



## Advantages of a PEO: Buying Power



Pinnacle is a **PEO**, or Professional Employer Organization. This means that we become the Employer of Record for IRS purposes by paying employees under our Federal Tax Employer ID Number (FEIN). In almost all States, we also pay the State taxes under our account numbers. In this way, Pinnacle becomes a co-employer who provides payroll and administrative services while you remain in control over hiring, supervision and determining compensation for your employees. Aggregating employees in a pool gives Pinnacle more buying power in several ways:

**Workers Compensation Insurance:** Pinnacle's company name appears on the workers compensation policies, and our high premium volume allows us to negotiate discounts from insurance carriers that often exceed what a business could obtain on its own. The experience rating for Pinnacle's policies tends to protect our clients from a spike in premiums if you were to have a claim. Pooling claims together helps to keep the pricing stable over a long period of time.

**Unemployment Taxes:** In many cases, we can lower your cost of state unemployment tax by using Pinnacle's established tax rate instead of your new business rate or small business rate. Having a bigger pool of employees helps keep your cost from increasing if you were to lose a claim and have a former Team Member collect unemployment compensation. On your own, even one claim chargeback could cause an increase in your tax rate, which increases your cost of doing business. Under Pinnacle, we take that risk for you by giving you a more stable long-term tax rate.

**Employee Benefits:** As a PEO, Pinnacle sets up large group insurance policies for Health Insurance, Dental, Vision, Life Insurance, Disability, Accident Policies, 401(k) and other benefit options. These benefits are reasonably priced because of Pinnacle's buying power nationally. We can negotiate pricing based on a larger number of eligible enrollees. Pinnacle is also able to negotiate a more flexible arrangement, where there is no minimum number of participants required and no requirement for an owner to contribute to the cost. You can offer benefit options that we administer for you, without any cost to the business! That's a big advantage!