

Sample Company #2



April 6, 2005

**Subject: PEO Business Impact and Proposal Analysis**

Your StaffMarket Request for Professional Employer Organization (PEO) proposals has resulted in one or more PEO options for your company. To assist your decision in selection of a PEO services provider we have prepared the attached analysis.

This analysis reviews your current costs and compares those costs with the projected cost if you were to engage each PEO. This analysis is only as accurate as the data you have provided to us. If you have provided us with your current cost (Work comp rates, SUTA, etc.) we have used those values in this analysis. If not, then we have used standard values or our own assumptions. If you would like this analysis revised based on different assumptions, please contact us and we can revise as necessary.

This analysis focuses on your current costs and the pricing being offered by responding PEOs. It does not reflect other considerations that may be important to your company. While pricing is always a factor, it is often not the most significant consideration. Each PEO has varying levels of support for HR services and technology capabilities that are not reflected in this cost analysis. Making a decision solely on price may not be the best option for your company.

Thank you for letting StaffMarket assist with your review of HR Outsourcing options for your company. Please contact me when you are ready to review the analysis and we will be glad to explain our findings.

Sincerely,

**StaffMarket**

**StaffMarket Services**

**431 12th Street West - Bradenton, Florida 34205**

**941-750-9450 extension 0**

**Professional Employer Organization  
Business Impact / Cost Analysis**

Prepared for

**Sample Company #2**

4/6/2005

Prepared by: StaffMarket  
StaffMarket Services  
431 12th Street West - Bradenton, Florida 34205  
941-750-9450 extension 0



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9	Sample PEO #2 Proposal Analysis <i>This sheet analyzes your current employer related costs versus costs with engaing this PEO.</i>
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This analysis is an estimate only. Your actual costs will be higher or lower based on your company's actual experience and/or additional fees that may be charged by our member PEO companies. StaffMarket makes no guarantees regarding the accuracy of this analysis and we advise you to review each companies client services agreement for additional pertinent information to assist with your choice of vendors. StaffMarket has prepared this analysis as a courtesy to your company and advises you to undertake your own due diligence prior to engaging any Professional Employer Organization.

## Employment Related Current Cost Analysis

RFP Prepared for:

4625 Sample Company #2

Number of Employees <sup>1</sup>	Annual Payroll <sup>2</sup>	Employee Turnover <sup>3</sup>
366	\$ 9,170,528	25%



To effectively evaluate outsourcing solutions for your company it is critical to understand your current employer related costs. This worksheet has been custom prepared to help you understand your major HR cost drivers. Values used for this analysis are based on the information you provided to StaffMarket in your Request for Proposal (RFP) or on industry standard rates. If you would like us to adjust any of these variables, please contact your StaffMarket account executive for a revised analysis.

### "A" Costs - FICA, Federal and State Unemployment

	Rate	State	EE Count	Per EE Cap	Base	Annual Cost
FICA <sup>4</sup>	6.200%	NA	366	\$ 90,000	\$9,170,528	\$ 568,573
Medicare <sup>5</sup>	1.450%	NA	366	None	\$9,170,528	\$ 132,973
Federal Unemployment <sup>6</sup>	0.800%	NA	366	7,000	\$3,202,500	\$ 25,620
State Unemployment <sup>7</sup>	4.520%	FL	174	\$7000	\$1,522,500	\$ 68,817
State Unemployment <sup>7</sup>	3.620%	GA	20	\$8500	\$ 212,500	\$ 7,693
State Unemployment <sup>7</sup>	5.500%	LA	15	\$7000	\$ 131,250	\$ 7,219
State Unemployment <sup>7</sup>	0.800%	MD	18	\$8500	\$ 191,250	\$ 1,530
State Unemployment <sup>7</sup>	3.480%	NC	7	\$15900	\$ 139,125	\$ 4,842
State Unemployment <sup>7</sup>	10.390%	PA	7	\$8000	\$ 70,000	\$ 7,273
State Unemployment <sup>7</sup>	3.400%	SC	1	\$7000	\$ 8,750	\$ 298
State Unemployment <sup>7</sup>	0.580%	TX	32	\$9000	\$ 360,000	\$ 2,088
State Unemployment <sup>7</sup>	0.005%	VA	10	\$8000	\$ 100,000	\$ 5
State Unemployment <sup>7</sup>	8.500%	WV	2	\$8000	\$ 20,000	\$ 1,700

"A" Costs Total<sup>8</sup>

\$ 828,629

**Estimated  
Annual Costs**

**\$ 828,629**

#### Important Analysis Assumptions:

- 1) No individual employee will make more than the FICA max (\$90,000). Payroll values are averaged over all employees.
- 2) Employee turnover will cause SUTA costs to rise since new employees much reach the cap. Your base has been adjusted for turnover.

The cost of FICA (employers portion) is set at 6.20%, Medicare is set at 1.45% and Federal Unemployment (FUTA) is set at .80% of gross wages per federal law. Your State Unemployment Tax rate (SUTA) will vary based on your actual unemployment claims history and is cutoff after the SUTA wage base has been reached for each employee in your state. Each state has differing base amounts and min and max rates. Contact your StaffMarket Account Executive for more details about this calculation.

### "B" Costs - Administrative<sup>9</sup>

For your analysis we have estimated your cost

Cost / Employee  
\$ 1,498

Number of Employees  
366

Cost  
548,268

"B" Costs Total<sup>10</sup>

Calculated rate =

5.98%

**\$ 548,268**

The following table represents the estimated average companies administrative costs and was compiled using data from the U.S. Department of Labor and the U.S. Small Business Administration.

Type of Regulation	All Firms	Less than 20 Employees	20-499 Employees	500+ Employees
Workplace	\$ 779	\$ 829	\$ 873	\$ 698
Tax Compliance	\$ 665	\$ 1,202	\$ 625	\$ 562
<b>Estimated Costs</b>	<b>\$ 1,444</b>	<b>\$ 2,031</b>	<b>\$ 1,498</b>	<b>\$ 1,260</b>

Source

SBA

<http://www.sba.gov/advo/research/rs207tot.pdf>

Every business manager should read this report.

It can be difficult to precisely calculate your company's administrative costs but an accurate estimate is possible. Your overhead includes the cost of things like payroll processing, computer software, checks, check reconciliation, court payments and tax deposits. In addition other tasks include, W2 preparations, 940 and 941 reporting, Workers' compensation reporting, claims administration, audits and hearings. For a full list of required activities and the cost estimate, see [Appendix A of this analysis](#).

### "C" Costs - Workers' Compensation Insurance<sup>11</sup>

Information Source

Employers Policy

Your Mod Rate<sup>12</sup> =

1.00

(included as 12% discount on each state)

Other Discounts<sup>13</sup> =

0.00%

See state detail

Note: Wage base amounts have been revised from the current Amerisure policy base amounts.

Description	Code	State	Base Rate	Wage / Base	WC Cost
<b>Florida</b>					
Electrical Wiring	5190	FL	10.7400%	\$ 2,506,104	\$ 269,156
Executive Supervisor	5606	FL	4.5700%	\$ 2,148,390	\$ 98,181
Clerical	8810	FL	0.6200%	\$ 1,309,670	\$ 8,120
Wage Base SubTotal				\$ 5,964,164	\$ 375,457
Waiver of Subrogation	930	FL			\$ 250
Two Limits	9807	FL	0.8000%	\$ 375,457	\$ 3,004
Safety Discount	9765	FL	-2.0000%	\$ 378,711	\$ (7,574)
Drug Free	9841	FL	-5.0000%	\$ 371,136	\$ (18,557)
Modifier Adjustment	9898	FL	-12.0000%	\$ 352,580	\$ (42,310)

Premium Adjustment	9046	FL	-25.0000%	\$ 310,270		\$ (77,568)
	Discount	FL	-11.6900%	\$ 232,703		\$ (27,203)
Terrorism Charge	9740	FL	0.3000%	??		\$ 1,274
Florida Totals						\$ 206,774 \$ 206,774

#### Georgia

Electrical Wiring	5190	GA	5.9400%	\$ 384,362		\$ 22,831
Executive Supervisor	5606	GA	3.9200%	\$ 148,072		\$ 5,804
Clerical	8810	GA	0.3600%	\$ 28,000		\$ 101
Wage Base SubTotal				\$ 560,434		\$ 28,736
Two Limits	9807	GA	1.9000%	\$ 28,736		\$ 546
Modifier Adjustment	9898	GA	-12.0000%	\$ 29,282		\$ (3,514)
	Discount	GA	-11.6800%	\$ 25,768		\$ (3,010)
Terrorism Charge	9740	GA	3.5800%	??		\$ 179
Georgia Total						\$ 22,938 \$ 22,938

#### Louisiana

Electrical Wiring	5190	LA	5.6400%	\$ 71,410		\$ 4,028
Executive Supervisor	5606	LA	3.2200%	\$ 60,000		\$ 1,932
Wage Base SubTotal				\$ 131,410		\$ 5,960
Two Limits	9807	LA	1.7000%	\$ 5,960		\$ 101
Modifier Adjustment	9898	LA	-12.0000%	\$ 6,061		\$ (727)
	Discount	LA	-9.1500%	\$ 5,334		\$ (488)
Terrorism Charge	9740	LA	2.6500%	??		\$ 38
Louisiana totals						\$ 4,884 \$ 4,884

#### Maryland

Electrical Wiring	5190	MD	7.4600%	\$ 101,879		\$ 7,600
Executive Supervisor	5606	MD	3.0600%	\$ 142,508		\$ 4,361
Wage Base SubTotal				\$ 244,387		\$ 11,961
Two Limits	9807	MD	1.7000%	\$ 11,961		\$ 203
Modifier Adjustment	9898	MD	-12.0000%	\$ 12,164		\$ (1,460)
	Discount	MD	-11.6800%	\$ 10,705		\$ (1,250)
Terrorism Charge	9740	MD	5.0200%	??		\$ 30
Maryland totals						\$ 9,484 \$ 9,484

#### North Carolina

Electrical Wiring	5190	NC	6.8600%	\$ 73,914		\$ 5,071
Executive Supervisor	5606	NC	3.5100%	\$ 354,236		\$ 12,434
Wage Base SubTotal				\$ 428,150		\$ 17,504
Two Limits	9807	NC	1.7000%	\$ 17,504		\$ 298
Modifier Adjustment	9898	NC	-12.0000%	\$ 17,802		\$ (2,136)
	Discount	NC	-5.1500%	\$ 15,666		\$ (807)
Terrorism Charge	9740	NC	2.9000%	???		\$ 111
North Carolina totals						\$ 14,970 \$ 14,970

#### Pennsylvania

Electrical Wiring	5190	PA	5.7800%	\$ 48,836		\$ 2,823
Wage Base SubTotal				\$ 48,836		\$ 2,823
Two Limits	9807	PA	1.9000%	\$ 2,823		\$ 54
	Discount	PA	-11.6900%	\$ 2,876		\$ (336)
Terrorism Charge	9740	PA	3.6800%	??		\$ 24
Assessment		PA	2.8000%	\$ 2,564		\$ 72
Pennsylvania SubTotals						\$ 2,636 \$ 2,636

#### South Carolina

Electrical Wiring	5190	SC	5.7600%	\$ 37,970		\$ 2,187
Executive Supervisor	5606	SC	3.0200%	\$ -		\$ -
Wage Base SubTotal				\$ 37,970		\$ 2,187
Two Limits	9807	SC	1.7000%	\$ 2,187		\$ 37
Modifier Adjustment	9898	SC	-12.0000%	\$ 2,224		\$ (267)
	Discount	SC	-5.1600%	\$ 1,957		\$ (101)
Terrorism Charge	9740	SC	2.9600%	???		\$ 10
South Carolina SubTotals						\$ 1,866 \$ 1,866

#### Texas

Electrical Wiring	5190	TX	9.9400%	\$ 365,908		\$ 36,371
Executive Supervisor	5606	TX	4.5000%	\$ 296,000		\$ 13,320
Wage Base SubTotal				\$ 661,908		\$ 49,691
Two Limits	9807	TX	1.0000%	\$ 49,691		\$ 497
Modifier Adjustment	9898	TX	-12.0000%	\$ 50,188		\$ (6,023)

	Discount	TX	-9.4700%	\$ 44,166		\$ (4,182)	
Terrorism Charge	9740	TX	3.0000%	???		\$ 110	
Texas SubTotals						\$ 40,093	\$ 40,093

**Virginia**

Electrical Wiring	5190	VA	3.2300%	\$ 320,685		\$ 10,358	
Executive Supervisor	5606	VA	2.4700%	\$ 330,655		\$ 8,167	
Wage Base SubTotal				\$ 651,340		\$ 18,525	
Two Limits	9807	VA	1.9000%	\$ 18,525		\$ 352	
Modifier Adjustment	9898	VA	-12.0000%	\$ 18,877		\$ (2,265)	
	Discount	VA	-11.6800%	\$ 16,612		\$ (1,940)	
Terrorism Charge	9740	VA	4.0500%	???		\$ 163	
Virginia SubTotals						\$ 14,835	\$ 14,835

**West Virginia (estimated with VA rates)**

Electrical Wiring	5190	WV	3.2300%	\$ 15,576		\$ 503	
Executive Supervisor	5606	WV	2.4700%	\$ 24,100		\$ 595	
Wage Base SubTotal				\$ 39,676		\$ 1,098	
Two Limits	9807	WV	1.9000%	\$ 1,098		\$ 21	
Modifier Adjustment	9898	WV	-12.0000%	\$ 1,119		\$ (134)	
	Discount	WV	-11.6800%	\$ 985		\$ (115)	
Terrorism Charge	9740	WV	4.0500%	???		\$ 163	
West Virginia SubTotals (estimated)						\$ 1,033	\$ 1,033

**Total Work Comp "C" Costs**

**\$ 319,512**    **\$ 319,512**

Rates for Workers' Compensation insurance vary based on the type of worked being performed and your company's claims history. It also is charged based on the wage base for each type of work being performed. Each state has different requirements for employers regarding Workers' Comp insurance coverage. If you have provided StaffMarket with a copy of your current policy or DEC page (declarations of coverage) we have used those actual values for this analysis. If not, we have used standard (manual) rates for these calculations. No consideration has been given in this analysis for premium plans or deductible plans. Contact your StaffMarket Account Executive for more details about this calculation.

**"D" Costs - Employee Benefits and Health Insurance**

Health insurance costs are not included in this analysis due to the variability of options and plans. Please contact us if you would like us to assist with health insurance evaluations.

**Total Employer Related Costs <sup>20</sup>**

**\$ 1,696,408**

**Total Employer Related Costs (plus wages)**

**\$ 10,866,936**

**Total Percent**

**15.61%**

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See attached Glossary for detailed line item explanations.

**Glossary of Terms and Explanations**  
**Current Cost Analysis**

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- 1) Number of Employees**  
As you defined on your StaffMarket RFP
- 2) Annual Payroll**  
As you defined on your StaffMarket RFP
- 3) Employee Turnover**  
Estimated by StaffMarket based on average turnover for businesses in your industry. Since State Unemployment (SUTA) is paid until the cutoff is reached for each employee, a higher turnover creates higher costs for your SUTA.
- 4) FICA – Federal Insurance Contributions Act**  
Per federal laws – Must be paid on the first 6.2% (2005) of earnings for all employees until the employee has reached the \$90,000 (2005) cap. Your cost analysis assumes that no employees will reach this cap. This cost is your employer matching payment and does not include your employee's tax withholding costs.
- 5) Medicare**  
Per federal laws – must be paid on 1.45% of all wages
- 6) Federal Unemployment – FUTA**  
Fixed at .8% of gross wages and is capped at \$7,000.
- 7) SUTA - State Unemployment Rate**  
Your State Unemployment Tax rate (SUTA) will vary based on your actual unemployment claims history and is cutoff after the SUTA wage base has been reached for each employee in your state. Each state has differing base amounts and min and max rates. New business rates are usually rated at 2.7%. We have estimated your annual cost by multiplying the number of employees by the cap amount and adjusting for employee turnover.
- 8) "A" Costs Total**  
Total employers costs of statutory taxes.
- 9) Administrative Costs**  
This amount is our estimated cost of administrative duties related to being an employer. Please see Appendix A for a breakdown of these costs.
- 10) "B" Costs Total**  
Your company's administrative costs rate multiplied by your annual wages.
- 11) Workers' Compensation Insurance**  
Cost related to providing workers' comp coverage for your employees. This insurance is required in most states and costs are based on the type of work being performed (work comp codes) and your company's claims history. Costs are based on the amount of wages (work being performed) in each classification. For a full discussion contact your StaffMarket account executive.
- 12) Mod Rate – Work Comp Rate Modifier**  
This is a multiplier number that effectively adjusts the rate you must pay, up or down based on your claims history. A higher number (greater than 1.0) indicates a high rate of claims. A lower rate (less than 1.0) indicates you have a lower claims history than other businesses doing similar work and your rate is adjusted downward. You should see your current mod rate listed on your work comp policy.
- 13) Other Discounts**  
You may be getting other discounts for programs like "drug free workplace" offered by certain insurance carriers.
- 14) Work Comp Code**  
Coded classification for the type of work being performed. Your current work comp policy declarations page (DEC page) should identify the current classifications for your employees and the rates you are being charged. If you are unsure of the correct classifications, call your StaffMarket account executive for clarification.
- 15) State – Work Comp**  
State the work is being performed in. If you have employees in multiple states, you should ensure that each column on this sheet reflects those states.
- 16) Base Rate**  
Either the current rates you have identified to StaffMarket or the Manual rates for your state (in states with manual rating systems).
- 17) Effective Rate**  
Your current rate multiplied by your Mod factor and reduced for any discounts.
- 18) Wages in Code**  
As defined on your StaffMarket RFP
- 19) "C" Costs Total**  
Total costs for workers' compensation insurance for you company based on the classifications you have defined, the amount of wages in each classification and adjusted for any discounts you may currently have.
- 20) Total Employer Related Costs**  
This is a summary of all the cost identified in the categories above and reflects your companies employer related costs.

**StaffMarket PEO Quote Analysis**  
 PEO Quote provided from:  
**Sample PEO #1**



RFP Prepared for:

4625 Sample Company #2      Number of Employees      Annual Payroll  
 366      \$ 9,170,528

Quote Expires on      **3/1/2005**  
 Subject to Final Underwriting?      **Yes**

See Current  
 Cost Analysis  
 Page

**"A" Costs - FICA, Federal and State Unemployment**

	Proposed Cost	Current Cost	Savings
Included		\$ 828,629	

**"B" Costs - Administrative**

Included	\$ 548,268
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**"C" Costs - Workers' Compensation Insurance**

Included	\$ 319,512
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**Bundled PEO Services Costs**

				<i>Before SUTA/FUTA Cutoffs</i>				<i>After SUTA/FUTA Cutoffs</i>					
		State SUTA/FUTA		SUTA Subject	Pre Cutoff	Pre Cutoff	After SUTA	After Cutoff	Post				
Description	Code	Base	EE Count	Wages	Quoted Rate	Cost	Cutoff Wages	Quoted Rate	Cutoff Cost	Total Cost			
<b>Florida</b>													
<b>FL</b>	Electrical Wiring	5190	\$7000	142	\$ 2,506,104	\$ 994,000	20.9800%	\$ 208,541	\$ 1,512,104	18.9800%	\$ 286,997	\$ 495,539	
	Executive Supervisor	5606	\$7000	50	\$ 2,418,390	\$ 350,000	15.7600%	\$ 55,160	\$ 2,068,390	13.7600%	\$ 284,610	\$ 339,770	
	Clerical	8810	\$7000	41	\$ 1,309,670	\$ 287,000	12.4200%	\$ 35,645	\$ 1,022,670	10.4200%	\$ 106,562	\$ 142,208	
Florida Totals											\$ 977,517	\$ 977,517	
<b>Georgia</b>													
<b>GA</b>	Electrical Wiring	5190	\$8500	16	\$ 384,362	\$ 136,000	17.0200%	\$ 23,147	\$ 248,362	15.6200%	\$ 38,794	\$ 61,941	
	Executive Supervisor	5606	\$8500	4	\$ 148,072	\$ 34,000	15.9200%	\$ 5,413	\$ 114,072	14.5200%	\$ 16,563	\$ 21,976	
	Clerical	8810	\$8500		\$ -	\$ -	0.0000%	\$ -	\$ -	0.0000%	\$ -	\$ -	
Georgia Total											\$ 83,917	\$ 83,917	
<b>Louisiana</b>													
<b>LA</b>	Electrical Wiring	5190	\$7000	14	\$ 71,410	\$ 98,000	21.7100%	\$ 21,276	\$ -	17.7000%	\$ -	\$ 21,276	
	Executive Supervisor	5606	\$7000	1	\$ 60,000	\$ 7,000	18.4900%	\$ 1,294	\$ 53,000	14.4800%	\$ 7,674	\$ 8,969	
Louisiana totals											\$ 30,245	\$ 30,245	
<b>Maryland</b>													
<b>MD</b>	Electrical Wiring	5190	\$8500	11	\$ 101,879	\$ 93,500	21.3700%	\$ 19,981	\$ 8,379	17.8700%	\$ 1,497	\$ 21,478	
	Executive Supervisor	5606	\$8500	7	\$ 142,508	\$ 59,500	16.5400%	\$ 9,841	\$ 83,008	13.0400%	\$ 10,824	\$ 20,666	
Maryland totals											\$ 42,144	\$ 42,144	
<b>North Carolina</b>													
<b>NC</b>	Electrical Wiring	5190	\$15900	6	\$ 73,914	\$ 95,400	19.0200%	\$ 18,145	\$ -	17.0200%	\$ -	\$ 18,145	
	Executive Supervisor	5606	\$15900	7	\$ 354,236	\$ 111,300	15.0300%	\$ 16,728	\$ 242,936	13.0300%	\$ 31,655	\$ 48,383	
North Carolina totals											\$ 66,528	\$ 66,528	
<b>Pennsylvania</b>													
<b>PA</b>	Electrical Wiring	5190	\$8000	4	\$ 45,836	\$ 32,000	23.1100%	\$ 7,395	\$ 13,836	18.8100%	\$ 2,603	\$ 9,998	
	Executive Supervisor	5606	\$8000	3	\$ 163,253	\$ 24,000	17.8900%	\$ 4,294	\$ 139,253	13.5900%	\$ 18,924	\$ 23,218	
Pennsylvania SubTotals											\$ 33,216	\$ 33,216	

South Carolina												
SC	Electrical Wiring	5190	\$7000	1	\$ 37,970	\$ 7,000	22.9900%	\$ 1,609	\$ 30,970	17.2700%	\$ 5,349	\$ 6,958
	Executive Supervisor	5606	\$7000	0	\$ -	\$ -	0.0000%	\$ -	\$ -	0.0000%	\$ -	\$ -
South Carolina SubTotals												\$ 6,958
Texas												
TX	Electrical Wiring	5190	\$9000	27	\$ 365,908	\$ 243,000	22.6100%	\$ 54,942	\$ 122,908	20.8100%	\$ 25,577	\$ 80,519
	Executive Supervisor	5606	\$9000	5	\$ 296,000	\$ 45,000	15.5700%	\$ 7,007	\$ 251,000	13.7700%	\$ 34,563	\$ 41,569
Texas SubTotals												\$ 122,089
Virginia												
VA	Electrical Wiring	5190	\$8000	15	\$ 320,685	\$ 120,000	16.9600%	\$ 20,352	\$ 200,685	13.4600%	\$ 27,012	\$ 47,364
	Executive Supervisor	5606	\$8000	10	\$ 330,655	\$ 80,000	16.1000%	\$ 12,880	\$ 250,655	12.6000%	\$ 31,583	\$ 44,463
Virginia SubTotals												\$ 91,827
West Virginia (estimated with VA rates)												
WV	Electrical Wiring	5190	\$8000	1	\$ 15,576	\$ 8,000	18.6100%	\$ 1,489	\$ 7,576	15.1100%	\$ 1,145	\$ 2,634
	Executive Supervisor	5606	\$8000	1	\$ 24,100	\$ 8,000	18.6100%	\$ 1,489	\$ 16,100	15.1100%	\$ 2,433	\$ 3,922
West Virginia SubTotals (estimated)												\$ 6,555
				366	\$ 9,170,528							

**Total Bundled PEO Costs**

**Totals**  
**Total employer related costs (plus wages) with Sample PEO #1**  
**Total percent saved**

**\$ 1,460,994**   **\$ 1,696,408**   **\$ 235,414**  
**\$ 10,631,522**   **\$ 10,866,936**  
**13.74%**   **15.61%**   **1.87%**

**Total annual savings (cost) offered by this**

This analysis is an estimate only. Your actual costs will be higher or lower based on your company's actual experience and/or additional fees that may be charged by this company. StaffMarket makes no guarantees regarding the accuracy of this analysis and we advise you to review each companies client services agreement for additional pertinent information to assist with your choice of vendors. StaffMarket has prepared this analysis as a courtesy to your company and advises you to undertake your own due diligence prior to engaging this company.

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**StaffMarket PEO Quote Analysis**  
PEO Quote provided from:



**Sample PEO #2**

RFP Prepared for:

4625 Sample Company #2

Number of Employees	Annual Payroll	Employee Turnover <sup>3</sup>
366	\$9,170,528	25%

Quote Expires on **3/1/2005**  
Subject to Final Underwriting? **Yes**

See Current Cost Analysis Page

**"A" Costs - FICA, Federal and State Unemployment**

	Rate	Basis State	Annual Cost EE Count	Per EE Cap	Base	Annual Cost
FICA <sup>4</sup>	6.200%	NA	366	\$ 90,000	\$ 9,170,528	\$ 568,573
Medicare <sup>5</sup>	1.450%	NA	366	None	\$ 9,170,528	\$ 132,973
Federal Unemployment <sup>6</sup>	0.800%	NA	366	7,000	\$ 3,202,500	\$ 25,620
State Unemployment <sup>7</sup>	1.000%	FL	174	\$7000	\$ 1,522,500	\$ 15,225
State Unemployment <sup>7</sup>	2.400%	GA	20	\$8500	\$ 212,500	\$ 5,100
State Unemployment <sup>7</sup>	4.400%	LA	15	\$7000	\$ 131,250	\$ 5,775
State Unemployment <sup>7</sup>	2.590%	MD	18	\$8500	\$ 191,250	\$ 4,953
State Unemployment <sup>7</sup>	2.300%	NC	7	\$15900	\$ 139,125	\$ 3,200
State Unemployment <sup>7</sup>	3.750%	PA	7	\$8000	\$ 70,000	\$ 2,625
State Unemployment <sup>7</sup>	3.200%	SC	1	\$7000	\$ 8,750	\$ 280
State Unemployment <sup>7</sup>	2.530%	TX	32	\$9000	\$ 360,000	\$ 9,108
State Unemployment <sup>7</sup>	2.840%	VA	10	\$8000	\$ 100,000	\$ 2,840
State Unemployment <sup>7</sup>	2.700%	WV	2	\$8000	\$ 20,000	\$ 540

"A" Costs Total<sup>8</sup>

Proposed "A" Costs Total

\$ 776,812

Proposed Annual Cost	Current Annual Cost (estimated)	Savings
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\$ 776,812	\$ 828,629	\$ 51,817
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**"B" Costs - Administrative**

Administrative Fee	Rate	Basis	Cost
	1.75%	\$ 9,170,528	160,484

160,484	\$ 548,268	\$ 387,784
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**"C" Costs - Workers' Compensation Insurance**

Description	Code	State	Base Rate	Wage / Base	WC Cost
<b>Florida</b>					
Electrical Wiring	5190	FL	9.6700%	\$2,506,104	\$ 242,340
Executive Supervisor	5606	FL	4.1100%	\$2,148,390	\$ 88,299
Clerical	8810	FL	0.5600%	\$1,309,670	\$ 7,334
Wage Base SubTotal				\$5,964,164	\$ 337,973
Florida Totals					\$ 337,973 \$ 337,973
<b>Georgia</b>					
Electrical Wiring	5190	GA	5.2600%	\$ 384,362	\$ 20,217
Executive Supervisor	5606	GA	3.5300%	\$ 148,072	\$ 5,227
Clerical	8810	GA	0.5600%	\$ 28,000	\$ 157
Wage Base SubTotal				\$ 560,434	\$ 25,601
Georgia Total					\$ 25,601 \$ 25,601
<b>Louisiana</b>					
Electrical Wiring	5190	LA	6.5300%	\$ 71,410	\$ 4,663
Executive Supervisor	5606	LA	3.8500%	\$ 60,000	\$ 2,310
Wage Base SubTotal				\$ 131,410	\$ 6,973
Louisiana totals					\$ 6,973 \$ 6,973
<b>Maryland</b>					
Electrical Wiring	5190	MD	6.5800%	\$ 101,879	\$ 6,704
Executive Supervisor	5606	MD	2.7000%	\$ 142,508	\$ 3,848
Wage Base SubTotal				\$ 244,387	\$ 10,551
Maryland totals					\$ 10,551 \$ 10,551
<b>North Carolina</b>					
Electrical Wiring	5190	NC	9.6400%	\$ 73,914	\$ 7,125
Executive Supervisor	5606	NC	4.1100%	\$ 354,236	\$ 14,559
Wage Base SubTotal				\$ 428,150	\$ 21,684
North Carolina totals					\$ 21,684 \$ 21,684
<b>Pennsylvania</b>					
Electrical Wiring	5190	PA	9.6400%	\$ 45,836	\$ 4,419
Executive Supervisor	5606 * Est	PA	4.1100%	\$ 163,253	\$ 6,710
Wage Base SubTotal				\$ 209,089	\$ 11,128
Pennsylvania SubTotals					\$ 11,128 \$ 11,128
<b>South Carolina</b>					
Electrical Wiring	5190	SC	5.9400%	\$ 37,970	\$ 2,255
Executive Supervisor	5606	SC	0.0000%	\$ -	\$ -
Wage Base SubTotal				\$ 37,970	\$ 2,255
South Carolina SubTotals					\$ 2,255 \$ 2,255
<b>Texas</b>					

Electrical Wiring	5190	TX	7.4000%	\$ 365,908		\$ 27,077	
Executive Supervisor	5606	TX	3.0400%	\$ 296,000		\$ 8,998	
Wage Base SubTotal				\$ 661,908		\$ 36,076	
Texas SubTotals						\$ 36,076	\$ 36,076

**Virginia**

Electrical Wiring	5190	VA	2.8400%	\$ 320,685		\$ 9,107	
Executive Supervisor	5606	VA	2.1800%	\$ 330,655		\$ 7,208	
Wage Base SubTotal				\$ 651,340		\$ 16,316	
Virginia SubTotals						\$ 16,316	\$ 16,316

**West Virginia (estimated with VA rates)**

Electrical Wiring	5190	WV	2.8400%	\$ 15,576		\$ 442	
Executive Supervisor	5606	WV	2.1800%	\$ 24,100		\$ 525	
Wage Base SubTotal				\$ 39,676		\$ 968	
West Virginia SubTotals (estimated)						\$ 968	\$ 968

**Total Work Comp "C" Costs**

**\$ 469,526 \$319,511.79 \$ (150,014)**

Rates for Workers' Compensation insurance vary based on the type of worked being performed and your company's claims history. It also is charged based on the wage base for each type of work being performed. Each state has different requirements for employers regarding Workers' Comp insurance coverage. If you have provided StaffMarket with a copy of your current policy or DEC page (declarations of coverage) we have used those actual values for this analysis. If not, we have used standard (manual) rates for these calculations. No consideration has been given in this analysis for premium plans or deductible plans. Contact your StaffMarket Account Executive for more details about this calculation.

**"D" Costs - Employee Benefits and Health Insurance**

Health insurance costs are not included in this analysis due to the variability of options and plans. Please contact us if you would like us to assist with health insurance evaluations.

**"E" Costs - Miscellaneous PEO Charges**

None Amount \$ -

Service offerings not included in this analysis:  
None

\$ -

**Totals**

**\$ 1,406,822 \$ 1,696,408 \$ 289,587**

**Total employer related costs (plus wages) with Sample PEO #2**

**\$ 10,577,350 \$10,866,936**

**Total percent saved**

**13.30% 15.61% 2.31%**

**Total annual savings (cost) offered by this proposal.**

This analysis is an estimate only. Your actual costs will be higher or lower based on your company's actual experience and/or additional fees that may be charged by this company. StaffMarket makes no guarantees regarding the accuracy of this analysis and we advise you to review each companies client services agreement for additional pertinent information to assist with your choice of vendors. StaffMarket has prepared this analysis as a courtesy to your company and advises you to undertake your own due diligence prior to engaging this company.

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**Appendix A**  
**Administrative Overhead Activities**



*Administrative cost estimates are based on the time and cost your company spends on the non-revenue producing activities listed below. While each organization is unique, these activities can present a significant overhead burden and time diversion for your company.*

**Administrative Burdens for Business Owners and Managers**

<b>Payroll Administration</b>	<b>Workers' Compensation Administration</b>
<b>Benefits Administration</b>	<b>Human Resources Assistance</b>

**Payroll Administration**

Prepare and distribute payroll checks	Direct deposit of wages to bank accounts	Year end W2s and W3s
Payroll data maintenance	Federal, state and local withholding and tax deposits	Payroll related record keeping, audits, inquiries and verifications.
Response to I9 inquiries	Reporting and job costing	Time clock management
Vacation and sick leave tracking	Payroll software management and accounting (GL) entries	Tax changes administration

**Workers' Compensation Administration**

Claims review and administration	Safety plan creation, administration and training	Report and documents accidents
Work Comp billing reconciliation	Safety audits and reviews	OSHA Compliance
Annual policy cost reviews	Dividend plan reviews and audits	NCCI mod rate reviews.

**Benefits Administration**

Plan communications to employees	Benefits handbook creation and distribution	Annual enrollments and adds/drops
Eligibility tracking	COBRA compliance and administration	Plan discrimination testing
Flexible spending accounts (FSA) administration	Carrier payments and account audits	Annual plan cost reviews
401K administration, company matching and plan testing (highly compensated)	Section 125 (pretax) premium audits	Life Insurance (if offered) plan administration
Employee assistance plans (EAP) administration	Short term disability plan administration	Long term disability plan administration

**Human Resources Administration**

Legal assistance establishment and retainers	Review, draft and communicate employment policies	Create and publish legally valid employee handbooks
Manage insurance for Employment Practices Liability (EPLI)	Employment posters and notices	Unemployment claims administration
Background checks	Audit compliance with Wage and Hour (FLSA)	Audit compliance with ADA – Disability Act
Audit compliance with EEOC	Audit compliance with OSHA	Attendance audits
Employment applications	Applicant interviewer training practices	I9 compliance