

NAVIGATING THE

# EOR TO PEO SWITCH



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Prepared by

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EMPOWERING YOUR  
GROWTH

# NOTE FROM THE DIRECTOR OF US EXPANSION



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But if you are reading this, the US is working. You have an entity, a bank account, and a growing team. The tool that opened the door is now the thing standing in the way.

This guide shares the 6 signs your EOR has run its course, what changes when you switch to PEO+, and what you need in place before you make the move.

Most of the EOR-to-PEO conversations I have with clients start the same way. They show me their latest EOR bill, look up, and say: "this does not add up anymore."

Usually they are right. The EOR was the right call when they made it. No US entity, no EIN, no clear view of how payroll tax worked across multiple states. An EOR let them hire fast and hire compliantly without building the infrastructure first.



**Your  
EOR was the  
right call then. It  
was not built to  
take you where  
you are going  
now.**



# YOUR EOR WAS THE RIGHT CALL

The EOR model was built for a specific stage. It is the right tool for testing the US market, getting your first hires in place, and buying time while you decide whether the US is a long-term play for your business. At some point, if the US is working, the EOR starts to become a constraint rather than a convenience. The tool that opened the door is now the thing standing in the way of building properly.

## **DISCLAIMER**

**To move to PEO+, you need a registered US legal entity, a US Employer Identification Number (EIN), and a US business bank account. If any of these are not yet in place, Foothold America's team can help you get there before the switch.**

# WHY THE EOR MODEL HAS LIMITS

An EOR is the legal employer of your US workforce. Your employees sit on the EOR's payroll, under the EOR's benefits plans, within the EOR's compliance framework. You direct the work. The EOR owns the employment relationship on paper.

That structure works well when you do not have a US entity and need someone else to hold legal employer responsibility. It is specifically designed for that situation.

But the model comes with trade-offs that become more significant as your US operation grows. None of them are a problem at employee one or two. By employee five or ten, they start to matter. The constraints below are what our clients tell us they notice first.

## COMMON TRADE-OFFS:

### \* LIMITED BENEFITS MARGINS

You work within the EOR's master plans. You can make choices inside that framework, but you cannot design the package the way you would as the employer.

### \* EOR PROCESSES GOVERN

When something goes wrong with an employee, the EOR's process dictates how it is handled. You direct the work, but you do not direct the response.

### \* MARGIN YOU DON'T NEED

You are paying a risk premium that reflects the EOR holding legal employer status, a status you can now carry yourself through your US entity.

### \* BRAND DILUTION

Your US employees receive offer letters from a third-party employer. Your name appears in the work, not on the paperwork.

### \* FRAMEWORK NOT YOURS

Employment agreements sit within the EOR's framework rather than your own. Policies, notice periods, and terms belong to them, not to you.

### \* MARGIN ON EVERY HIRE

As you add US employees, the per-employee cost structure that worked at employee one starts to look expensive at employee six or seven.

# KNOWING WHEN TO SWITCH FROM EOR TO PEO



1. You have a US entity, EIN, and US bank account
2. Your EOR costs are climbing
3. You want more control over your benefits package

## 6 SIGNS YOU HAVE OUTGROWN YOUR EOR



4. You want employment agreements that reflect your company
5. You are taking on termination and performance risk
6. You are ready to build a US employment brand

## THE SOLUTION: Foothold AMERICA'S PEO+ CROSS-BORDER SUPPORT™



# THE PRACTICAL SIGNALS

These are the structural and financial signs that tell you the EOR model no longer fits. They are the easiest to spot, and often the first to show up.

## **SIGN 1:**

### **YOU HAVE A US ENTITY, EIN, AND US BANK ACCOUNT**

Once all three are in place, you are eligible for a PEO. More importantly, continuing on an EOR means you are paying for legal employer infrastructure you no longer need. The commercial case for staying weakens with every employee you add after that point.

## **SIGN 2:**

### **YOUR EOR COSTS ARE CLIMBING**

EOR pricing reflects the risk the EOR carries as your legal employer. Once you carry that risk yourself through your entity, you are still paying the premium without the underlying reason for it. For most companies with an entity and more than a handful of US employees, PEO+ is cheaper.



# THE OWNERSHIP SIGNALS

These are the signs that tell you the EOR is no longer just a cost issue. You want the employment relationship back, because it is yours.

## **SIGN 3:**

### **YOU WANT MORE CONTROL OVER BENEFITS**

Under an EOR, your US employees access benefits through the EOR's master plans. You can make choices inside that framework, but you cannot design benefits the way you would as the employer. If you are losing candidates to competitors with better packages, this model is part of the reason.

## **SIGN 4:**

### **YOU WANT YOUR OWN EMPLOYMENT FRAMEWORK**

Under an EOR, the formal employment relationship is between your employee and the EOR. Your company name is not on the agreement in the same way. A PEO co-employment arrangement puts you as the common law employer, so your employees work for your company, under your policies.



# THE STRATEGIC SIGNALS

These are the signs that the US is no longer an experiment for your business. You are ready to operate there properly, not at arm's length.

## SIGN 5:

### **YOU ARE TAKING ON THE RISK ANYWAY**

Early on, the EOR's liability protection has real value. By year two in the US, your leadership team is making the calls on performance, management, and termination. The EOR processes those decisions, but you are already carrying the operational and reputational risk yourself.

## SIGN 6:

### **YOU ARE READY TO BUILD A US EMPLOYMENT BRAND**

Companies serious about the US market eventually want their US team to feel like part of the company. That means offer letters from you, policies that reflect you, and onboarding into your culture rather than the EOR's. PEO+ is built for that next stage.



# WHAT CHANGES WHEN YOU SWITCH

The switch from EOR to PEO+ is a structural change to the employment relationship, but it should not be disruptive to your employees' day-to-day experience. Here is what changes, and what stays exactly the same.

## WHAT CHANGES:

- Tax filings move under your company's EIN rather than the EOR's
- Employment agreements are reissued under your US entity
- Benefits transition to PEO+ plans with a structured re-enrolment process
- Compliance responsibility shifts to a shared model between you and Foothold America
- Your Foothold America HR manager becomes your ongoing contact for US HR support

## WHAT STAYS THE SAME:

- Your employees are still managed and directed by you
- Their day-to-day work is unchanged
- Payroll continues without interruption
- Seniority and employment history with your company is preserved
- Their relationship with your leadership stays exactly as it was



# WHAT YOU NEED IN PLACE BEFORE YOU SWITCH

Three foundations need to be in place before you can move to PEO+. If any are missing, Foothold America can help you put them in place as part of the transition.

## REGISTERED US ENTITY

You need an incorporated US entity, typically a Delaware C-Corporation or LLC, depending on your tax and investment structure. If your entity is not yet set up, our US Entity Setup service handles registration.

## EMPLOYER IDENTIFICATION NUMBER

The IRS issues an EIN to US business entities. An EIN is required to run payroll, open business accounts, and enter a PEO arrangement.

## US BUSINESS BANK ACCOUNT

A US bank account is required to fund payroll and manage benefits contributions through the PEO. If you do not yet have one, our Online US Bank Setup service helps you open one without travelling to the US.

## RECOMMENDED

# FOOTHOLD AMERICA'S PEO+ CROSS-BORDER SUPPORT™

International companies face unique challenges that domestic PEOs often overlook. Managing American employees from overseas means operating across time zones, navigating cultural differences, and translating US employment norms into context that makes sense for your home country.

Our PEO+ Cross-Border Support™ service was built specifically for international companies that have outgrown the EOR model.

## PROS:

### \* **COMPREHENSIVE PAYROLL:**

We manage compliant payroll processing, statutory and voluntary benefits withholdings, year-end tax documents, and payroll grid management, so your recurring tasks are handled.

### \* **BENEFITS ADMINISTRATION:**

We offer large-employer benefits plans through negotiated master agreements for health, dental, vision, and more, so you can offer a competitive package at the right rates.

### \* **WORKERS' COMP COVERAGE:**

We manage workers' compensation insurance across every state where you hire, including claims handling, compliance requirements, and annual renewals, so your team stays covered as you expand.

### \* **EXPERT HR GUIDANCE:**

We offer HR guidance on compliance, employee classification, and difficult terminations, so you can move forward with confidence on the tough decisions.

### \* **CROSS-BORDER EXPERTISE:**

Our team includes dedicated account managers in or near your time zone. We bridge American and international business practices, so US workforce management feels manageable instead of overwhelming.

### \* **SCALABLE GROWTH PATH:**

Start where you are today and grow with us. As your US operation matures, we move with you from EOR to PEO+ to People Partnership Service, so you never outgrow the partnership.

# WHY BUSINESSES CHOOSE FOOTHOLD AMERICA FOR THEIR EOR TO PEO TRANSITION



## ✔ BUILT FOR INTERNATIONAL COMPANIES:

We focus exclusively on US expansion for international companies. Our HR and client service managers are based in the UK and Europe to support your international headquarters, while our US team supports your workforce directly.

## ✔ SEAMLESS TRANSITION:

We manage the full switch from EOR to PEO+ alongside you. Employee communication, benefits transition, payroll setup, and agreement updates are handled together, so nothing falls through the cracks.

## ✔ TRANSPARENT PRICING:

We run the numbers honestly. If PEO+ does not save you money at your current stage, we will tell you. When it does, our clients typically save 20 to 40% per employee per year.

## ✔ ONE PARTNER, EVERY STAGE:

From EOR when you start, to PEO+ when you grow, to People Partnership Service when you scale. One team, one relationship, one source of truth as your US operation matures.

# CONTACT US



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