

## SPECIAL REPORT

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# Legal, Financial, and Operational Advantages of Employment Administration Services

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*How SEMCO's Managed Workforce Solution helps business owners get back to business — and out of the employment administration business.*

### **SEMCO Management, Inc.**

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## The Story of Two Doctors

Dr. Smith and Dr. Jones each operate a successful private medical practice in Southern California. Moreover, they are both skilled physicians with profitable businesses and dedicated patient bases. Furthermore, on the surface, their practices look nearly identical.

But the way they run their businesses could not be more different.

Dr. Smith handles everything himself. In addition to seeing patients, he supervises his staff, approves payroll, manages employee issues, shops for benefits, and stays on top of every compliance requirement that comes his way. As a result, he spends a significant portion of his working week doing everything except practicing medicine.

Dr. Jones, on the other hand, spends virtually his entire working day seeing patients. The reason is simple — Dr. Jones is a SEMCO Subscriber.

***Dr. Jones spends his day doing what he loves — seeing patients. SEMCO handles everything else.***

### What Does Dr. Smith's Week Actually Look Like?

Dr. Smith has six employees. Furthermore, as their employer, he carries every obligation that comes with that title. His week includes:

- Reviewing and approving payroll every two weeks
- Managing employee disputes and performance issues
- Shopping for health, dental, and vision insurance plans
- Coordinating with a separate payroll service for tax filings
- Meeting with a broker for workplace injury and illness coverage and liability insurance
- Working with a financial advisor to manage the practice's retirement plan
- Keeping up with ever-changing workplace compliance requirements

Moreover, because Dr. Smith must offer the same level of benefits to his employees as to himself, his options are limited. As a result, his retirement contributions are capped by what he is required to match for his staff. Furthermore, the cost of procuring quality health benefits through the open market — for a practice of six employees — is significantly higher than what a larger employer would pay.

Dr. Smith is running a medical practice. But he is also running an HR department, a payroll office, a benefits brokerage, and a compliance division — all at the same time. Consequently, something always suffers. Usually, it is his focus on patient care and practice growth.

### What Does Dr. Jones' Week Look Like?

Dr. Jones made a different decision. Furthermore, it changed everything about how he operates his practice.

When Dr. Jones became a SEMCO Subscriber, his six employees transitioned into the SEMCO Managed Workforce. As a result, SEMCO stepped in as the Administrative Employer — taking on the full scope of employment administration for his entire team. Moreover, his employees kept doing

exactly what they always did. They report to Dr. Jones. They follow his direction. His day-to-day operations did not change at all.

What changed is who manages everything behind the scenes. That is SEMCO.

Dr. Jones no longer coordinates with a separate payroll service. Furthermore, he no longer shops the open market for health insurance or meets separately with a workplace injury coverage broker. He does not manage a standalone retirement plan or navigate compliance paperwork on his own. Moreover, he does not deal with employee disputes, terminations, or HR documentation independently.

SEMCO handles all of it — under one roof, through one relationship, for one straightforward Subscriber fee.

***One relationship. One fee. Everything handled. That is the SEMCO Managed Workforce Solution.***

## What Dr. Smith Is Actually Paying For — And Not Getting

Let us look at what Dr. Smith's piecemeal approach actually costs him — beyond the obvious financial expense.

### **Payroll Service**

Dr. Smith pays a third-party payroll provider to process payroll and handle tax filings. Furthermore, he still has to coordinate with them, review reports, and manage any discrepancies. As a result, he is paying for a service that still requires his time.

### **Health Insurance Broker**

Dr. Smith works with a broker to source health, dental, and vision coverage. Moreover, as a small employer, his group rates are limited. Consequently, he pays more per employee for less coverage than a larger organization would offer.

### **Workplace Injury and Illness Coverage**

Dr. Smith manages these policies separately. Furthermore, any workplace injury or illness claim runs through his own coverage — creating both financial and administrative exposure every time an incident occurs.

### **Unemployment Insurance**

Dr. Smith manages unemployment insurance independently. Furthermore, any claim filed by a former employee runs through his account — impacting his rates and requiring his direct involvement.

### **Retirement Plan Administrator**

Dr. Smith works with a financial advisor to maintain a retirement plan for his practice. Furthermore, the structure of his plan requires him to include his employees — limiting his own contribution flexibility. As a result, his ability to save for his own retirement is constrained by the obligations that come with being a small employer.

### **HR and Compliance**

Dr. Smith handles employee disputes, terminations, policy updates, and compliance monitoring on his own — or pays outside counsel when issues escalate.

Each of these relationships costs money. Furthermore, each requires Dr. Smith's time and attention. Consequently, the total cost — financial and operational — is far greater than most business owners realize until they add it all up.

***When business owners add up what they spend on payroll services, insurance brokers, retirement administrators, and outside HR support — the SEMCO Managed Workforce Solution is often the smarter, more cost-effective choice.***

## What SEMCO Actually Does

SEMCO Management, Inc. is not a temporary agency. We are not a staffing firm. We are not an outsourced HR department. Instead, SEMCO is something fundamentally different — and more powerful than any of those options.

When you become a SEMCO Subscriber, your existing workforce transitions into the SEMCO Managed Workforce. As a result, SEMCO becomes the Administrative Employer for your team — taking on full employment administration responsibility under our own federal payroll and tax registrations. Moreover, your employees keep doing exactly what they do. They follow your direction and report to you daily. Nothing about your operations changes.

What changes is who carries the administrative weight. That is SEMCO.

Under one Subscriber relationship, SEMCO manages:

- Payroll processing — accurate, on-time, every pay period
- Employer-side tax filings — W-2s, 940s, 941s, and ACA 1095 forms
- Workplace injury and illness coverage — carried entirely by SEMCO
- Unemployment insurance — filed and managed by SEMCO
- Group health, dental, and vision benefits — provided through trusted carriers at group rates
- Life and disability insurance — available to eligible SEMCO Workforce members
- 401(k) retirement savings plan — fully administered by SEMCO, zero burden to the Subscriber
- EEOC and OSHA compliance support — monitored and managed by our team
- Workforce grievance and dispute process — built into our Structured Labor Framework
- HR documentation and workforce support — handled professionally and promptly

Furthermore, all of this operates under SEMCO's Structured Labor Framework — a formal set of workforce protections, standards, and benefits that every SEMCO Workforce member is entitled to. Moreover, it is the foundation that makes our group purchasing power possible — and the reason we can deliver enterprise-level benefits at rates a small business could never access independently.

***SEMCO replaces the payroll service, the insurance broker, the retirement plan administrator, and the HR coordinator — with one trusted Managed Workforce Solution.***

## The Benefits Your Employees Actually Experience

Here is something that surprises many business owners. When their employees join the SEMCO Managed Workforce, their benefits often improve significantly.

As a small employer, Dr. Smith's buying power for health insurance is limited to six employees. Furthermore, the coverage he can afford to offer is restricted by what the open market will provide at that scale. As a result, his employees receive adequate — but not exceptional — benefits.

Dr. Jones' employees, on the other hand, are now part of the SEMCO Managed Workforce. Moreover, SEMCO's large workforce network gives us the group purchasing power to negotiate premium health, dental, vision, life, and disability coverage at rates typically reserved for large corporations. As a result, Dr. Jones' six employees now enjoy benefits equivalent to what a major employer might offer.

Furthermore, SEMCO Workforce members have access to a fully administered 401(k) retirement savings plan — giving them real tools to build their financial future. Moreover, they gain access to exclusive group discount programs covering auto loans, travel, recreation, and homeowner's insurance.

As a result of all of this, employee satisfaction increases. Furthermore, retention improves. Consequently, Dr. Jones spends less time hiring and training replacement staff — and more time growing his practice.

***SEMCO Workforce members enjoy Fortune 500-level benefits — regardless of the size of the business they work for.***

## From Employee Leasing to Employment Administration Services

To fully appreciate what SEMCO offers today, it helps to understand where this concept began — and how far it has come.

### The Early Years — A Pioneering Idea

In 1970, SEMCO Management, Inc. introduced a workforce concept that was genuinely ahead of its time. The idea was straightforward. Small businesses — particularly medical practices — were spending enormous amounts of time and money managing the employer side of their operations. Furthermore, they were doing it inefficiently and often at significant cost.

SEMCO's founding solution was to take those employer responsibilities off the business owner's plate entirely. Moreover, by doing so at scale — across many businesses simultaneously —

SEMCO could deliver better benefits, better compliance management, and better administrative efficiency than any individual small business could achieve on its own.

The concept worked. Furthermore, it grew. Medical practices were joined by law firms, accounting offices, real estate companies, insurance agencies, and technology firms. Consequently, SEMCO became one of Southern California's most trusted workforce management partners — built on a foundation of integrity, expertise, and genuine service.

## The Shift — From a Concept to a Comprehensive Solution

Over the decades that followed, the business landscape changed significantly. Furthermore, employment regulations became more complex. Federal and state compliance requirements expanded. The Affordable Care Act reshaped how businesses approach health benefits. Technology transformed how payroll, HR, and benefits administration are managed.

Moreover, the language that once described this model began to carry associations that no longer reflected what SEMCO actually delivers. As a result, SEMCO made a deliberate and considered decision — to evolve the language to match the reality of the service.

Employment administration services. That is what SEMCO has always truly provided. Furthermore, SEMCO's Managed Workforce Solution is the modern expression of the same founding commitment — to take the full weight of workforce administration off the business owner's plate.

## What Changed — And What Never Did

The terminology evolved. The technology improved. The regulatory landscape grew more complex. Moreover, the range of industries SEMCO serves expanded significantly over five decades.

But the core of what SEMCO does has never changed. Furthermore, the commitment to Subscribers and SEMCO Workforce members has only deepened. Consequently, the businesses that partner with SEMCO today benefit from more than 55 years of accumulated expertise — built on a model that was right in 1970 and remains right today.

***Since 1970, SEMCO has evolved from a pioneering workforce concept into one of the most comprehensive employment administration services available — built on the same founding commitment to business owners and their teams.***

## SEMCO vs. the Piecemeal Approach — A Real Comparison

Let us return to Dr. Smith and Dr. Jones — and look at exactly how their approaches compare across every key area of workforce management.

### Payroll Processing and Tax Filings

Dr. Smith uses a third-party payroll service. Furthermore, he still reviews reports, manages discrepancies, and coordinates with the provider regularly. Moreover, tax filings are handled separately — often requiring additional coordination and cost.

Dr. Jones has SEMCO. Payroll is processed accurately and on time, every pay period. Furthermore, all employer-side tax filings are managed by SEMCO. As a result, Dr. Jones never thinks about payroll or tax filings. They simply happen — correctly, every time.

## Health, Dental, and Vision Benefits

Dr. Smith works with a health insurance broker to source coverage for his six employees. Furthermore, as a small employer, his group rates are limited. Consequently, he pays more for less — and so do his employees.

Dr. Jones' employees are part of the SEMCO Managed Workforce. Moreover, SEMCO's large workforce network gives them access to premium group health, dental, and vision coverage through trusted carriers — at rates a six-person practice could never negotiate independently. As a result, his employees have better coverage at lower cost.

## Workplace Injury and Illness Coverage

Dr. Smith carries his own workplace injury and illness coverage. Furthermore, any claim runs through his own policy — creating both financial exposure and administrative burden every time an incident occurs.

Dr. Jones has SEMCO. Workplace injury and illness coverage is carried entirely by SEMCO. Furthermore, claims are managed by our team. As a result, Dr. Jones has no direct exposure in this area — and no administrative burden when an incident occurs.

## Unemployment Insurance

Dr. Smith manages unemployment insurance independently. Furthermore, any claim filed by a former employee runs through his account — impacting his rates and requiring his direct involvement.

Dr. Jones has SEMCO. Unemployment insurance is filed and managed entirely by SEMCO. Furthermore, our team handles any claims that arise. As a result, Dr. Jones' time and resources are protected.

## Retirement Benefits

Dr. Smith works with a financial advisor to maintain a retirement plan for his practice. Furthermore, the structure of his plan requires him to include his employees — limiting his own contribution flexibility.

Dr. Jones has SEMCO's fully administered 401(k) retirement savings plan for his SEMCO Workforce members. Furthermore, Dr. Jones may have additional retirement planning flexibility as a result of his Subscriber relationship. We encourage every Subscriber to consult with their own tax or financial advisor to explore what a SEMCO partnership may mean for their personal retirement planning goals.

## HR Support and Workforce Administration

Dr. Smith handles employee disputes, performance issues, terminations, and HR documentation on his own. Furthermore, when issues escalate, he pays outside counsel to assist.

Dr. Jones has SEMCO's professional workforce support team. Moreover, disputes, documentation, and employee relations issues are managed through our structured workforce grievance process — built into the Structured Labor Framework. As a result, Dr. Jones is supported, his employees are heard, and issues are resolved professionally and promptly.

## The Bottom Line — Side by Side

	<b>Dr. Smith — Piecemeal Approach</b>	<b>Dr. Jones — SEMCO Managed Workforce</b>
<b>Payroll Processing</b>	Third-party provider — separate cost and coordination	Fully managed by SEMCO
<b>Tax Filings</b>	Separate service — additional coordination required	All filings managed by SEMCO
<b>Health Benefits</b>	Open market — limited buying power, higher cost	Group rates through SEMCO Managed Workforce
<b>Workplace Injury &amp; Illness Coverage</b>	Carried by Dr. Smith — direct exposure	Carried entirely by SEMCO
<b>Unemployment Insurance</b>	Managed independently — direct exposure	Filed and managed by SEMCO
<b>Retirement Plan</b>	Maintained independently — limited flexibility	Fully administered by SEMCO
<b>HR &amp; Workforce Support</b>	Self-managed — outside counsel when needed	Professional support via Structured Labor Framework
<b>Employee Benefits Quality</b>	Limited by small-employer buying power	Enterprise-level benefits at group rates
<b>Total Vendor Relationships</b>	Multiple — payroll, broker, advisor, counsel	One — SEMCO
<b>Administrative Burden</b>	High — ongoing across multiple providers	Minimal — SEMCO manages the details
<b>Focus on Core Business</b>	Divided — significant time lost to administration	Complete — Dr. Jones sees patients all day

***Dr. Smith manages six vendors and spends hours every week on administration. Dr. Jones manages one — SEMCO — and spends his week doing what he loves.***

# SEMCO vs. a Traditional PEO — Understanding the Difference

Many business owners have heard of Professional Employer Organizations — commonly known as PEOs. Furthermore, SEMCO is sometimes compared to a PEO. The distinction, however, is significant — and worth understanding clearly.

A traditional PEO typically creates a shared employment arrangement. Moreover, in that model, employer responsibilities are divided between the PEO and the client business. As a result, the client retains meaningful administrative responsibility — and meaningful exposure — even after engaging the PEO's services.

SEMCO operates differently. When you become a SEMCO Subscriber, we step in as the sole Administrative Employer for your workforce. Furthermore, we assume full administrative responsibility — not shared responsibility. As a result, our Subscribers enjoy a fundamentally different level of protection, clarity, and peace of mind.

Category	SEMCO Managed Workforce Solution	Traditional PEO
Employment Model	<b>SEMCO — Administrative Employer exclusively</b>	Co-employment — shared between client and PEO
Federal Payroll & Tax Registrations	<b>SEMCO's exclusively</b>	Often split or client's registrations retained
Client Authority Over Workforce	<b>Full client authority preserved</b>	Generally yes
Subscriber Protection Agreement	<b>✓ Formal agreement in place</b>	✗ Typically not offered
Administrative Responsibility	<b>SEMCO assumes it fully — client protected</b>	Shared — client retains significant exposure
Workplace Injury & Illness Coverage	<b>✓ Carried entirely by SEMCO</b>	Varies — often client-managed
Unemployment Insurance	<b>✓ Filed and managed by SEMCO</b>	Often remains with client
Payroll Processing	<b>✓ Fully managed by SEMCO</b>	✓ Fully managed by PEO
ACA and Reporting Compliance	<b>✓ SEMCO's obligation</b>	Varies by agreement
Health & Ancillary Benefits	<b>✓ Provided &amp; administered by SEMCO</b>	✓ Provided & administered by PEO
Retirement Plan Administration	<b>✓ Fully managed by SEMCO — zero burden</b>	Client often still manages or sponsors own plan
Structured Labor Framework	<b>✓ All Workforce members covered</b>	✗ Not available
Workforce Grievance Process	<b>✓ Built into Structured Labor Framework</b>	✗ Client must maintain independently
Client Relationship	<b>Subscriber — a defined</b>	Client or worksite employer

Category	SEMCO Managed Workforce Solution	Traditional PEO
	<b>workforce partner</b>	
<b>Best Suited For</b>	<b>Businesses seeking full administrative transfer and benefits-ready workforce</b>	Businesses wanting HR support while retaining shared employer status

Furthermore, SEMCO’s Structured Labor Framework — the formal set of workforce protections, standards, and benefits that governs every SEMCO Workforce member — is not available through a traditional PEO model. Moreover, it is one of the most powerful and distinctive advantages that SEMCO Subscribers enjoy.

***A traditional PEO shares employer responsibilities with you. SEMCO takes them. That difference changes everything.***

# Eight Reasons Business Owners Choose SEMCO

## 1. Get Back to Your Business

The number one reason business owners cite for choosing SEMCO is simple. They want to do what they are trained and love to do — and stop spending their time on employment administration. Furthermore, SEMCO makes that possible from day one of the Subscriber relationship.

## 2. Premium Benefits at Group Rates

SEMCO's large Managed Workforce gives us genuine group purchasing power. Moreover, that power translates directly into premium health, dental, vision, life, and disability benefits at rates your employees could never access through a small employer. As a result, you attract better talent — and keep them longer.

## 3. Improved Employee Retention

When employees receive better benefits and professional workforce support, they stay. Furthermore, SEMCO Subscribers consistently report stronger employee retention. As a result, hiring costs go down and team stability goes up.

## 4. Reduced Administrative Exposure

SEMCO assumes full administrative responsibility as the Administrative Employer for your workforce. Moreover, workplace injury and illness coverage, unemployment insurance, and employment administration obligations all transfer to SEMCO. As a result, your exposure in these areas is significantly reduced.

## 5. One Relationship — Everything Handled

SEMCO replaces multiple vendor relationships — payroll service, insurance broker, retirement plan administrator, HR coordinator — with one. Furthermore, that single Subscriber relationship covers everything. As a result, your administrative overhead drops and your focus returns to your business.

## 6. Retirement Planning Flexibility

SEMCO administers a fully IRS-approved 401(k) retirement savings plan for all eligible SEMCO Workforce members. Furthermore, our employment administration model may offer Subscriber principals additional retirement planning considerations worth exploring. We encourage every Subscriber to consult with a qualified tax or financial advisor to understand how a SEMCO partnership may align with their broader financial goals.

## 7. Enterprise-Level HR Systems and Administration

SEMCO uses advanced workforce management technology — including the UKG platform — to deliver seamless payroll processing, benefits administration, HR documentation, and workforce support. Moreover, every SEMCO Workforce member has 24/7 online access to their pay statements, tax documents, benefits information, and employment records. As a result, your team is supported around the clock — without any administrative burden on you.

## 8. More Than 55 Years of Proven Results

SEMCO has navigated every significant shift in employment administration since 1970. Furthermore, our team continuously monitors changes in federal and state requirements, workplace safety standards, and payroll regulations — so our Subscribers never have to. Consequently, when the landscape changes, SEMCO adapts — and our Subscribers are always protected.

***Eight advantages. One relationship. Fifty-five years of proven results. That is the SEMCO Managed Workforce Solution.***

## Is SEMCO Right for Your Business?

SEMCO's Managed Workforce Solution works best for businesses that share a few common characteristics. Furthermore, understanding whether SEMCO is the right fit for your organization is the first step toward a smarter way of operating.

SEMCO is an outstanding fit for businesses that:

- Want to focus entirely on their core profession — not employment administration
- Have an existing workforce they want to transition into a more professionally managed structure
- Are currently using multiple vendors for payroll, benefits, insurance, and HR support
- Want to offer their employees better benefits than they can currently provide independently
- Are looking for a single, trusted Managed Workforce partner rather than a collection of separate service providers
- Value professional workforce support and a structured process for employee relations

Moreover, SEMCO serves a wide range of professional industries — including medical and dental practices, law firms, accounting and CPA offices, real estate companies, insurance agencies, and technology and innovation companies. Furthermore, businesses of varying sizes have found meaningful value in the SEMCO Managed Workforce Solution.

***If you are spending your workweek managing vendors, navigating compliance, and handling HR issues — SEMCO was built for you.***

## A Final Word — From the Business Owner's Perspective

Running a business is demanding enough. Furthermore, the employment administration obligations that come with having a team add a layer of complexity that most business owners never anticipated when they started their practice or firm.

SEMCO Management, Inc. exists to change that.

Since 1970, we have helped business owners across Southern California do what they love — by taking the full weight of employment administration off their plate. Moreover, we have done it with integrity, expertise, and a genuine commitment to both our Subscribers and the members of the SEMCO Managed Workforce.

The model has stood the test of time because it works. Furthermore, it works for business owners like Dr. Jones — who spends his day seeing patients instead of managing vendors. And it works for employees like his team — who enjoy benefits they never had access to before.

*SEMCO gets you back to your business. And that is exactly where you belong.*

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### **Contact SEMCO Management, Inc. Today**

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