



Client Name
Attn:
Address
City, State, Zip

July 15, 2010

Subject: Business Impact and Proposal Analysis

Your FIRM Consulting Request for Payroll, HR Admin and Insurance proposals has resulted in three options for your company. To assist your decision in selection of a services provider we have prepared the attached analysis.

This analysis reviews the projected cost if you were to engage each vendor. This analysis is based on the data and requests that you have submitted to FIRM Consulting as determining criteria for qualified service providers.

Each vendor has varying levels of support for HR services and technology capabilities which have been outlined but the specifics of each process will be detailed by a company representative during the following proposal presentation. While pricing is always a factor, it is often not the most significant consideration. Making a decision solely on price may not be the best option for your company.

Thank you for letting FIRM Consulting assist with your review of Payroll, HR Admin and Insurance 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,

J. Ryan DeJong
FIRM Consulting-COO
211 S. Westland Ave Ste 3
Tampa, FL 33606
813.251.3181

Business Impact / Cost Analysis

Prepared for:

Client Logo

July 15, 2010

Prepared by:



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Date:	7/15/2010
Business Name:	ABC, Inc
Address:	125 28th Street N. Ste A
City/State/Zip:	Saint Petersburg, FL 33716
Contact Name:	John Doe

Current Costs			Proposed Savings		
Description	Monthly	Annual	Description	Monthly	Annual
In-house Payroll/HR/Admin (Vendor 3.9%)	\$ 2,821.63	\$ 33,859.61	FCG Payroll/HRIS/Admin (1.25%)	\$ 1,320.00	\$ 15,840.00
Standalone - Workers Comp (.30%)**	\$ 527.47	\$ 6,329.64	FCG Work Comp (.20 and .35)	\$ 221.20	\$ 2,654.40
State Unemployment (5.4%)	\$ 2,102.50	\$ 25,230.00	State Unemployment Tax (1.57%)	\$ 320.54	\$ 3,846.50
Health Insurance (BCBS)***	\$ 23,481.00	\$ 281,772.00	Health Insurance (HMO OA, POS)	\$ 15,438.56	\$ 185,262.72
Telecom - Windstream, Road Runner, T-1	\$ 2,495.71	\$ 29,948.52	Telecom - Deltacom	\$ 1,022.35	\$ 12,268.20
			(14.95 per week)*	\$ 98.59	\$ 1,183.08
			EPLI (\$.65 per employee per week)*	\$ 64.79	\$ 777.48
Merchant -- Opportunity		\$ -	Merchant -- Opportunity		\$ -
Business Insurance		\$ -	Business Insurance -- Opportunity		\$ -
Freight Shipping		\$ -	Freight Shipping -- Opportunity		\$ -
Tax Credits		\$ -	Tax Credits -- Opportunity		\$ -
		\$ -			\$ -
		\$ -			\$ -
		\$ -			\$ -
		\$ -			\$ -
Total Costs:	\$ 31,428.31	\$ 377,139.77	Total Proposed Costs:	\$ 18,486.03	\$ 221,832.38

Total Monthly Savings	\$ 12,942.28
Total Annual Savings	\$ 155,307.39

Based on Gross Annual Payroll of \$948,194.52 for rank and file employees and \$319,010.40 for executive level employees for a total payroll of \$1,267,204.92

*Optional

**Current vendor has miscoded two sales people as administrative employees on their workers comp policy

***Current health insurance rates are calculated based on renewal rates. Current (2009-2010) monthly costs are \$9339.00

* Quotes are valid for 30 days from the date of proposal

FIRM Consulting Confidential

All proposed rates are fully underwritten but subject employment, wage and participation data at submission

Proposed Rates will expire 7/15/2010.

FEATURES	Current Vendor	Proposed PEO	Proposed PEO	Proposed PEO					
Headquarters Location	Bradenton, FL	123 South Apple Avenue, Clearwater,	123 South Apple Avenue, Clearwater, FL	123 South Apple Avenue, Clearwater, FL					
Local Office	4010 W Boy Scout Blvd # 450	Same as Above	Same as Above	Same as Above					
Website									
Representative Name/Contact	Ryan DeJong Cell: 813.486.5094	Ryan DeJong Cell: 813.486.5094	Ryan DeJong Cell: 813.486.5094	Ryan DeJong Cell: 813.486.5094					
NAPEO Member www.napeo.org	Yes	Yes	Yes	Yes					
Stock Information	Public	Private	Private	Private					
Work Site Employees	82,000	75,000	30,000	50,000					
Primary Bank	Bank of America	Wachovia	Wells Fargo	Bank of America					
Available Products	PEO Only	PEO / Staffing	PEO	PEI/HRO					
Years in Business	24	28	15	10					
ESAC - Employer Services Assurance Corp	Yes	No	Yes	No					
SAS 70 Certified	Yes	No	Yes	No					
Insurance and Benefits									
Pay as you go Work Comp Carrier	Yes	Ullico	Lumberman's	Hartford					
Online Benefits Enrollment	Yes	No	No	No					
Proposed Healthcare Provider	BCBS	Aetna	Humana	BCBS					
Dental/Vision/STD/LTD	BCBS	Aetna	Assurant	BCBS					
Life Insurance and AD & D	Other	Aetna	Assurant	BCBS					
Section 125/FSA	Yes	Yes	Yes	Yes					
401 k	Yes	Yes - Transamerica	Yes - John Hancock	Yes - Transamerica					
Human Resources Administration									
Electronic Employee On boarding	No	No	No	No					
Local HR Processional	Yes	Yes - (\$14.95 wk)	Yes - No Charge	No					
Web Portal with Employee Access	Yes	Yes - Ultipro	Yes - People Soft	Yes - Pyramid					
Employers' Practices and Liability Insurance	Yes	Yes - Additional Fee (\$.65 per EE)	Yes - Included	Yes - Included					
Tax Credit Program	Yes - Tax Credit Plus FCG	Yes - Tax Credit Plus FCG	Yes - Tax Credit Plus FCG	Yes - Tax Credit Plus FCG					
Employee Assistance Program	Yes	Yes	Yes	Yes					
PRICING									
	Applicable Wages	Rate	Fee	Rate	Fee	Rate	Fee	Rate	Fee
Fed Salary Cap: 106,800	FICA \$1,267,204.92	6.20%	\$ 78,566.71	6.20%	\$ 78,566.71	6.20%	\$ 78,566.71	6.20%	\$ 78,566.71
	Medicare \$1,267,204.92	1.45%	\$ 18,374.47	1.45%	\$ 18,374.47	1.45%	\$ 18,374.47	1.45%	\$ 18,374.47
Salary Cap: 7,000	FUTA \$245,000.00	0.80%	\$ 1,960.00	0.80%	\$ 1,960.00	0.80%	\$ 1,960.00	0.80%	\$ 1,960.00
Salary Cap:	SUTA \$245,000.00	5.40%	\$ 13,230.00	1.57%	\$ 3,846.50	1.20%	\$ 2,940.00	1.90%	\$ 4,655.00
FL 8810 Work Comp	\$868,195	0.30%	\$ 2,604.59	0.20%	\$ 1,736.39	0.19%	\$ 1,649.57	0.19%	\$ 1,649.57
FL 8809 Work Comp	\$319,010	0.30%	\$ 957.03	0.20%	\$ 638.02	0.20%	\$ 638.02	0.20%	\$ 638.02
FL 8742 Work Comp	\$80,000	0.46%	\$ 368.00	0.35%	\$ 280.00	0.30%	\$ 240.00	0.35%	\$ 280.00
Setup Cost (per EE)	35	\$ -	\$ -	\$ 10.00	\$ 350.00	\$ 5.00	\$ 175.00	\$ 20.00	\$ 700.00
Administration Fee	\$1,267,204.92	3.90%	\$ 33,859.61	1.25%	\$ 15,840.06	1.00%	\$ 12,672.05	1.75%	\$ 22,176.09
Essentials Annual Employee Costs			\$ 149,920.40	9.57%	\$ 121,242.15	9.25%	\$ 117,215.82	10.18%	\$ 128,999.85
Total Cost per EE			\$		\$ 3,464.06		\$ 3,349.02		\$ 3,685.71
Proposed Cost versus Stand Alone			\$		(28,678.25)		\$ (32,704.58)		\$ (20,920.54)



Employee Cost Description	Taxable Wages	Stand Alone Rates	Stand Alone Fees	FIRM Rates	FIRM Fees
Fed Salary Cap: 106,800 FICA	\$ 1,267,204.92	6.20%	\$ 78,566.71	6.20%	\$ 78,566.71
Medicare	\$ 1,267,204.92	1.45%	\$ 18,374.47	1.45%	\$ 18,374.47
Salary Cap: \$7000 FUTA	\$ 245,000.00	0.80%	\$ 1,960.00	0.80%	\$ 1,960.00
SUTA	\$ 245,000.00	5.40%	\$ 13,230.00	1.57%	\$ 3,846.50
8810WC	\$ 868,195.00	0.30%	\$ 2,844.59	0.20%	\$ 1,736.39
8809WC	\$ 319,010.40		\$ -	0.20%	\$ 638.02
8742WC	\$ 80,000.00			0.35%	\$ 280.00
Typical Cost of Human Capital	\$ 1,267,204.92	3.90%	\$ 36,979.61	1.25%	\$ 15,840.06
Total Fixed Costs (Taxes & WC)		11.99%	\$ 151,955.37	9.57%	\$ 121,242.15

*** Costs - Current Client Costs**

Important Analysis Assumptions:

1) No individual employee will make more than the FICA max (\$106,800). Payroll values are averaged over all employees.

2) All rates are subject to final underwriting based on employee population, total gross wages and workers' compensation codes

Administration

Your current administrative cost is estimated below and savings will be presented as a factor of efficiency and increased employee capacity.

In addition to the substantial cost savings, you will benefit from the extensive knowledge and expertise of our staff. Our goal is to make sure that your company and your employees stay in compliance with all applicable State and Federal law.

Type of Regulation	All Firms	Less than 20 Employees	21 - 499 Employees	500+ Employees
Workplace	\$ 779.00	\$ 829.00	\$ 873.00	\$ 698.00
Tax Compliance	\$ 665.00	\$ 1,202.00	\$ 625.00	\$ 562.00
Estimated Costs	\$ 1,444.00	\$ 2,031.00	\$ 1,498.00	\$ 1,260.00

EVERY BUSINESS OWNER SHOULD READ THIS REPORT: <http://www.sba.gov/advo/research/rs207tot.pdf> Source : SBA

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.

Employee Benefits and Health Insurance

Health Insurance Quotes will be compared separately.

Glossary of Terms and Explanations Current Cost Analysis

1. Number of Employees

As you defined on your FIRM Consulting RFP

2. Annual Payroll

As you defined on your FIRM Consulting RFP

3. Employee Turnover

Estimated by FIRM Consulting 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 FIRM Consulting 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 FIRM Consulting 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 FIRM Consulting 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 FIRM Consulting 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 company's employer related costs.

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

Payroll Administration	Workers' Compensation Administration
Benefits Administration	Human Resources Assistance

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