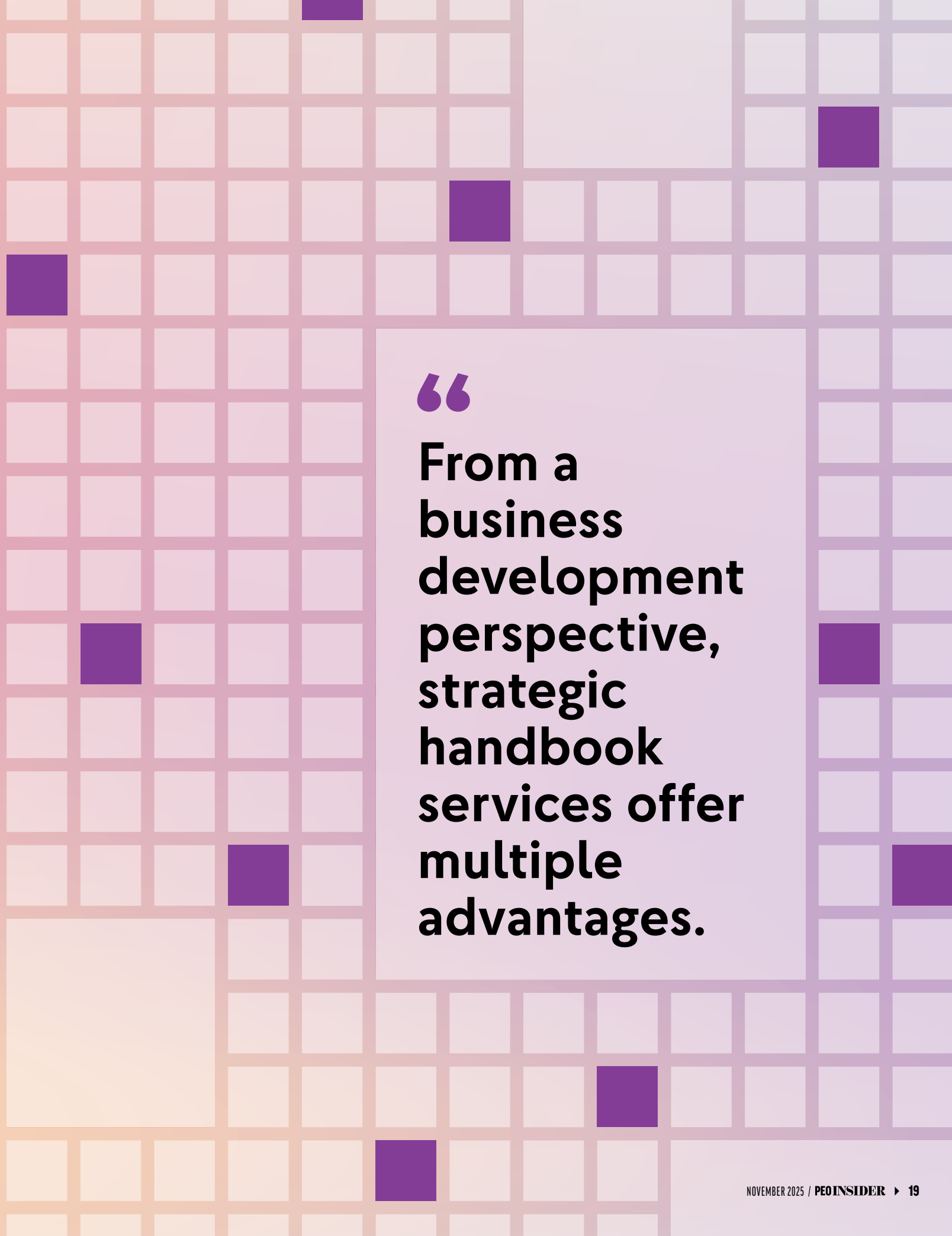
For PEO leaders evaluating diversification strategies, the handbook example offers valuable lessons about the importance of client perspective, strategic positioning, and operational excellence in creating sustainable differentiation. The most successful diversification efforts will likely be those that build naturally on existing capabilities while addressing evolving client needs in ways that competitors find difficult to replicate.

The future of PEO growth lies not necessarily in adding entirely new service lines, but in transforming existing capabilities into strategic advantages that clients value, understand, and find difficult to replace. ■



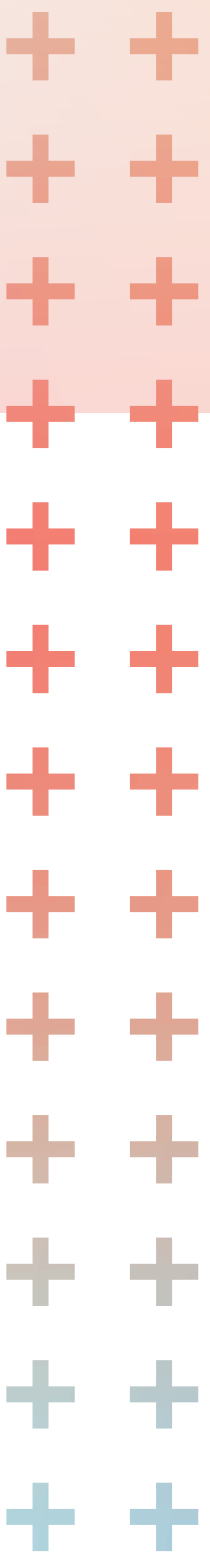
KRISTEN FRADIANI

*Content Marketing Manager
BLR
Branford, CT*



“

**From a
business
development
perspective,
strategic
handbook
services offer
multiple
advantages.**



Understanding The Role of the PEO Broker in the Evolving Industry Landscape

BY NATE OLSEN

The PEO industry has advanced and developed over the years by helping businesses of all sizes access world-class HR, regulatory compliance, and benefits support. Today, as the marketplace matures further and competition expands, a new partner is emerging as an increasingly important part of the PEO ecosystem: the PEO broker.

Much like the way financial advisors help individuals navigate investment options, PEO brokers guide businesses through the increasingly crowded and sometimes confusing PEO marketplace. With more than 500 PEOs operating across the United States, ranging from the largest national firms to niche providers specializing in individual industries or offerings, the sheer number of choices can be overwhelming for some small and medium-sized businesses. This is where brokers are providing a valuable resource for both companies and PEOs alike.

A GROWING MARKET OF PEO BROKERS

The community of PEO brokers has increased steadily in recent years, reflecting a broader shift in how companies approach HR outsourcing decisions. Rather than relying solely on their own limited research or defaulting to the most recognizable names, businesses are increasingly looking for an informed, unbiased partner to help them identify the best HR services provider for their needs.

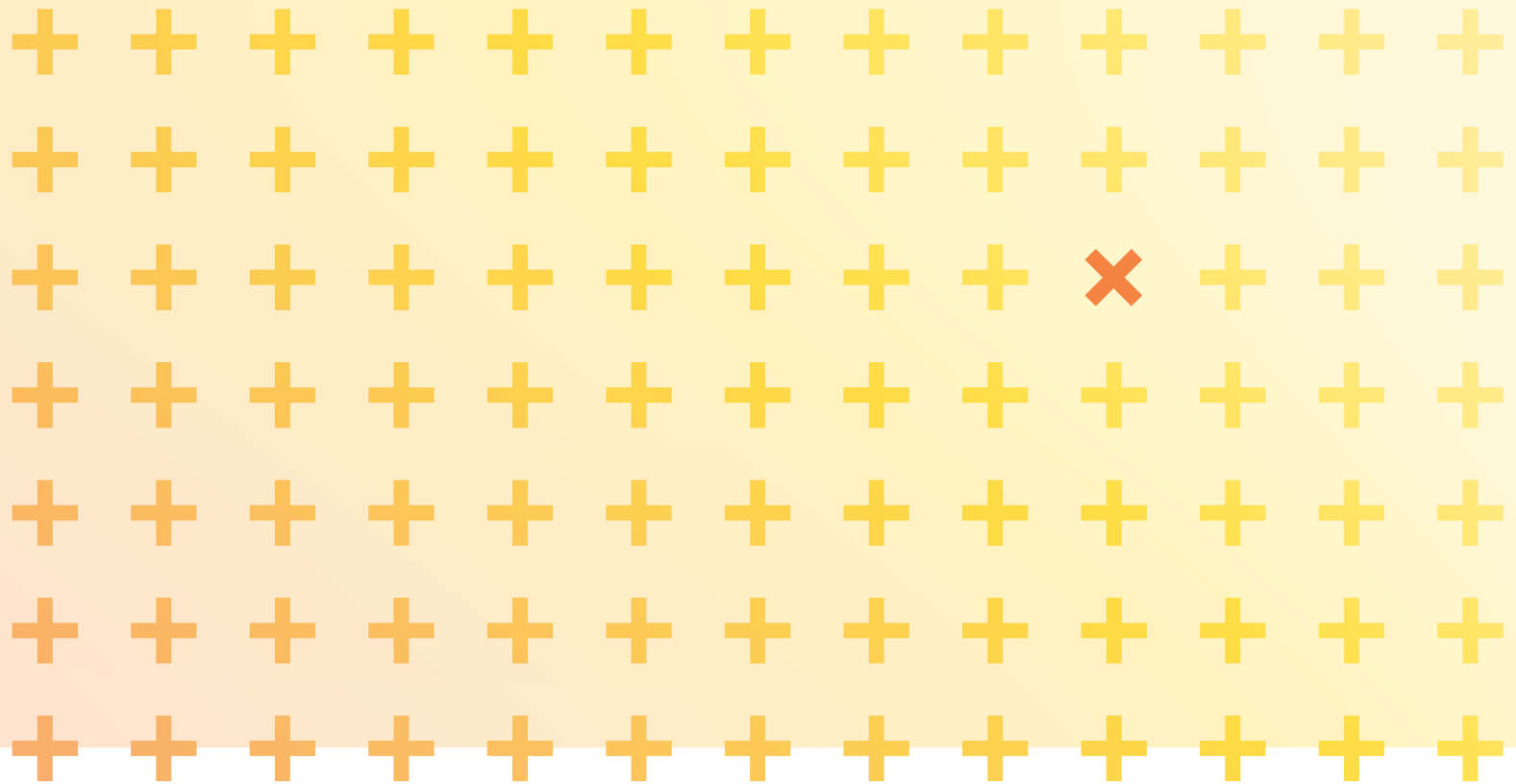
PEO brokers serve as an extension of a company's leadership and HR teams, doing the heavy lifting to

quickly and efficiently evaluate providers, compare service models, and deliver customized recommendations. This is particularly beneficial for small and mid-size businesses, which often lack the resources or expertise to conduct a thorough search of PEO options on their own.

THE MANY REASONS WHY COMPANIES ARE INCREASINGLY PARTNERING WITH PEO BROKERS

In many cases, the person who oversees a company's HR functions or the organization's CFO is tasked with finding the first or next PEO for a business. However, even highly seasoned professionals can run into issues. The most well-known PEOs or those that promote attractive pricing models often do not fit a company's unique needs. On top of that, the individuals tasked with locating a PEO are not always certain they are aware of all the right questions to ask. Many are fearful of hidden costs or failing to confirm the availability of certain services that are highly valued by employees. Other times, they simply feel like they could use a better overall understanding of the PEO industry and worry there are better, harder to locate HR partner options out there that are more likely to fit the current needs of their organization.

There's also the time commitment. Thoroughly investigating all the possibilities can take several days or even weeks. It often requires web research, talking to sales staff and creating comparison spreadsheets to help leaders make an informed choice. The tensions caused by conducting a search



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As the demand for PEO services continues to grow, so too will the need for trusted advisors who can help businesses make informed decisions.

while performing other critical business tasks can leave some professionals feeling less confident about the search process and their eventual decision.

In comparison, PEO brokers offer a valuable, time-saving solution. They can sort through hundreds of options – instead of limiting their search to the largest firms, brokers consider the full spectrum of

providers, including industry-specific PEOs with specialized expertise. Some PEOs focus primarily on serving the medical field, construction, or even tech-forward companies. The options are nearly endless.

A broker can offer customized recommendations by assessing a business's size, industry, and goals, matching companies with PEOs that best align with their needs. Brokers also know how to streamline the evaluation process, allowing HR and leadership departments to maintain their focus on their strategic initiatives until it's time to sit down to look at the data and make an informed choice.

MAXIMIZING BENEFITS FOR THE PEO COMMUNITY

While there are numerous reasons why businesses are increasingly partnering with brokers, PEOs also benefit from these relationships as well. PEO brokers serve as an additional channel for connecting PEOs with companies that are well-matched to their offerings. This cannot only shorten the sales cycle, it also has the potential of improving long-term client satisfaction. Companies with well-matched PEOs are more likely to provide positive feedback and retain a partner that truly fits their needs.

Brokers also help expand the reach of smaller or specialized PEOs that may not have the same brand recognition as other HR service providers. By bringing these unique offerings to the forefront, brokers contribute to a more diverse PEO marketplace, ultimately benefiting the PEO industry as a whole.

LOOKING AHEAD

As the demand for PEO services continues to grow, so too will the need for trusted advisors who can help businesses make informed decisions. PEO brokers are filling that role, serving as a bridge between businesses seeking PEO solutions and the providers best equipped to meet those needs.

As the PEO landscape evolves, brokers are becoming an integral part of the HR services ecosystem, ensuring that businesses locate the right PEO partner as the industry continues to expand its reach, services and profitability. ■



NATE OLSEN

President
BestFit PEO Solutions
Houston, TX





Client Enablement & Risk Mitigation



building manager confidence through proactive training a win-win for clients and PEOs

BY KRIS TANNER

If you've worked in Human Resources within a PEO, you know one of the greatest challenges lies in how client companies manage employee issues. Missteps in handling employee relations not only create operational strain but also expose both the client and the PEO to risks including unemployment claims, higher unemployment tax rates, wrongful termination allegations, or even discrimination charges.

Consider this common situation. You receive notice from any given state advising you of a claim. Maybe the claimant's name is familiar, maybe it's not. You review documents in the HRIS system and maybe even scroll through email communications searching the claimant's name to see what information you may have regarding the claimant and come up with nothing. You reach out to the client who advises you that

yes, in fact, they did terminate the employee, and then they state that they "have had so many conversations with this guy and they finally had to move on!" That's not exactly the ideal response. In those situations, the client doesn't say "let me send you all of our documentation that the claimant acknowledged when they were employed" (wishful thinking).

PEOs are uniquely positioned to mitigate this type of risk. By equipping client managers with professional, proactive training, PEOs can help ensure issues are handled correctly, documented properly, and ultimately resolved in ways that reduce liability for all parties involved.

INTRODUCING ROW PARTNERS' MANAGER TRAINING PROGRAM

In 2023, Row Partners launched a manager training program designed to empower

client managers with the knowledge and confidence they need to effectively address employee issues. The program emphasizes consistent documentation, proactive issue resolution, and understanding the implications of HR practices on business outcomes.

Managers who complete the training:

- Gain tools to confidently handle workplace challenges.
- Reduce reliance on "panicked" calls to the PEO's HR team.
- Strengthen their ability to escalate only complex cases, freeing HR resources for higher-level support.

The result is a win-win: client companies benefit from improved issue management, and PEOs see reduced liability exposure while deepening their client relationships.

WHY MANAGER TRAINING MATTERS

Many organizations promote their top performers into management roles, only to discover that technical excellence doesn't always translate into managerial success. Skills like conducting difficult conversations, holding employees accountable, and motivating teams often require intentional training. Without it, even well-meaning managers can inadvertently increase company risk through poor documentation or inconsistent handling of employee issues.

As one HR mentor wisely put it: "If it's not documented, it didn't happen." Yet too often, client managers don't realize the importance of this principle until a mishandled issue results in real consequences.

HOW THE PROGRAM WORKS

Row Partners' program is structured to balance accessibility with effectiveness:

Content: Core topics include Common Employee Issues, Corrective Action and Documentation, Proper Handling of Terminations, and Defending Against Unemployment Claims.

Delivery: A blend of webinar-style sessions (limited to 10 participants for interactivity) and client-specific closed enrollments.

Incentive: Clients receive an invoice credit when managers complete all training within 90 days, an investment that encourages participation.

Engagement: Managers interact directly with Row Partners' HR team, creating familiarity and reducing barriers to future communication.

Resources: Participants receive reusable training materials and must complete a feedback survey before certification.

Feedback has been overwhelmingly positive. One manager noted:

"I had an employee commit job abandonment the day after my Common Employee Issues course, and I felt much more confident handling the situation than I would have before the course."

Another client shared:

"The interactive sessions had a big impact on our managers."

STRENGTHENING THE PEO VALUE PROPOSITION

This program has proven to be a differentiator for Row Partners. Even when clients choose not to participate, the availability of professional, no-cost training strengthens the value proposition of the PEO relationship. It demonstrates a clear investment in client success, risk reduction, and long-term partnership.

GETTING STARTED WITH DEVELOPING A CLIENT TRAINING PROGRAM

If you are considering creating a training program for clients, here are a few practical steps to begin:

1. Identify a common need. It is not feasible to design a custom program for every client challenge, so focus on a recurring issue that impacts multiple clients. For us, the need was twofold: many client managers lacked experience, and they were often unsure how to conduct critical conversations or deliver corrective feedback with confidence.
2. Assess how your team can address that need. In our case, the solution began with developing a basic training curriculum and designing engagement strategies to encourage participation.

For example, we discovered that managers were not documenting employee issues, not out of unwillingness, but due to a lack of knowledge. Most managers want to do the right thing; they simply need the skills and tools to succeed.

Once you have identified the key needs, the most important step is to start. Develop the curriculum, explore what resources your LMS partner can provide to balance human and system support, and communicate the value clearly to clients. Enthusiasm for the program, coupled with a focus on client benefits, will drive adoption.

Finally, consider offering incentives. In our program, we not only provide the training at no cost, but also issue an invoice credit for each manager who completes the training. This approach makes it difficult for clients to find a reason not to participate, and ensures that everyone benefits from stronger, more confident managers. ■



KRISTANNER

Director of Human Resources
Row Partners
Sandy, UT

point solutions are costing your clients talent

BY TEVIS PAXTON

The labor market is in a state of flux. Despite shifting economic signals, one reality holds steady: employers continue to struggle to find and retain the talent they need to grow. SMBs in particular face disproportionate challenges because they lack the HR staff, resources, and technology that larger competitors leverage to streamline hiring and onboarding.

When I submitted this piece ahead of NAPEO's Annual Conference & Marketplace, these dynamics were already clear. After the event, I expect they'll feel even more validated. PEOs are expected to deliver more than just compliance and payroll, but to deliver strategic value. This is especially evident in the realm of talent acquisition. Recruiting and onboarding have emerged as defining services for PEOs, and the ability to offer integrated technology supported by true expertise has become a critical differentiator.

TECH ALONE DOES NOT SOLVE HIRING CHALLENGES

For many SMBs, the instinct is to purchase point solutions for applicant tracking or digital onboarding. Unfortunately, these tools often fall short:

- They are disconnected from existing payroll and HR systems.
- They require technical expertise that clients do not have.
- They offer limited or generic support.

The result is underutilized software that never reaches its potential. This is where PEOs can shine. By bundling recruiting and onboarding technology into their service stack and backing it with world-class support, PEOs help clients achieve adoption, efficiency, and measurable outcomes.

THE ROI OF INTEGRATED RECRUITING TECHNOLOGY

When recruiting technology is delivered through a PEO partnership, the return on investment multiplies:

Faster time-to-hire: Open roles are filled sooner, minimizing lost productivity and preventing staff burnout.

Employee count growth: Your customers can grow their teams faster and more sustainably, allowing PEOs to take care of what they do best with dedicated new hires.

Improved retention: A seamless onboarding process creates a positive first impression and fosters long-term engagement.

Reduced compliance risk: Features like digital Form I-9, secure e-signatures, and automated workflows help prevent costly errors and penalties.

Stronger employer brand: Candidates judge organizations by their hiring process. Modern, streamlined tools help SMBs stand out in a competitive market.

PRO

These outcomes are more than operational efficiencies. They are strategic advantages that directly impact client growth and sustainability.

THE POWER OF SUPPORT BEHIND THE TECH

The real differentiator for PEOs is not just offering software. It is offering software that works for every client. That happens through support:

- Expert guidance ensures technology is implemented properly from day one.
- Customization helps allow workflows and processes to fit the unique needs of each business.
- Ongoing optimization ensures clients continue to get value as their business evolves.

This combination of technology plus support transforms a piece of software into a true driver of business outcomes. It also sets PEOs apart from the point-solution vendors that crowd the HR tech marketplace.

DELIVERING STRATEGIC VALUE IN A COMPETITIVE MARKET

PEOs must demonstrate their strategic value proposition. Offering integrated recruiting technology backed by high-touch support does exactly that. It proves to clients that their PEO is:

- Addressing their pressing hiring challenges.
- Investing in tools that drive real business results.
- Committed to being more than a vendor, but a partner in growth.

For PEOs themselves, the value is twofold: clients see better outcomes, and the PEO deepens client loyalty and retention.

THE HIDDEN ROI REVEALED

The labor market will remain unpredictable, but the companies that succeed will be the ones that can consistently attract, hire, and retain the right people. PEOs have an opportunity and a responsibility to help make that happen.

The hidden ROI of recruiting technology lies not in the software alone, but in the partnership between integrated tools and expert support.

By delivering both, PEOs do more than solve today's hiring challenges. They cement themselves as indispensable partners in their clients' success. ■



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ELEVATING THE PEO VALUE PROPOSITION

WORK FOR
WELL

PARADES

Why Cyber Safety Drives Employee Wellness

How PEOs Can Help Protect People And Productivity

BY CORDERO ROTONDO

Idenity theft isn't just an IT concern anymore. It's one of the most urgent employee wellness challenges companies face today.

Two out of three employees are already worried about becoming the victim of a scam before they even start work. And when identity theft strikes, the impact can be devastating for them as well as the organization they work for. In fact, the Federal Trade Commission (FTC) estimates that it can take approximately six months and 200 hours of work to recover from an identity theft.

For small and mid-sized businesses (SMBs), that disruption doesn't just hurt employees—it ripples across entire teams. Lost time. Emotional strain. HR and manager involvement. Productivity stalls. Morale dips.

But there's good news: PEOs are in a unique position to help. By integrating identity protection into benefits packages, PEOs can offer a proactive, wellness-focused solution to a very modern problem. And when employees are protected at home, they're more present at work.

THE NEW LINK BETWEEN CYBER SAFETY AND MENTAL HEALTH

With hybrid work now becoming the norm and personal devices used for business tasks, digital boundaries are blurrier than ever. That means

cyberthreats—phishing, scams, account takeovers—don't stay “at home.” They follow employees into the office in the form of distraction, emotional exhaustion, and even absenteeism.

The toll is real. Victims often feel shame, fear, and helplessness. One convincing scam can spark a chain reaction of anxiety, credit damage, and financial fallout. And this emotional weight doesn't clock out at 5 p.m.

In fact, workplace distraction related to identity stress costs businesses 14 to 15 times more than health-related absenteeism. That's a staggering impact—and a compelling call to action for benefits leaders.

FOR SMBs, THE COST IS EVEN HIGHER

When identity theft hits a small business employee, it hits hard. With leaner teams and fewer resources, there's little room to absorb the slack. When one team member is focused on phone calls, legal disputes, or credit recovery, other employees have to pick up the burden—or work just doesn't get done.

And unlike larger corporations with dedicated IT or legal departments, SMBs often find themselves unequipped to handle these crises. Leaders are left playing catch-up, and employees navigating personal chaos often do so alone. Identity theft isn't just disruptive—it's destabilizing.

WHEN IDENTITY THEFT HITS EMPLOYEES, SMBs FEEL IT FAST

Here's the reality: 46% of all cyberattacks target businesses with fewer than 1,000 employees, and 47% of businesses with fewer than 50 employees don't allocate any budget to cybersecurity or identity protection. And while headlines often highlight the organizational impact of cyberattacks, it's the personal consequences for individuals who are the heart of those organizations that are often most damaging—and most overlooked.

The vulnerabilities are routine:

- Employees reuse passwords across personal and work accounts
- They use public Wi-Fi at airports or coffee shops without thinking twice
- They fall for phishing emails or spoofed messages—sometimes without ever realizing it

This is where PEOs can step in and bridge the gap. By embedding robust cyber safety benefits into standard offerings, PEOs have an opportunity to deliver recovery-ready benefits that help protect not only the individual, but the business they're part of.

And for PEOs, it's more than just a value-add—it's a retention tool. Clients are increasingly looking for benefits partners who understand the evolving risks of



46070 of all cyberattacks target businesses with fewer than 1,000 employees

today's workplace and offer solutions that protect people and performance alike.

CYBER SAFETY: THE NEW CORNERSTONE OF A DIFFERENTIATED WELLNESS STRATEGY

It's time to reframe how we talk about cyber benefits.

Identity protection is more than fraud alerts or credit monitoring. It's a holistic solution that supports mental health, financial literacy, and overall well-being.

By offering cyber safety as a core benefit, PEOs can:

- Reduce burnout, distraction, and HR firefighting.
- Increase employee trust, retention, and productivity.
- Differentiate themselves in a competitive benefits landscape.

And most importantly, they show that they see employees as people—not just workers.

PROTECTION FOR EVERYONE—BECAUSE IDENTITY THEFT DOESN'T DISCRIMINATE

Scams don't care about your job title. Or your department. Or your industry.

Remote workers. Hourly employees. Parents. Gen Z. Retirees returning to part-time work. They're all targets—just in different ways.

That's why universal access to identity protection matters. And it's not just about protecting individuals. Many scams spread through family members and shared devices. When employees deal with fallout at home, it follows them into work.

Whether it's a young worker who clicked the wrong link or a seasoned professional whose spouse's identity was compromised, the effect is the same: lost focus, lost hours, and a lingering sense of vulnerability. Cyber safety can turn that chaos into confidence.

PEOs that provide all-inclusive cyber coverage aren't just offering a

benefit—they're giving employees their time, energy, and peace of mind back.

WHAT PEOs CAN START DOING RIGHT NOW

You don't need a massive overhaul to make a meaningful difference. Here are three simple, high-impact steps:

1. Educate your SMB clients on the business cost of identity theft—linking it to absenteeism, morale, and productivity.
2. Bundle identity protection into your wellness or EAP offerings as a core benefit—not an optional extra.
3. Provide practical tools like password managers, scam awareness training, and multi-factor authentication resources.

Each of these steps builds trust, increases client loyalty, and supports healthier, more focused teams.

CYBER WELLNESS IS THE NEW STANDARD OF CARE

The definition of "employee wellness" has evolved. It's no longer just physical health or mental health. In today's connected world, digital safety is personal safety.

PEOs are uniquely equipped to lead this shift. By embedding cyber protection into benefits, they can provide real peace of mind in a chaotic digital landscape—and create stronger, more resilient workplaces in the process.

Cyber safety is no longer optional. It's the new standard of care. ■



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The PEO Paradox

Turning Rising Healthcare Costs Into Competitive Advantage

BY GUY BENJAMIN

THE \$25,572 REALITY CHECK

Let me share a number that should concern every PEO executive: \$25,572 (KFF, 2024).

That's what the average employer now pays annually for family health coverage. Premiums are projected to jump another 9%, the steepest increase since 2011 (Mercer, 2025). Small businesses face an even harsher reality, with projected increases of 11% before plan changes (KFF, 2025).

For years, I worried these spikes would erode the PEO model through lost clients and shrinking margins. But I've come to understand that rising costs actually make the PEO model more valuable than ever. The key is recognizing what clients truly need from us.

BEYOND PREMIUM NEGOTIATIONS

Clients often tell you they want lower premiums. What they actually need is predictability, control, and strategic guidance.

The data reveals what's really at stake: 68% of employees prioritize health insurance as the most important



retention factor (SHRM, 2024). Further, health insurance remains the second most important employee benefit after wages, according to multiple 2025 surveys. These numbers go beyond mere benefits statistics. They're retention and recruitment metrics that directly impact your clients' bottom lines.

Most companies overpay not because premiums are inherently high, but because they're purchasing misaligned coverage. A tech startup doesn't need the same plan structure as a construction company. A workforce averaging 28 years old has different needs than one averaging 45. Yet too many PEOs offer one-size-fits-all solutions, then wonder why clients leave for competitors promising marginal savings.

THE SMALL BUSINESS REALITY

Small and mid-sized businesses now pay nearly twice as much for health coverage as large companies. Most alarming: 98 percent of small business owners fear they won't be able to afford coverage in the coming years (NFIB, 2025).

Nearly every small business owner believes healthcare costs threaten their survival. For PEOs, this widespread concern represents an unprecedented opportunity to demonstrate value through strategic benefits management rather than simple cost-shifting.

The traditional response has been to trim services and squeeze margins, hoping to compete on price. This approach

leads nowhere productive. It weakens differentiation, triggers price wars, and ultimately fails to solve the underlying problem.

BUILDING A STRATEGIC RESPONSE Focus Resources Where They Matter

In recent years, five conditions account for more than half of employer health-care spend: musculoskeletal, cardiovascular, cancer, diabetes, and mental health. To put this in perspective, musculoskeletal issues alone cost hundreds of billions annually.

When half your clients' workforce deals with these conditions, your strategy should reflect that reality. This means partnering with centers of excellence, implementing targeted case management, and ensuring your provider networks have adequate specialists in these areas.

Deploy Technology with Purpose

The economics of virtual care are compelling. Telehealth visits average \$40 (or \$0 with some vendor partners) compared to \$1,500 or more for ER visits. These are massive savings worth noting.

AI-powered benefits navigation platforms take this further, reducing costs and delivering upwards of 232% ROI. These tools work because they solve a fundamental problem: employees don't understand their benefits. When a benefits navigation platform provides instant, accurate guidance about

coverage, in-network providers, and cost implications, it eliminates the confusion that drives unnecessary ER visits and out-of-network care.

Address Pharmaceutical Trends Proactively

GLP-1 medications now represent more than 10 percent of total insurance claims, with users averaging \$21,758 annually versus \$13,961 for non-users (IFEBC, 2025; USI, 2025). This is a fundamental shift in how we manage chronic conditions.

Smart PEOs are developing comprehensive strategies: implementing prior authorization protocols, creating step therapy programs, and providing targeted education about appropriate use. The goal isn't to restrict access but to ensure these expensive medications go to those who will benefit most.

The leading-edge vendors are developing hands-on care pathways that merge pharmacy distribution and medication adherence with mandatory routine provider check-ins. These high-touch care delivery models can help drive down costs over time and save PEOs from wasted spend on unused or unnecessary GLP-1 spend.



of small businesses fear healthcare costs will overwhelm them, PEOs have a clear mandate.

REFRAMING THE VALUE PROPOSITION

Most PEOs still lead with spreadsheets showing marginal premium differences. But the real value shows up in different metrics entirely. Businesses using PEOs grow twice as fast, experience 12 percent lower turnover, and are 50 percent less likely to fail.

When meeting with clients and prospects, I've learned to ask a different question: "What would predictable healthcare costs mean for your business planning?" This shifts the conversation from this year's premiums to long-term strategic planning. It positions the PEO as a business partner, not a side-lined vendor.

MEASURING WHAT MATTERS

Organizations implementing comprehensive navigation and condition management strategies report consistent improvements. HR teams typically

recover 8-10 hours weekly from reduced benefits inquiries. Open enrollment management is seamless. Most importantly, cost trends stabilize enough for meaningful budget forecasting.

We're entering the third consecutive year of increases above 5 percent. Every employer is searching for cost-cutting changes in 2026. This combination of sustained pressure and active response creates ideal conditions for PEOs offering genuine solutions.

Success requires integrating three elements: condition-specific strategies that address cost drivers, technology that simplifies navigation and access, and prevention programs with demonstrated ROI. PEOs mastering this integration won't need to compete on price. They'll compete on their ability to make healthcare costs predictable and manageable.

THE PATH FORWARD

When 98% of small businesses fear healthcare costs will overwhelm them, PEOs have a clear mandate. These businesses need partners who can transform an existential threat into a manageable operating expense.

Start by selecting one client facing typical challenges: rising costs, confused employees, overwhelmed HR. Implement focused condition management for their highest-cost areas. Deploy navigation technology that eliminates benefits confusion. Measure everything: cost trends, utilization patterns, employee satisfaction, HR time savings. Document the transformation.

That single success story becomes your blueprint. It proves that rising healthcare costs don't have to destabilize businesses. With the right strategies and tools, PEOs can deliver what clients desperately need: predictable costs with better health outcomes. ■



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FROM CUBA TO CORPORATE SUCCESS: A FATHER-SON JOURNEY IN THE PEO INDUSTRY

BY CHRIS CHANEY

In 1961, at the young age of 12, Carlos Saladrigas Sr. arrived in the United States with little more than hope and determination. Escaping communist Cuba via Operation Pedro Pan, an underground network that brought over 14,000 unaccompanied children to the U.S., he began an inspirational journey that would one day shape an entire industry.

"I came alone," Carlos Sr. recalls, "and a year later, my parents were able to join

me. We reunited in Miami and tried to resume life in this new homeland."

Carlos Sr. was able to attend the same Jesuit high school in Miami he had attended in Cuba. The school had been reestablished in south Florida after Cuban revolution leaders expelled the priests from the country. A stark reminder of the devastating situation unfolding in Cuba.

But just as their lives were beginning to stabilize, tragedy struck. His mother was diagnosed with cancer. As the only child,

Carlos Sr. dropped out of high school to support the family. He took a job as an office boy for a major Miami real estate developer, working by day and attending night school to finish high school. On weekends, he taught catechism at a local church.

"That's where I met the girl who would become my wife," he says warmly.

By 1967, after his mother's passing, Carlos Sr. had married Olga Maria—he was 19, she was 17—and set his sights on

a career in accounting. He earned a degree from the University of Miami, became a CPA, and moved to Jacksonville to begin working at a major accounting firm.

THE STORY BEHIND THE SPREADSHEETS

His work in public accounting opened his eyes to the stories behind the spreadsheets.

“Financial statements are more than just numbers—they tell the story of the business,” Carlos Sr. explains.

That insight led him to consider and seek a career beyond accounting and into management and entrepreneurship, a decision that would ultimately lead him into the PEO industry.

To reach this goal, Carlos Sr. enrolled in Harvard Business School and earned his MBA. Today, if you look at his successful business career, it might seem obvious that

Carlos Sr. would have attended a prestigious school to earn a business degree. Yet, to think that he fled his native country alone at only 12 years old, left high school to care for his family and went on to earn an MBA from Harvard is truly inspiring. It’s a testament to his strength, resilience and determination to succeed.

His time at Harvard was followed by two years in consulting and public accounting, and then by eight years at PepsiCo. It was there, while working in Mexico, that he and colleague Pepe Sanchez began discussing the idea of starting their own business venture. An article in *Newsweek* about the emerging PEO industry caught his attention.

“I saw potential in outsourcing the HR function at small and mid-sized businesses,” he says.

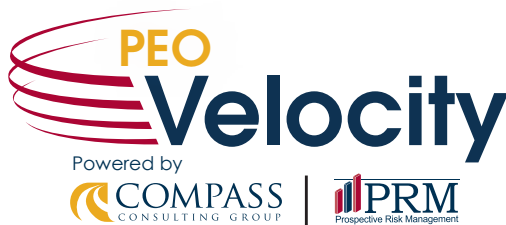
The two poured their savings into a business plan, and in 1984, they founded Vincam.

BUILDING VINCAM—ONE CLIENT AT A TIME

The early days were anything but easy.

“There was little competition, and that made it harder, not easier,” Carlos Sr. says. “Our sales efforts had to be missionary sales where you had to ‘convert’ the client to convince them the business needed this service before we could sell it to them.”

Since it took a while to generate cash flow, Carlos Sr. and Pepe launched other ventures along the way like a pizza startup, a pet HMO and a managed behavioral health organization (MBHO). By 1990, the PEO business began to take off and gain real traction. Vincam went public in 1996 and,



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merged with ADP in 2000 in a landmark deal that positioned their CFO—whom Carlos had championed—as the eventual CEO of ADP.

A NEW GENERATION, A NEW VENTURE

After Vincam, Carlos Sr. retired—but not for long. In 2008, his son Carlos Jr. was approached by a former Vincam colleague and close friend with the idea of launching a new PEO.

“We didn’t plan on it,” Carlos Jr. admits. “But after discussing it with my father, we decided to go for it.”

At the time, Carlos Jr. was running The Simplex Group, a company designed as a one-stop solution for trucking companies and truck drivers for safety services, DOT compliance, road tax filings, insurance and more.

But the idea of starting a new PEO was too intriguing of an idea to pass up, so Carlos Sr. and Carlos Jr. (along with a few other business partners) launched Regis HR Group, blending deep industry knowledge with a new vision of culture-driven growth.

Yet despite their deep experience, starting a PEO in 2008 compared to starting Vincam in 1984 was a different experience entirely.

“The industry was more mature, and NAPEO was well established, and the market understood the value of the service,” Carlos Jr. explains. “The challenge wasn’t to convince them they needed a PEO—it was to convince them why they needed us.”

CULTURE AS A COMPETITIVE ADVANTAGE

At Regis, culture isn’t a buzzword—it’s a business strategy.

“We’re a true family,” Carlos Jr. says proudly. “When someone joins, our internal chat blows up with ‘Welcome to the Regis family!’ messages. That sense of belonging translates into how we treat our clients.”

The results speak for themselves. Regis HR boasts a client retention rate consistently in the high 90s.

“That doesn’t happen unless your team cares—truly cares—about each other and your clients,” he emphasizes.

GROWTH WITH PURPOSE

Since its founding, Regis has grown steadily, adapting to changes while remaining grounded in its core values.

“Businesses either evolve or they don’t survive,” says Carlos Jr. “We’ve grown and evolved, but we’ve never lost sight of what we believe in: treating each other with respect and providing exceptional service to our clients.”

Giving back to their communities is an equally important part of their business identity. Carlos Jr. serves on the board of the South Florida After-School All Stars, providing programming for at-risk middle schoolers.

“We give to about 50 different organizations every year,” he notes. “We know how blessed we are and we know how important it is to give back and never forget those who are less fortunate.”

LEGACY AND LEADERSHIP

The Saladrigas name is well known in the PEO industry for good reason. Carlos Sr. was part of the industry pioneer class that forged the industry with little established processes, support or guidance. He and

others like him were guided by a simple mission to help small businesses grow and thrive.

The people they have helped—the lives they’ve changed—are the most important part of the family’s legacy.



Escaping communist Cuba via Operation Pedro Pan, an underground network that brought over 14,000 unaccompanied children to the U.S., he began an inspirational journey that would one day shape an entire industry.

And now, with Regis thriving and Carlos Jr. at the helm, the Saladrigas story continues—rooted in resilience, driven by service and always looking forward.

“I’m truly honored to carry on my father’s legacy,” Carlos Jr. says, “It’s a privilege that I take seriously to pay respect to the sacrifices he made to improve the lives of so many others.” ■



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PEOs IN THE COMMUNITY: AXCET: MAKING PHILANTHROPY PART OF THE COMPANY'S CULTURE

BY JO MCCLURE

Neighbors helping neighbors. That's the guiding principle behind Axcet HR Solutions' approach to philanthropy.

The Kansas City, Mo.-based PEO is dedicated to making a positive impact on the community it calls home. Since its founding in 1988, the award-winning business has instilled a culture of giving back through company programs and by offering volunteer time off for team members to engage with the community.

"Our corporate philanthropy efforts reflect our dedication to creating a better, more compassionate Kansas City," said Jerry Diddle, Axcet's founder and CEO. "Giving employees paid time off to volunteer underscores that commitment, fosters social responsibility and improves employee morale."

Some of Axcet's most inspiring community service includes involvement with organizations that provide life-changing programs.

For example, Axcet sponsors the Imagine a Day gala for Newhouse KC. This domestic violence organization provides emergency shelter, long-term housing, therapy, legal advocacy, an Early Learning Center, school-aged programs, case management and job readiness. The gala raises funds to support the organization's \$5 million annual budget.

Axcet also partners with KidsTLC, an organization that provides resources and services to children and families facing mental and behavioral health issues, developmental trauma and autism. In what has become an annual tradition,

Axcet's team members wrap holiday gifts for the children served by the organization, allowing them to experience the season's joy and magic.

Axcet employees regularly volunteer at Harvesters, a regional food bank serving a 27-county area of northwestern Missouri and northeastern Kansas. The nonprofit depends on volunteers to help sort and repack donated food for shipment to regional food pantries and distribution centers.



The award-winning business has instilled a culture of giving back through company programs and by offering volunteer time off for team members to engage with the community.

Employees also donate time to Veterans Community Project, which aims to end veteran homelessness. With 30,000 unhoused veterans nationwide, the organization's focus is building villages with 240-sq.-ft. transitional homes that provide stability, safety and privacy as veterans work to address the underlying causes of homelessness. During a recent on-site visit, employees stocked and organized food



Rolling up sleeves, sealing up boxes, and giving back—Axcet team members pack bread at Harvesters to help stock local food pantries.

donations, toured Kansas City's 49-house village, met with veterans and engaged with organizational leaders to learn more about the veteran homelessness crisis and other volunteer opportunities.

Axcet's compassion also extends to Kansas City's vulnerable pet populations.

Twice a year, employees donate used pill bottles to Wayside Waifs, a local no-kill animal shelter. The organization repurposes the bottles to store essential medications for vulnerable dogs and cats. Beth Foulk, Axcet's director of marketing, initiated the program and has inspired colleagues, clients and vendors to donate more than 400 pill bottles to date.

Axcet's annual Dog Days of Summer program supports local animal rescue groups through pet food, supply and cash donation drives. Axcet spreads the love around Kansas City-area rescue organizations by selecting a different one each year as the beneficiary of these efforts. Over the past few years, KC Pet Project, The Rescue Project and Always & Forever Midwest Animal Sanctuary, a nonprofit dedicated to caring for senior and sick pets, received the donations.

During the holiday season, Axcet organized a Petsgiving drive supporting The Rescue Project, a 100% volunteer-run local nonprofit dedicated to helping abandoned and neglected animals. Axcet's efforts enabled a generous donation of supplies and medications.

As a highly respected PEO with local roots and national reach, Axcet's corporate philanthropy incorporates business outreach, as well.

The 37-year-old company offers free educational workshops for small- to mid-sized business owners and managers on emerging topics like new laws, medical marijuana, harassment training, workplace safety and DEI policies. Axcet's PEO professionals share their expertise and often engage third-party consultants with specialized knowledge on complex topics, ensuring that participants receive the most accurate and current information to

build strong cultures and maintain regulatory compliance.

To support workplace safety, Axcet conducts free first aid and CPR training, ergonomic assessments, disaster preparedness planning and active shooter response training.

By opening these seminars to the public, Axcet shares its HR expertise and empowers Kansas City-area businesses with the knowledge and tools they need to create safe, compliant and more inclusive workplaces.

Within the Kansas City community, Axcet supports meaningful causes through sponsorships and participation.

"Community event opportunities enable us to lift up our neighbors and connect with people and businesses where we work and live," Diddle said.

Axcet regularly sponsors the National Association of Women in Construction

scholarship golf tournament, which raises scholarship funds for Kansas City-area students pursuing construction-related academic studies. The organization also supports events hosted by the award-winning Kansas City Automotive Museum, which celebrates the city's rich automotive heritage through interactive exhibits and engaging events.

"At Axcet, community involvement is more than a box to check; it's truly core to our culture," Foulk said. "When we as employees serve in our community, it not only supports important causes but makes us proud to work here." ■



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#NAPEO25

NAPEO25—our Annual Conference and Marketplace—had an electric vibe throughout the entire event. We packed a full house of PEO industry leaders and partners to learn, connect and celebrate our industry.

More than 1,000 individuals attended, but if you missed the opportunity this year, we hope to see you next year in Marco Island, Florida. It's a once-a-year opportunity to learn from and network with industry leaders, innovators and experts. Our panel hosts brilliantly shared insights, tips and knowledge on myriad topics from sales and marketing to AI in HR to healthcare regulation changes. There was something for everyone.

The conference kicked off with keynote speaker Eric Wahl. A renowned artist, TED speaker, and bestselling author, his presentation was a metaphor for

embracing innovation and risk systematically. He captivated the audience with a live, on-stage art performance to emphasize that disruption is the new normal. He urged everyone to wholeheartedly adopt creativity or face the risk of being left behind.

The annual Michaeline A. Doyle Award presentation is always a crowd favorite. This year's winner is Anne Donovan of Xenium HR in Oregon. Her tireless advocacy work has had profound consequences for all PEOs and quite literally helped preserve the co-employment model in Oregon. Her dedication and commitment to serving our industry is inspiring and well-deserving of our industry's highest honor.

We also came together once again to support NAPEO Gives Back. Collectively, we raised more than \$320,000 for Anthropos Arts. If you attended our

2019 conference, then that organization may sound familiar. Anthropos Arts was the very first organization that NAPEO Gives Back partnered with. In 2019, we raised just over \$50,000, a sum that allowed the group to survive the COVID pandemic. We partnered with Anthropos Arts again because we believe in their mission to provide music instructions and lessons to Austin-area kids. The resources, mentorship and skills that Anthropos Arts provides these kids affords them life-changing opportunities. Thank you to everyone who supported NAPEO Gives Back.

Giving back and coming together is what our conference is all about. It's a forum for PEOs to learn from each other, and for service partners to demonstrate the latest products and solutions to power PEOs and to help them better serve clients. We'll see you next year in Florida! ■

Save the dates for #NAPEO26 in Marco Island, FL. Join us September 16-18, 2026, for the PEO industry's flagship event.













WORKPLACE INVESTIGATIONS AS A COMPLIANCE PARTNER

BY MEGAN KROUSE, ESQ., SHRM-SCP

“Help! I need somebody...” Those are lyrics from one of the most iconic Beatles songs of all time. When a workplace situation arises, those words suddenly feel very real.

“We’ve got a situation!”

That’s often the first thing clients say when they call a PEO for guidance. It’s not just a moment of crisis; it’s a moment of truth. How a company responds, whether it involves accusations of harassment, discrimination, or misconduct, reveals a lot about its culture, leadership, and commitment to doing what’s right. At that moment, calling your PEO compliance partner isn’t just about managing risk; it’s about partnership, clarity, and setting a tone of accountability.

COMPLAINTS ARE INEVITABLE. WHAT MATTERS IS HOW YOU HANDLE THEM.

If your business has employees, it will have complaints. That’s not a failure; it’s a fact. Whether it’s a concern about workplace conduct, a dispute over a workplace policy, or a feeling of dissatisfaction, every organization will face challenging situations. It’s part of human dynamics

and the reality of leadership and business ownership. What separates resilient companies from reactive ones isn’t the absence of issues; it’s a thoughtful, consistent, and purposeful response. When complaints arise, they’re not just problems to solve; they are opportunities to reinforce trust.

NOT EVERY CONFLICT IS A CRISIS—BUT SOME REQUIRE MORE THAN JUST A CONVERSATION.

In any workplace, conflicts will happen. A personality clash, a misinterpreted comment, or a moment of frustration might be minor issues that can be easily resolved through coaching or other informal methods. However, when a “concern” escalates to allegations of harassment, discrimination, retaliation, or whistleblower activity, the situation becomes much more serious. These aren’t simply interpersonal problems; they become legal and reputational flashpoints. In such cases, a prompt, unbiased investigation isn’t optional; it’s critical. Knowing when to escalate the matter to an investigative stage and how to conduct the investigation can protect the organization,

reduce its liability, and promote a positive workplace culture.

The first step in an investigation is establishing expectations and defining roles and responsibilities between a PEO and the client company. Who will lead the investigation? What policies will guide the procedure? How will confidentiality, neutrality, and timeliness be maintained? For companies partnered with a PEO, clear communication and collaboration are crucial elements to ensure a successful outcome.

WHEN THE STAKES ARE HIGH, ALIGNMENT IS EVERYTHING.

Workplace investigations don’t happen in a vacuum. They unfold in real time, under pressure, often with lasting impact. The response to a serious complaint isn’t just about checking boxes; it’s about collaboration. The client must know what we can offer: strategic guidance, documentation support, or direct involvement. The PEO must navigate the process with precision and understanding, respecting the legal sensitivities and organizational nuances involved. It is essential to move swiftly, not just to contain risk but to reinforce

trust. Remember, employees are watching closely. The response speaks louder than any policy.

Of course, the client is ultimately responsible for its employees. That accountability cannot be outsourced. Instead, the PEO supports the client by providing expertise, compliance guidance, and fact-finding services when requested. The more challenging part is delivering difficult messages to employees, implementing corrective actions, or even terminating an employee. That responsibility falls on the client company. Respecting clear boundaries between the role of the PEO and the client company is vital to the relationship.

THE STEPS OF AN INVESTIGATION

As the investigation unfolds, it typically begins with an intake conversation with the complainant to gather as many details

as possible. Then, interviews with the accused employee, witnesses, or other individuals who may have relevant information. Supporting documents such as emails, schedules, or performance reviews may also be reviewed.

Often, employees feel more comfortable sharing candid details with a neutral HR professional than with their direct supervisors. In smaller organizations where relationships are close and fear of retaliation is real, the presence of the PEO as a neutral factfinder can encourage open and honest participation.

Once fact-finding is completed, the PEO will prepare a summary for the employer. Depending on the severity of the issue, this may be a written report or a high-level verbal debrief. Along with the summary, suggested compliance options, from counseling to discipline or broader policy changes, will be discussed.

However, it is always the client who decides on the action and outcomes.

REAL-WORLD EXAMPLE

A mid-sized employer recently received a complaint from an employee claiming that a supervisor made inappropriate remarks. At the client's request, staff in the department were interviewed, and it was found that several others had also noticed similar behavior. The PEO summarized the findings, highlighted the risks, and provided options for the client to consider. The employer decided to issue a final written warning, require harassment prevention training, and reinforce reporting procedures. The PEO did not communicate these decisions to the supervisor or staff (that was the employer's role), but ensured the process was conducted properly. The investigation not only addressed the complaint but also



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allowed the employer to strengthen its workplace culture. Employees saw that concerns were taken seriously, while the employer fulfilled its legal obligations.

THE IMPORTANCE OF FOLLOW-UP

Investigations do not end with fact-finding or even corrective action. Following up with the complaining employee is critical. Even if the employer cannot disclose the specific details of the discipline imposed, confirming that the matter was addressed and reminding the employee of anti-retaliation protections helps build trust. Employees who feel heard are much less likely to escalate concerns into legal claims, even if the outcome is not what they had hoped for.

Appropriately handled, investigations can serve three purposes: resolving the immediate issue, preventing future problems, and reinforcing corporate culture. The process often reveals

patterns, training gaps, and areas of opportunity. A PEO can help clients use these situations to update policies, strengthen procedures, and train managers, thereby reducing the likelihood of repeated complaints.

WHY CLEAR BOUNDARIES MATTER

The service agreement serves as the essential guide for defining roles. Most agreements clearly state that the employer handles management decisions, while the PEO offers human resources and compliance support. When these boundaries are maintained, both parties mitigate risk and protect the value of the partnership.

Workplace investigations are moments when we must walk the talk. Investigations and how they are handled provide opportunities to demonstrate leadership, compliance, and culture. Employers hold the responsibility, but

with the support of a PEO, they can manage investigations with expertise and neutrality. Together, they create a framework where sensitive issues are addressed promptly, risks are managed wisely, and employees know that their voices matter. For PEO owners and leaders, understanding these boundaries is essential not only to protect the organization legally but also to strengthen the trust that underpins every successful client relationship. ■

▼
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.



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THE MENTAL HEALTH CRISIS AT WORK

FROM ISOLATION TO ACTION—HOW PEOs CAN CLOSE THE CARE GAP WITH EVIDENCE-BASED TOOLS (AND CAREFUL AI)

BY COREY HOOKSTRA, TARA DELIBERTO, PHD, & LUCAS SIEGEL

The post-pandemic surge in anxiety, depression, OCD, and eating disorders isn't just more of the same—it's faster-moving, earlier-onset, and hitting employer health plans harder. PEOs can blunt this by pairing proven therapies (like ERP/CBT) with modern, always-on digital supports, closing the “pre-claim” gap before crises spill into costly claims.

WHY DID THIS BECOME A CRISIS?

Before 2020, mental health needs were already widespread, yet many people waited years to get meaningful care. Today, about half of U.S. adults with a mental health condition receive treatment, and the average delay from first symptoms to first treatment is roughly 11 years—an eternity in a working life.

COVID-era isolation accelerated symptom onset and severity, especially in adolescents and young adults. CDC

analyses show sharp increases in emergency-department visits for behavioral health, including eating disorders (EDs) among adolescent females doubling during the pandemic—a canary in the coal mine for broader anxiety, OCD, and mood concerns.

At work, that isolation has lingered. The U.S. Surgeon General now warns that loneliness is a public-health threat tied to worse health and productivity—making social connection a legitimate workplace priority, not a “soft” perk.

Bottom line: post-pandemic, conditions are emerging earlier and escalating more rapidly. The longer people wait, the more likely symptoms are to harden into disability and high-cost claims.

FROM STIGMA TO SKILLS GAP

When we sit with employees and their families, two themes repeat:

Recognition lag. People often don't realize early that what they're experiencing

is anxiety; OCD, depression, or an ED—and screening rarely happens until a crisis. (Again: 11-year average delay.)

Skills gap. Even when people understand the problem, they often lack practical, coached skills to respond effectively. They're not broken; they're under-skilled in coping—especially after pandemic-era isolation. Teaching those skills early (emotion regulation, cognitive reframing, ERP for OCD, self-compassion, sleep hygiene) can change trajectories.

WHAT ACTUALLY WORKS (AND SCALES)

ERP/CBT as first-line care. For OCD and related anxiety disorders, Exposure and Response Prevention (ERP) is a first-line, evidence-based therapy. Meta-analyses show ERP—particularly when blended with medications as appropriate—outperforms meds alone. For depression/anxiety, structured CBT has decades of evidence.

Digital CBT/step-care. High-quality digital CBT (with or without human support) consistently shows moderate effectiveness for mild-to-moderate symptoms, improving access between appointments and after EAP sessions end. This makes digital support ideal as a pre-claim buffer—meeting people at the “first-help” moment, building skills before crises escalate.

AI coaches—promise with guardrails. Early randomized trials of CBT-style chatbots (e.g., Woebot) reduce symptoms vs. information-only controls—useful for subclinical or mild-to-moderate cases. At the same time, quality varies; studies can be small, and crisis handling must be explicit. The takeaway: AI can extend reach and repetition, but must be embedded in a safe, supervised care pathway.

THE PEO OPPORTUNITY: A “MENTAL-HEALTH STACK” THAT CLOSES THE CLAIMS GAP

Traditional EAPs are valuable but chronically under-utilized (often ~5–10% utilization; median 5.5% reported by large employers in recent surveys). That means most employees never make it to their first session. PEOs can solve this by stacking benefits, so employees encounter help before they’re ready to call the EAP—and by making pathways clear and stigma-free.

A PRACTICAL 5-LAYER STACK PEOs CAN ROLL OUT

- 1. Normalize & screen (universal, light-touch).** Add routine PHQ-9/GAD-7 screening to wellness touchpoints. Pair with micro-learning on stress, sleep, and coping—and make opt-in privacy clear. Early identification shrinks the 11-year delay.
- 2. Always-on skills training (pre-claim).** Offer digital CBT/ERP-informed tools (including AI-coaching apps with transparent escalation rules) to build daily coping: thought labeling, exposure ladders, urge-surfing, sleep routines. This creates a bridge when EAP visits run out, or therapy is wait-listed.

3. Modernized EAP (early-claim).

Increase utilization through frictionless access (QR codes, same-day tele-slots), plain-language campaigns, and manager scripts. Consider visit expansions for OCD/ED tracks that include ERP-trained clinicians. (Evidence for ERP in OCD is strong; ensure networks actually provide it.)

4. Specialty pathways (complex care).

Contract for OCD (ERP), ED programs, trauma, and pediatric/adolescent tracks. Use a step-care design: digital skill-building → EAP/tele-therapy → specialty ERP/ED care. For adolescents, be vigilant: pandemic-era data flagged EDs as a fast-rising risk.

5. Social connection at work

(prevention). Treat belonging as a health intervention. Embed team rituals, peer circles, structured mentorship, and manager “connection minutes.” It’s not fluff—the Surgeon General ties connection to better health and productivity.

WHAT EMPLOYERS (AND CARRIERS) GAIN

Mental health investment pays off. The WHO estimates a 4:1 return for scaled treatment of depression and anxiety (better health and ability to work). New employer-side analyses also show material claims reductions from enhanced behavioral health benefits. Moreover, integrated behavioral-medical models are linked to lower overall medical spend—because untreated mental health worsens chronic conditions.

If you’re a CFO, think in buffers:

- **Pre-claim** digital supports deflect a portion of ED/ER spikes and urgent care.
- **Early-claim** ERP/CBT shortens episode duration and reduces relapse.
- **Connection** at work nudges absenteeism/presenteeism in the right direction.

Even the humble EAP can move from a line-item few use to a front door many

trust—if you fix pathways and promote it relentlessly.

HOW TO USE AI RESPONSIBLY IN BENEFITS (GUARDRAILS WE RECOMMEND)

- **Scope clearly.** Position AI coaches as skills companions, not crisis care or diagnosis. Build automatic handoffs to human support when keywords/assessments indicate risk.
- **Clinical backbone.** Favor tools grounded in CBT/ERP with transparent content provenance. Pilot with measures (PHQ-9/GAD-7) and publish outcomes.
- **Privacy by default.** Require clear data handling, encryption, and no data resale; separate identifiable data from HR decision-making. (Trust drives utilization.)
- **Equity & access.** Offer multimodal access (text, voice, low bandwidth) and language options; watch for bias in prompts and pathways.
- **Human connection first.** Encourage peer groups, manager check-ins, and live therapy—AI should augment human care, not replace it.

VOICES FROM PRACTICE

“We see the fastest progress when people learn to do skills daily. Whether it’s ERP for OCD or compassionate cognitive skills for depression and ED recovery, reps matter. Digital tools can keep those reps going between sessions,” says Tara Deliberto, PhD, head of psychology with Yuna.

“There’s a mental-health gap that shows up as avoidable, escalating claims—and that’s a deep concern for carriers. If HR and EAP can push neutral, stigma-free pre-claim tools in front of people—screening, skills training, and ERP/CBT exercises—you change the curve. With clear guardrails, technology becomes a claims buffer: it catches issues earlier, shortens episodes, and reduces relapse,” adds Lucas Siegel, head of growth with Yuna.

“As a parent supporting a young adult through OCD, I learned that motivation

risers and falls—what matters is having help in the moment. The difference between spiraling and stabilizing is often a small, timely nudge: a breathing drill, an exposure step, a reframing prompt, or a real person to text,” says Corey Hookstra, president of ESI.

WHAT TO IMPLEMENT THIS PLAN? A QUICK, PEO-READY CHECKLIST

- 1. Make it normal.** Add brief, opt-in screening and a plain-English “ways to get help” flow in every onboarding and open enrollment. (QR codes everywhere.)
- 2. Add a pre-claim layer.** Contract a vetted, evidence-based digital CBT/ AI-coaching solution with crisis escalation and ERP content. Track activation and skill completion.
- 3. Upgrade your EAP.** Negotiate same-week tele-appointments, publish

wait times, and ensure access to ERP clinicians for OCD/EDs. Promote monthly.

4. Build social connection. Create cadence for team rituals and peer circles; train managers to lead connection minutes.

5. Measure what matters. Track utilization, time-to-first-help, PHQ-9/ GAD-7 change, completion of skill modules, and downstream claims trends (behavioral and medical comorbidity). Expect a multi-quarter arc; look for early movement in help-seeking and symptom scores.

THE UPSHOT

Mental health needs are more visible, faster moving, and costlier when ignored. The fix isn’t mysterious: normalize early help, teach skills daily, ensure specialty therapies like ERP are reachable, and use AI carefully to

keep people practicing between human touchpoints. Do that, and you don’t just lower claims—you change lives, at work and at home. Everyone is worth it. ■



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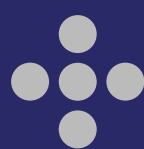
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HOW WE BUILT “BETH”: OUR 90-DAY JOURNEY TO TRANSFORM BENEFITS ADMINISTRATION WITH AI

BY CHRIS WHITNEY AND KAREN STURDIVANT

Let's be honest—when we first started talking about building an AI agent to help our benefits team, it felt a bit like science fiction. But after watching our senior benefits specialists spend countless hours digging through thousands of documents during open enrollment season, we knew something had to change. What we ended up with was “Beth,” an AI agent that transformed how we serve our tens of thousands of worksite employees. Here's our story.

At Questco, our mission is to be the greatest ally to the growing business. And

we accomplish this through human-centered, expertise-driven service. We've built our reputation on delivering comprehensive PEO solutions that allow business owners to focus on what they do best while we handle the complexities of HR, benefits, and compliance.

Our technology mission reflects this same commitment: “Empower Questco's growth by delivering best-in-class technology platforms and services that enable success for both our employees and our customers. Unleashing greatness at every step.”

But here's the thing about applying AI in a PEO—it's all about balance. We've

learned that successful AI implementation isn't about replacing the human experience our customers value. Instead, it's about using AI to optimize our internal operations so our team can spend more time providing that personal touch our clients depend on. Think of it as cost-to-serve optimization that actually enhances rather than diminishes the human experience.

THE PROBLEM THAT KEPT US UP AT NIGHT

If you've ever been through open enrollment at a PEO, you know it can feel like organized chaos. Picture this: tens of thousands of worksite employees across

hundreds of client companies, each with their own unique benefit packages, carrier requirements, and deadlines. Now imagine our senior benefits team trying to navigate through thousands of internal documents to answer questions like “What’s the exact enrollment deadline for Company XYZ’s dental plan?” or “Which carriers accept late enrollments for this specific client?”

Our team was drowning in paperwork. We had this massive internal library that we kept meticulously updated with benefits processes, carrier information, and client-specific materials. The challenge wasn’t that we didn’t have the information—we had plenty of it. The problem was finding the right piece of information quickly when our phones were ringing off the hook and deadlines were looming.

During peak open enrollment, our senior benefits specialists were spending way too much time searching through documents instead of doing what they do best: helping our clients make informed decisions about their benefits. It was frustrating for everyone involved, and frankly, it wasn’t the level of service our clients deserved.

WHAT WE CONSIDERED AND WHY WE CHOSE OUR PATH

When we sat down to solve this problem, we looked at three main options:

Option 1: Scale up with more staff.

We could hire additional temporary specialists during open enrollment. The math was pretty sobering: over \$300,000 annually when you factor in recruitment, training, and the premium rates for qualified temporary benefits experts.

Option 2: Build a proprietary AI solution from scratch. This would have been the “Cadillac” approach, building a custom AI platform from the ground up. Price tag? Somewhere between \$200,000 and \$400,000, with a timeline that would have taken us well past the next open enrollment season.

Option 3: Leverage our internal platform and extend it with a simple AI agent. This was our “let’s be smart about this” option. We could build on our existing technology foundation and add about \$50,000 in additional support to create an AI agent focused specifically on document search and retrieval.

We chose Option 3, and honestly, it was one of the best decisions we’ve made. We called our AI agent “Beth” (because every good AI needs a name), and she became

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BUILDING BETH: THE 90-DAY SPRINT

What made this project exciting was the timeline we set for ourselves: 90 days from concept to launch, with several iterations afterward to refine and expand Beth's capabilities. Looking back, it feels like we packed about six months of work into three months, but the urgency kept us focused on what really mattered.

The First 30 Days: Foundation and Planning

We started by getting our cross-functional team together—benefits experts, IT folks, and key stakeholders who would actually be using Beth. The biggest lesson we learned early on was that this couldn't be an "AI for AI's sake" project. We had to stay laser-focused on solving the specific problem: helping our team find the right information fast.

Data preparation was huge during this phase. We discovered that about 70% of AI project failures come from poor data quality, so we spent serious time organizing and cleaning up our document library. It wasn't glamorous work, but it was essential.

Days 31-60: Rapid Development

This is where things got really interesting. Instead of traditional development sprints, we used what's called an AI-Driven Development Lifecycle with intensive "bolts" of focused work. We'd build something, test it immediately, get feedback from our benefits team, and iterate quickly.

Beth started simple—basically a smart search engine that could understand natural language questions about our benefits documents. But we could see the potential almost immediately. When someone asked "Can I make changes to my FSA contributions" Beth could pull

the exact information from our compliance documents in seconds.

Days 61-90: Launch and Initial Deployment

The final month was all about getting Beth ready for prime time. We did extensive user training with our benefits team, ran pilot tests with a small group, and then rolled out the full deployment with monitoring systems in place.

Our target was heavy user adoption and quantifiable time savings, and honestly, we exceeded that. Once our team saw what Beth could do, they were hooked.



Beth was a great experiment to show us the art of the possible. We're actively looking at how AI can unlock opportunities for our employees and clients in the future.

WHAT BETH ACTUALLY DELIVERED

The results have been impressive so far. Beth has already freed up significant time from our benefits staff that we're repurposing to provide even better service to our clients. Instead of spending 20-30 minutes searching through documents to answer a complex benefits question, our team can now get that information in under a minute and spend the saved time actually talking with clients about their options.

We've seen error rates drop and response times improve dramatically in

our day-to-day operations. More importantly, our benefits team is already enjoying their work more because they can focus on the human aspects of their job rather than document hunting.

But the real test is coming this October through January during open enrollment season. That's when we'll see Beth's true value. While other PEOs will likely be scrambling with temporary staff and longer response times, we're confident our team will operate at peak efficiency. Beth will handle the routine information retrieval during those crazy busy months, allowing our experts to focus on strategy, problem-solving, and providing the personalized guidance our clients need when making critical benefits decisions.

THE PATH AHEAD: WHAT'S NEXT FOR AI AT QUESTCO

Beth was a great experiment to show us the art of the possible. We're actively looking at how AI can unlock opportunities for our employees and clients in the future. The key is maintaining that balance—using AI to enhance human capabilities rather than replace them. We look forward to the future this exciting technology will bring and the value it will create for our clients through the expertise and human interaction that's central to our business.

LESSONS WE'D SHARE WITH OTHER PEOs

If you're considering AI implementation, here's our honest advice:

Start small and focused. Don't try to build the perfect AI solution right out of the gate. Pick one specific problem that's causing real pain and solve that first. Beth wasn't revolutionary technology—she was the right solution to a specific problem.

Get your data house in order. This can't be emphasized enough. Your AI is only as good as the information it has

access to. Invest the time upfront to organize and clean your data.

Plan for iteration. Beth got better every month after launch because we kept refining her based on real-world usage. AI systems improve through use, so don't expect perfection on day one.

Keep humans in the loop. The goal isn't to replace your expertise—it's to amplify it. Our benefits team is still making the complex decisions and providing the personal touch. Beth just makes them more efficient.

Set realistic timelines. Ninety days was aggressive, but it worked because we stayed focused and had strong executive support. Don't rush the foundation work, but don't get stuck in planning mode either.

THE BOTTOM LINE

Building Beth taught us that AI doesn't have to be intimidating or expensive to be transformative. Sometimes the best solution is the simplest one that directly addresses your biggest pain point. For us, that was helping our team find information faster so they could spend more time doing what they do best—serving our clients.

The PEO industry is evolving rapidly, and technology will play a crucial role in how we differentiate ourselves. But at the end of the day, it's still about people helping people. AI just gives us better tools to do that more effectively.

Beth has become an integral part of our team, and we're excited to see how she performs during our upcoming

open enrollment season. If you're thinking about AI implementation at your PEO, our advice is simple: start with a real problem, keep it focused, and don't be afraid to iterate. You might just build something that transforms how your team works. ■



CHRIS WHITNEY

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The advertisement features a stylized background of a sunset or sunrise over a body of water. In the foreground, a small, metallic robot with a blue eye is shown growing a small green plant out of a mound of soil. The text is arranged in a clean, modern layout, with the company name and services at the top, followed by specific offerings, a vertical slogan, and a call to action at the bottom. A small circular logo for NAFEP is visible in the bottom right corner.

MOVING BEYOND THE FOUNDER: TRANSITIONS THAT WORK

BY SUSANNAH ALBRIGHT

I once worked as VP of marketing at a software firm whose founder was suddenly incapacitated. Overnight, the company lost its north star. There was no succession plan, no clarity on decision-making, and no one prepared to step in. It took a full year for the family to identify a successor CEO—eventually, that turned out to be me. That year was marked by uncertainty: anxious employees, stalled projects, concerned clients, and a team unsure how to move forward.

At the same time, I was watching my own father, then in his late seventies, convinced he could run his company forever. As CEO of Ready to Fund (formerly Payroll Funding), a payroll lending partner to the PEO industry, I once again navigated that

transition—this time from my father as founder to me as leader. Together, these experiences made one thing very clear: transitions are inevitable. The only question is whether you'll be ready.

WHY IT MATTERS FOR PEOs

PEOs see this challenge all the time. Many of your clients are founder-led businesses where culture, decisions, and relationships rest heavily on one person. When that leader steps back—whether suddenly or by choice—it can create a ripple effect across payroll, employees, and client trust. Helping PEO clients prepare for that moment is one of the best ways to add value and ensure stability.

THE HIDDEN RISKS OF “NO PLAN”

Without a plan, succession defaults to crisis management. Decisions stall,

clients get nervous, and employees start looking elsewhere. There's a reason one of a CEO's core responsibilities is to prepare for their eventual replacement. And yet, particularly in small businesses where the founder has “always done it this way,” there's often deep resistance to putting a plan in place.

THE EMOTIONAL WEIGHT OF FOUNDER TRANSITIONS

Even when there is a plan, founders often resist it. Watching my father—and the founder of the software company—taught me how deeply identity and control are tied to the business a founder built. Recognizing this ultimately prompted my family to hire a consultant who specialized in family business transitions. He served as a kind of therapist for my father and me as incoming CEO. The best transitions recognize both the human and strategic sides of change.

PLANS FOR SMOOTH TRANSITIONS

Good transitions don't happen by accident. They require foresight, communication, and structure. My father and I, with our consultant's help, built an 18-month transition plan that identified where the business needed bolstering. Some PEOs I know have managed even longer transitions—spanning a decade—giving the next generation time to fully learn the business. That preparation matters, because each new generation steps into a different landscape and needs to be equipped appropriately.

One of the most important elements of our plan at Payroll Funding was leaning into the spirit and culture created by the founder. We developed a set of core values that honored our founder and created continuity. Later, our rebrand to Ready to Fund served as a visible milestone—a way to both honor our history and signal the next chapter.

Done well, moments like these reassure employees and clients that change is intentional, not chaotic.

TOP TEN TIPS FOR A SUCCESSFUL TRANSITION

1. Start earlier than you think.
2. Build a bench of leaders who can step up.
3. Separate ownership from leadership.
4. Document the “secret sauce.”
5. Signal change with visible milestones (like a rebrand).
6. Bring in outside perspective when needed.
7. Do the math early—plan for the cost of a new CEO alongside payments to the outgoing one.

8. Communicate relentlessly with all stakeholders.
9. Honor the founder’s contributions without clinging to the past.
10. Think in decades, not quarters.

CLOSING REFLECTION

The best transitions address both the human and strategic sides of change. For PEOs and their clients, the most successful ones start long before they’re needed—turning what could be a moment of risk into an opportunity for a stronger future

If you or your clients are navigating this path, I’d be glad to share more about my experience moving from founder to new CEO. ■



Without a plan, succession defaults to crisis management. Decisions stall, clients get nervous, and employees start looking elsewhere.



SUSANNAH ALBRIGHT

Chief Executive Officer
Ready to Fund LLC
Princeton, NJ



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NEW NAPEO RESEARCH HIGHLIGHTS GROWTH AND DIVERSITY OF PEO CLIENTS

NAPEO recently released the latest round of industry research which found that 230,000 businesses partner with a PEO. This is the most comprehensive

report ever released on businesses using PEOs. The analysis included data on over 50,000 PEO clients, drawn from multiple sources from 2023 through early 2025. The data shows continued growth and

diversification among PEO clients, particularly among the small and mid-sized business that are the backbone of the U.S. economy.

The full report is available at napeo.org/peoclients.

KEY HIGHLIGHTS PEO CLIENT DISTRIBUTION

- Half of all PEO clients have between 10 and 49 employees
- An additional 35 percent of clients have fewer than 10 employees
- Almost half of PEO clients are in these four industries combined:
 - Professional/Technical/Scientific Services
 - Construction
 - Healthcare
 - Manufacturing
- Slightly more than half of PEO clients are located in these four states combined:
 - Florida
 - California
 - New York
 - Texas

PENETRATION RATES

- 14 percent penetration rate among employers with 20 to 499 employees
- Slightly higher penetration (15 percent) among businesses with 50–99 employees
- Particularly high penetration rates in these industries:
 - Information
 - Real Estate and Rental/Leasing
 - Professional/Technical/Scientific Services
 - Financial and Insurance
- Highest penetration rates in these states:
 - Hawaii
 - Florida
 - Utah

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Contact:

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PERCENTAGE OF PEO CLIENTS BY CLIENT SIZE

NUMBER OF EMPLOYEES	% OF ALL PEO CLIENTS
1-4	16%
5-9	19%
10-19	24%
20-49	26%
50-99	9%
100-499	6%
500+	Less than .5%

PERCENTAGE AND ESTIMATED NUMBER OF PEO INDUSTRY CLIENTS, BY STATE (TOP 10)

STATE	% OF ALL PEO CLIENTS	ESTIMATED NUMBER OF PEO CLIENTS
Florida	18%	43,000
California	16%	38,000
New York	9%	22,000
Texas	8%	18,000
Georgia	3%	8,100
Illinois	3%	7,500
Utah	3%	7,300
New Jersey	3%	6,900
Ohio	3%	6,400
Michigan	3%	6,200

NAPEO's



Regulatory Database

An Exclusive Member Service

Expanding into a new state? Starting a new PEO? Need to check the UI rates for 2025? Look no further than NAPEO's Regulatory Database!

NAPEO's comprehensive Regulatory Database provides up-to-date, detailed information about the broad range of laws and regulations affecting the PEO industry in all 50 states and at the federal level.

The Federal Regulatory Database is the starting point for research into federal laws and regulations affecting PEOs.

For each state, the State Regulatory Database includes:

- Qualifying to do business
- PEO registration/licensing

- Unemployment insurance
- Workers' comp
- Health and other benefits
- Sales and other corporate taxes
- Starting/terminating the PEO-client relationship
- Records/record retention requirements



www.napeo.org/regulatory-database

The National Association of Professional Employer Organizations

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PERCENTAGE OF PEO CLIENTS, BY MAJOR INDUSTRY GROUP (TOP 10)

INDUSTRY	% OF ALL PEO CLIENTS
Professional, Scientific, and Technical Services	19%
Construction	12%
Healthcare	9%
Manufacturing	9%
Other	7%
Administrative/Support and Waste Management	6%
Retail	6%
Real Estate and Rental/Leasing	5%
Financial and Insurance	5%
Wholesale	4%

CONGRESSIONAL DISTRICT ANALYSIS

The report also calculated estimated numbers of PEO clients for each of the 435 congressional districts in the United States. Looking at PEO client distribution by congressional district also provides a number of insights into the geographic distribution of PEO clients across the country. The ten districts with the largest numbers of PEO clients are included in the table below. ■

CONGRESSIONAL DISTRICTS BY ESTIMATED NUMBER OF PEO CLIENTS (TOP 10)

DISTRICT	ESTIMATED NUMBER OF PEO CLIENTS
NY 12	7,200
NY 10	4,300
FL 14	4,200
FL 1	2,800
UT 3	2,500
CA 26	2,400
FL 13	2,200
FL 27	2,100
HI 1	2,100
FL 20	2,000



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"Coming from another system that lacked the functionality I needed, moving over to PrismHR was extremely exciting. The reception has already been overwhelming

from the existing clients and the new clients we are bringing on board."

—Antonio Perez, President, RealTime PEO



"Nextep has maintained a strong and vital relationship with PrismHR for nearly 30 years. We rely on PrismHR to keep up with the most advanced technology and partner with us as

our business grows. This allows us to provide our clients with the white-glove service they deserve."

—Nicole Boykins, Product Director, Nextep

↓ 50%

RealTime PEO was able to cut payroll processing time in half by switching to PrismHR.

↑ 5x

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Serves 60% of the PEO industry

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With over 40 years of HR tech leadership, PrismHR isn't just keeping pace—we're redefining the industry. Scan the code to learn more.



PRISMHR

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Boldface type indicates NAPEO Medallion Partner

IT'S TIME TO RENEW YOUR PEO MEMBERSHIP

We look forward to continuing to serve you and your staff through NAPEO membership in 2026. To avoid disruption in your member services, please complete your membership renewal and submit your membership dues to NAPEO before December 23.

Why should you renew?

Many of our members find the below invaluable to their membership experience:

- Timely updates on regulatory and legislative developments
- Access to the regulatory database at your fingertips
- Industry financial ratios and PEO operating statistics
- Invaluable networking opportunities with fellow PEO members

Why members renew

"Being a NAPEO member is like tapping into a treasure trove of knowledge and opportunities every single day. From the invaluable insights and resources to the inspiring community of professionals, NAPEO has been a compass in navigating the ever-evolving landscape of the PEO industry. NAPEO isn't just an acronym; it's a badge of pride, a commitment to continuous growth, and a testament to my dedication to this incredible industry."

Remind your organization's main or billing contact to renew today!

Only your organization's main or billing contact is allowed to renew membership. Give them a gentle reminder to renew soon so you don't experience a lapse in membership!

If you require assistance, please contact us at membership@napeo.org.



INCREASING THE RETURN ON YOUR INVESTMENT

BY CASEY M. CLARK

Like a lot of you, I love our annual conference and marketplace. The energy, the people, the content all coming together is as good a reminder of the vitality of our industry as any. I was proud to share in Austin that the state of our association is similarly strong!

And while there are a lot of reasons for our strength, it all stems from a specific focus on enhancing the value you get from your investment in NAPEO. We deliver this value in a lot of ways—industry data, direct advocacy in state capitals and Washington, online and in person events, etc.

Your investment in NAPEO is an opportunity to support the growth of this industry we all believe in. We launched a new three-year strategic plan this year to serve as our roadmap in this effort and we're already making great progress against our four pillars.

DRIVING A COMPELLING INDUSTRY NARRATIVE

We're working to enhance our own assets—the new **napeo.org** that we launched in April is modern, content-rich

and user-friendly. In just a few months, traffic is already up 50%. We also undertook a first-of-its-kind industry communications audit to unify and strengthen how we talk about PEOs across the board. These findings will help shape messaging that resonates with policymakers, business leaders and the media.

SECURING A FAVORABLE POLICY ENVIRONMENT FOR PEO SUCCESS

Our advocacy efforts are yielding meaningful results. In Washington, we worked with congressional champions to introduce H.R. 3223, a bipartisan bill that brings much-needed clarity to payroll tax credit liability. The bill currently has 15 cosponsors, and a companion Senate bill is coming soon (well, as soon as the government reopens...). We have more work to do to get across the finish line, but our progress so far speaks to how far we have come in elevating the caliber of our relationships on Capitol Hill.

In the states, we've passed pro-PEO legislation in Oregon (twice), Montana, New Jersey and Indiana. These wins represent years of patient, focused and

aligned advocacy, and we're not letting up. As our visibility grows, so does the opposition which is why continued momentum is essential. Our efforts in the states are a collaborative effort, with member engagement strengthening our approach and amplifying our voice.

ELEVATING NAPEO AS THE DEFINITIVE PEO INDUSTRY RESOURCE AND CONVENER

Bringing people together is one of NAPEO's core strengths. But we're still always looking at how we can evolve this strategic imperative. This year we debuted the Operations Workshop and launched the NextGen leaders initiative. We've also locked in the full 2026 event calendar (**napeo.org/events**), enabling you to plan ahead and engage fully with us throughout the year.

STRENGTHENING ORGANIZATIONAL SUSTAINABILITY TO DEEPEN MEMBER VALUE

Internally, we've strengthened our team and overhauled financial systems, streamlined budgeting and continue to evaluate long-term revenue sustainability. We're investing in the infrastructure to ensure NAPEO is built to serve you for decades to come.

At the end of the day, your participation in NAPEO isn't just a membership—it's an investment in your business and the bright future of our industry. Research clearly shows a direct correlation between active association engagement and benefits including increased profitability, lowered risk and higher enterprise value.

I look forward to continuing to enhance the value you derive from your NAPEO membership. Together, we can keep this momentum going! ■



CASEY M. CLARK

President & CEO
NAPEO
Alexandria, VA

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