

BRIGHTADVISOR®

# PEO Implementation Guide

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Step-by-Step Guide to Transitioning Your HR and Payroll to a PEO

# Why Transition to a PEO?

A Professional Employer Organization (PEO) provides comprehensive HR outsourcing through a co-employment model. By partnering with a PEO, small and mid-sized businesses gain access to Fortune 500-level benefits, streamlined payroll and compliance, and dedicated HR support without the overhead of building an in-house HR department.

Businesses that use a PEO grow 7-9% faster, have 10-14% lower employee turnover, and are 50% less likely to go out of business compared to similar companies that do not use a PEO (NAPEO).

## Phase 1: Internal Assessment

Before engaging PEO vendors, conduct a thorough assessment of your current HR operations to identify pain points, costs, and priorities.

Assessment Area	Current State	Pain Points	Priority
Payroll processing			
Benefits administration			
HR compliance			
Workers compensation			
Employee onboarding			
Time and attendance			
Performance management			
Recruiting support			

## Key Readiness Questions

1. How many employees do you have, and what is your projected headcount in 12 months?
2. In which states do your employees work? Do you plan to expand to new states?

3. What is your current total cost for payroll processing, benefits admin, and HR compliance?
4. What HR functions consume the most time for your leadership team?
5. Are there any open compliance issues (tax filings, wage/hour, I-9 audits)?

## Phase 2: PEO Vendor Selection

Not all PEOs are created equal. Evaluate vendors across these critical dimensions to find the right partner for your business size, industry, and growth trajectory.

Evaluation Criteria	Weight	Vendor A	Vendor B	Vendor C
IRS-certified (CPEO) status	Critical			
ESAC accreditation	High			
Benefits carrier options and quality	High			
Technology platform and user experience	High			
Pricing transparency (no hidden fees)	Critical			
Dedicated support team vs. call center	High			
Multi-state payroll capabilities	Medium			
Workers comp claims management	Medium			
Implementation timeline and support	High			
Contract terms and exit provisions	Critical			

### Red Flags to Watch For

- Long-term contracts with early termination penalties

- Bundled pricing that obscures individual service costs
- No CPEO certification or ESAC accreditation
- Limited carrier options for health insurance
- No dedicated account representative assigned to your business
- Vague answers about data portability if you leave the PEO

Always verify a PEO's IRS certification (CPEO) status and financial stability. A CPEO assumes sole liability for federal employment tax payments, providing critical protection for your business.

## Phase 3: Employee Communication

Clear, proactive communication is essential for a smooth PEO transition. Employees need to understand what is changing, what is staying the same, and how the transition benefits them.

### Communication Timeline

When	Audience	Action	Channel
4 weeks before	Leadership team	Align on messaging and FAQs	In-person meeting
3 weeks before	Managers	Brief on changes and how to answer employee questions	Manager meeting
2 weeks before	All employees	Announce transition with benefits overview	Company-wide email + meeting
1 week before	All employees	Distribute enrollment materials and login credentials	Email + portal access
Go-live day	All employees	Launch day support and help desk availability	In-person + chat support
1 week after	All employees	Follow-up survey and open Q&A session	Email survey + town hall

## Phase 4: Data Migration

Accurate data migration is the foundation of a successful PEO launch. Work with your PEO implementation team to transfer all critical employee and payroll data.

### Data Migration Checklist

- Employee demographic data (name, SSN, DOB, address, emergency contacts)
- Compensation details (salary/hourly rate, pay frequency, direct deposit info)
- Tax withholding elections (W-4, state withholding forms)
- Year-to-date payroll data (gross wages, taxes withheld, deductions)
- Benefits enrollment selections and dependent information
- PTO balances and accrual policies
- I-9 documentation and verification records
- Workers compensation classification codes and history
- Garnishment and child support orders
- Historical payroll records for current tax year

## Phase 5: Go-Live Checklist

Use this checklist to ensure every critical item is addressed before, during, and after your PEO go-live date.

### Pre-Launch (2 Weeks Before)

Task	Owner	Status
All employee data loaded and verified in PEO platform		
Benefits elections confirmed for all eligible employees		
Direct deposit information verified		
Tax jurisdiction registrations confirmed for all states		

Workers comp policy bound and classifications verified

Payroll calendar finalized and communicated

Employee self-service portal tested

Manager portal access provisioned and tested

## Go-Live Day

Task	Owner	Status
First payroll processed and verified		
Deductions applied correctly (benefits, taxes, garnishments)		
Employee portal access confirmed		
Help desk contact info distributed to all employees		
Previous payroll vendor notified and accounts closed		

## Post-Launch (First 30 Days)

Task	Owner	Status
Verify first payroll accuracy (compare to prior pay stubs)		
Confirm all tax filings submitted correctly		
Review benefits enrollment confirmation statements		
Collect employee feedback and address issues		
Schedule 30-day review meeting with PEO account team		

Document any process changes or outstanding items

BrightWealth® manages PEO evaluations, negotiations, and implementations for businesses of every size. Our team ensures you get the best PEO fit at the best price with a seamless transition. Contact us for a complimentary PEO assessment.