

# PEO Cost Comparison

## CU U.S. hire verses a CU global hire

### PEO cost considerations

**CU benefit fringe rate:** Consider the percentage of the hire's *CU benefit fringe rate* (U.S. cost). For comparison purposes, this cost can be viewed as the equivalent to the *social costs*, specific to each country, as outlined in the examples below.

- UCB: <https://www.colorado.edu/controller/accounting/fa-and-gair-rates/fringe-benefit-rate-history>
- UCCS follows similarly
- AMC: <https://research.cuanschutz.edu/ogc/home/award-lifecycle/post-award/fringe-benefits-rates>

**Social cost:** GPS will provide the *social cost* associated with the country in which the work will take place. These costs will be offset by the reduced payroll burden (*CU benefit fringe rate*), including OASDI, Medicare, Leave and Retirement, which would otherwise be allocated to the department for university employees working in the United States.

**Administrative fee:** There is an administration fee for GPS of 16% to 18% of employee salary plus social costs (subject to a minimum), depending on the country. Departments may need to consider non-grant source funding when budgeting positions to pay for service fees associated with Global PEO Services.

**Set-up fee:** A one-time, \$2,500 fee is required for the PEO to set up the new employee in their system and with the country in question.

**Upfront payment:** Due to payment restrictions from the university, departments are required to pay the first 2 months of wages, *social cost* and GPS fees upfront. The purpose: If there is a delay in the PEO receiving the paper check payment, the employee's payroll payment will not be delayed. Any unused funds at the end of the employment agreement will be refunded to the department.

### Example comparisons

The following examples illustrate how to compare the hire as a CU U.S. hire verses a CU global hire.

#### Example One

Approximate Global PEO Services Cost Comparison		
CU U.S. Hire verses a CU Global Hire		
Campus	UCB	
Job code	1304 Research Instructor	
Country	India	
Est social cost*	15% (actual received at time of GPS quote/consultation)	
FTE	>=50% (regular)	
Annual comp	\$75,000	
Benefit fringe rate	36.4% (from campus benefit fringe rate by job code)	
	U.S. Hire	Global Hire
Annual compensation	\$75,000.00	\$75,000.00
CU benefit fringe rate 36.4%	\$27,300.00	
Country social costs 15%		\$11,250.00
GPS administrative fee 16%		\$13,800.00
<b>Annual expense</b>	<b>\$102,300.00</b>	<b>\$100,050.00</b>
GPS 1 time set up fee		\$2,500.00
<b>First year expense</b>	<b>\$102,300.00</b>	<b>\$102,550.00</b>

#### Example Two

Approximate Global PEO Services Cost Comparison		
CU U.S. Hire verses a CU Global Hire		
Campus	UCB	
Job code	1502 Graduate Assistant	
Country	India	
Est social cost*	15% (actual received at time of GPS quote/consultation)	
Annual comp	\$22,782.00	
Benefit fringe rate	12.3% (from campus benefit fringe rate by job code)	
	U.S. Hire	Global Hire
Annual compensation	\$22,782.00	\$22,782.00
CU benefit fringe rate 12.3%	\$2,802.19	
Country social cost 15%		\$3,417.30
GPS administrative fee 16%		\$4,191.89
<b>Annual Expense</b>	<b>\$25,584.19</b>	<b>\$30,391.19</b>
GPS 1 time set up fee		\$2,500.00
<b>First year expense</b>	<b>\$25,584.19</b>	<b>\$32,891.19</b>

\* The social cost percentage is provided by GPS and is dependent upon the country in which work is being done.

Examples are for illustrative purposes only. Departments are responsible to verify the campus benefit fringe rate based on job code, and will receive social cost percentage when completing the [Get a Quote](#) process with GPS.