PERC

25 Questions to Ask Any PEO

Compare providers on the same terms before you sign.

How to use this checklist
Ask every provider the same questions, get the answers in writing, and use the scorecard on the last page to compare them side by side. Each question has a short note on why it matters.

Pricing and fees

- [ ] **1. What is the total price per employee per month, and is it a flat fee or a percentage of payroll?**
  A percentage of payroll rises with wages, while a flat fee does not. Compare quotes on the same basis.

- [ ] **2. Which items are billed on top: health premiums, workers' comp, setup, technology or add-on modules?**
  The admin fee is rarely the whole cost. Ask for every line item.

- [ ] **3. Is there a minimum monthly fee, an employee minimum or a one-time onboarding fee?**
  Minimums and setup fees can change the real price for a small team.

- [ ] **4. How and when can fees increase after the first term, and what did renewals look like last year?**
  Low first-year pricing can rise at renewal.

- [ ] **5. Can you put the full quote in writing, with every fee and how it is calculated?**
  A written, itemized quote is the only way to compare providers fairly.

Contract and cancellation

- [ ] **6. How long is the initial term, and does the contract renew automatically?**
  Missing the notice window can lock you into another full term.

- [ ] **7. What is your cancellation policy: how many days' notice, in what form, and when can it take effect?**
  Some contracts require advance written notice, and many are easiest to end at a calendar-year or plan-year boundary.

- [ ] **8. What fees apply if I cancel early or at renewal, such as termination, retirement plan transfer or data export fees?**
  Exit costs are easy to miss before signing. Get them in writing.

- [ ] **9. What records do I receive when I leave, how fast, and in what format?**
  You need payroll history, year-to-date wages, tax details and employee records to start with a new provider.

- [ ] **10. Who holds my state unemployment and workers' comp accounts, and what transfers to me when I leave?**
  It affects your tax rate history and your ability to set up your own accounts.

Taxes and certification

- [ ] **11. Is the exact legal entity that will employ my staff an IRS Certified PEO, and can you show me the IRS listing?**
  A certified PEO is treated as the employer for federal employment taxes on the wages it pays. Check the IRS list under the exact entity name.

- [ ] **12. Will my payroll tax wage bases restart when I join, so wages already taxed this year are taxed again? How do you handle federal and state?**
  Moving employees to a PEO's tax ID can restart annual wage caps for Social Security and state unemployment, and starting on January 1 avoids it. Ask whether your state or certification waives the restart, and ask the same when you leave.

- [ ] **13. Whose state unemployment account and rate apply to me: my own history or the PEO's pooled rate, and how is it set?**
  The rate you pay can differ from the rate you would pay on your own.

- [ ] **14. Who files and signs the payroll tax returns and W-2s, and who pays penalties if there is an error?**
  Responsibility for errors differs between certified and non-certified PEOs.

- [ ] **15. Are you ESAC accredited, and licensed or registered in my state where it is required?**
  Some states license or register PEOs. See your state's page on percnetwork.com.

Benefits and workers' comp

- [ ] **16. Which health carriers and networks are offered where my employees live, and how are renewals priced?**
  Networks and pricing vary by location and by the PEO's pooled experience.

- [ ] **17. What employer contribution and employee participation minimums do you require?**
  These can limit flexibility, especially for small teams.

- [ ] **18. What retirement plan is offered, what are its fees, and what happens to employee balances if I leave?**
  PEO plans often cover many client companies at once, so leaving can mean moving to a new plan.

- [ ] **19. How is workers' comp priced for my job classes, and how do claims and premium audits work?**
  Pricing and audits differ widely by provider and by industry.

- [ ] **20. If I leave mid-year, what happens to deductibles and benefit coverage?**
  Deductibles often reset when plans change, which is why timing matters.

Service and support

- [ ] **21. Who will be my day-to-day contact, and what is the typical response time?**
  Reviews often point to the quality of the account manager.

- [ ] **22. Can I see the employee and manager platform, and does it connect to my accounting and time tools?**
  Ask for a live demo, not slides.

- [ ] **23. What HR support is included, such as policies, advisors and employee relations, and what costs extra?**
  Support depth varies a lot between providers.

- [ ] **24. How do you handle compliance and registrations in other states where I hire?**
  Multi-state hiring is a common reason to use a PEO.

- [ ] **25. Can you share references from companies of my size and industry, and how many clients left last year?**
  References and retention show how well the service holds up.

Watch out for

- Vague about fees, or unwilling to put the quote in writing
- Cannot show the IRS listing for the exact legal entity
- Pressure to sign quickly or skip the contract review
- Long auto-renewal with high exit fees
- No clear answer on how you get your records when you leave

Provider scorecard

Write each provider's answer in the matching row. Use the same row for every provider.

	Provider A	Provider B	Provider C
Price per employee / % of payroll			
Fees on top (setup, benefits, add-ons)			
Initial term and auto-renewal			
Cancellation notice required			
Exit fees (termination, plan transfer, data)			
IRS Certified PEO (exact entity)?			
Wage base restart (federal / state)?			
Whose unemployment account and rate			
ESAC accredited; state license			
Health carriers and renewal terms			
Retirement plan and fees			
Workers' comp pricing			
Day-to-day contact and support			
Total estimated annual cost			

Next steps

Compare providers at **percnetwork.com/peo-providers**, request quotes from several PEOs at once at **percnetwork.com/get-quotes**, or talk to an advisor at **percnetwork.com/schedule-a-call**. Have an attorney read any contract before you sign.