WASHINGTON, Oct. 2, 2013 /PRNewswire-USNewswire/ -- The role of professional employer organizations (PEOs) in providing access to retirement benefits was highlighted today during the House Small Business Committee's hearing on the "Challenge of Retirement Savings for Small Employers."

One witness testified about how using a professional employer organization (PEO) helps his company provide retirement benefits to its employees. "By using a PEO to access 401(k) benefits, QTS no longer has the administrative burden associated with a 401(k), my personal risk associated with being a plan administrator is minimized, and QTS is able to offer employee benefits that are competitive with larger companies," said Ray Rucksdashel, chief financial officer for Houston-based Quest-Tec Solutions (QTS).

PEOs provide payroll, benefits, tax compliance, and other HR services to more than 250,000 small and mid-sized companies nationwide. Through a PEO, the employees of small businesses gain access to employee benefits such as 401(k) plans; health, dental, life, and other insurance; dependent care; and other benefits typically provided only by large companies. Approximately 2.5 million people are covered by a PEO arrangement.

A recent study by economists Laurie Bassi and Dan McMurrer (McBassi & Company) showed that PEOs provide access to retirement plans for small businesses that may not otherwise sponsor them, and that the employees of these businesses participate at much higher rates. Ninety-eight percent of PEOs offer some type of retirement plan to their small business clients. By contrast, in 2011, only 16 percent of all employees of the smallest companies (those employing fewer than 10 workers), and 30 percent of those at companies with 10 to 49 employees, were offered any type of retirement plan, according to the Employee Benefit Research Institute (EBRI).

"If Congress is looking to increase small business access to retirement plans and participation in retirement plans, it need look no further than PEOs," said Pat Cleary, president and CEO of the National Association of Professional Employer Organizations (NAPEO). "PEOs make it possible for hundreds of thousands of small businesses to provide retirement plans for their employees, and they make real retirement savings achievable for millions of small business employees."

SOURCE National Association of Professional Employer Organizations (NAPEO)

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