

PEO vs ASO: Key Differences and Similarities

PEO VS. ASO COMPARISON	ASO	PEO
<b>WORKERS' COMPENSATION COVERAGE</b>	Coverage provided by client's own policy.	Coverage provided under PEO's master policy or coordinated master policies (some states allow worksite co-employer to carry client level WC program).
<b>RISK AND SAFETY MANAGEMENT</b>	<u>Client responsibility</u>	Claims management and safety programs compliance administered by PEO.
<b>WHO IS THE EMPLOYER OF RECORD?</b>	Client is the employer of record.	PEO is the Federal and most states' employer of record. Certain states require client-level reporting and PEO has power of attorney to pay.
<b>HUMAN RESOURCES ADMINISTRATION</b>	Human resource responsibilities are supported by ASO, but worksite employer responsible to follow proper HR policies compliant with laws and regulations.	Human resource responsibilities are supported by PEO, but worksite employer responsible to follow proper HR policies compliant with laws and regulations.
<b>REGULATORY COMPLIANCE</b>	ASO manages responsibilities related to regulatory compliance.	PEO manages responsibilities related to regulatory compliance.
<b>EMPLOYEE BENEFITS AND ADMINISTRATION</b>	Coverage obtained by client or obtained through ASO.	Coverage can be offered under PEO master policies or client may choose to use own policy. PEO may also administer the plans.
<b>PAYROLL TAX LIABILITY</b>	The employer is liable.	The PEO is liable for federal taxes. State rules vary.
<b>STATE UNEMPLOYMENT TAX (SUTA) RATE</b>	Client's SUTA rate is used.	The PEO's SUTA rate is used (there are some states that require worksite employer level policies).
<b>UNEMPLOYMENT CLAIMS</b>	Client or ASO manages unemployment claims.	PEO manages unemployment claims.