

SMALL EMPLOYER- BIG BENEFIT ADVANTAGES.©

(Under 50 FTE; Up to 2,500 FTE with Modifications)

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“Benefits Mentoring Services”



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Sources: SHRM “Employee Job Satisfaction and Engagement”, 2016; The JellyVisionLab, 2018; Harris Poll, 8/4/16-8/8/16; “Customer Understanding of Purchasing Power” 3/26/11; How Does a Small Employer Compete for the Best, David Trapp, 11/21/18; Employee Benefit News, November 2018; American Student Assistance, November 2018

“I’m a small employer; I can’t compete for personnel against the big guys.”

- ▶ Health insurance premiums are too high
- ▶ This high cost eats away at other benefits
- ▶ We offer what is possible within our budget
- ▶ We just present the old plans and new plans and the increased cost
- ▶ Signing bonuses move key employees
- ▶ 50% of workers believe it’s a good time to find a ‘quality job’.

Align Your Benefit Objectives with Your Employee Objectives

▶ What Do You Want and What Do Your Employees Want?

▶ Employer top objectives are:

- | | |
|--|-------|
| ▶ Retaining employees: | 41.1% |
| ▶ Controlling health and welfare benefit costs: | 37.3% |
| ▶ Increasing employee productivity: | 35.1% |
| ▶ Attracting employees: | 31.3% |
| ▶ Reducing HR administration costs: | 22.5% |
| ▶ Helping employees make better financial decisions: | 20.6% |

How to Reach your Objectives

Through your companies' culture and benefits offered, you can help employees understand what's in it for them and how their lives are better because they are employed at your company.

Top Objectives Among all Generations of Employees:

- ▶ 63% Paid Time Off
- ▶ 62% Medical Care and Health Benefits
- ▶ 59% Save for Retirement
- ▶ 56% Have an Employer “True” Family Leave
- ▶ 53% Work/Life Balance
- ▶ 29% Adoption Assistance and Child Care
- ▶ 12% ID Theft Assistance

The number of benefits offered (the right benefits) are important



Your advantage is your size. You know your people and can spend time on benefits.

Small employers don't have complicated employee contracts and numerous divisions and locations, so it is easier to ask employees about their needs. "What would help you? What are your problems that compensation and benefits may help with?"

Time it takes an employee to Research Major Buying Decisions

- ▶ Major Purchases over \$500 = **79 Days**
- ▶ Benefit Options during Open Enrollment = **16 Minutes**

Lack of Understanding = Poor Decisions by Employees and Employers = Lack of Appreciation

But Wait! There's Good News! Really!

76% of employees who say their company's benefits communications are effective say they are satisfied with their benefits, compared with a mere 6% satisfaction rate among employees who say their benefits communication is ineffective.

After you listen, you communicate and employees should take time to make decisions to fit their real needs.

▶ ASK, LISTEN AND COMMUNICATE

- ▶ Get Better Benefits that are Valued
- ▶ Get Value Out of Your Current Benefits
- ▶ The Bonus is the “Hawthorne Effect”

▶ **What could be offered out of the 66 possible benefit options?** *(Handout Attached)*

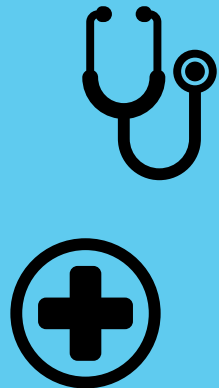
THE CORE NEEDS FOR MOST EMPLOYEES

- ▶ Wages
- ▶ Group Health Insurance
- ▶ Group Dental Insurance
- ▶ Group Life and AD&D Insurance
- ▶ Group Disability (Short and Long Term)
- ▶ Group Worker's Compensation 24-Hour Supplement
Accident and Total Disability

Employer Contributory and Voluntary Benefit Offerings Segmented by Purpose

Traditional Voluntary Benefits

- Critical Illness
- Life Insurance
- Hospital Indemnity
- Disability Income Insurance
- Cancer Insurance
- Accidental Death & Dismemberment
- Dental Insurance
- Vision Insurance
- Retirement



Buying & Banking Options

- Employee Purchase Program
- Discount Programs
- Short Term Loans
- Credit Union Membership
- Prepaid Debit Cards
- Flexible Spending Account



Segment Voluntary Benefit Offerings by Purpose

Lifestyle & Convenience

- Pet Insurance
- Elder Care
- Adoption Assistance
- Legal Assistance
- Auto Insurance
- Childcare
- Cyber Security Insurance



Personal Care & Improvement

- Wellness Programs
- Financial Coaching
- Employee Assistance Program
- Education/Tuition Assistance
(86% of employees would commit to a company for 5 years if the employer helped pay back student loans.)



Financial Safety Nets

- Home Warranty
- Home Insurance
- Identity Theft Protection
- Long Term Care Insurance

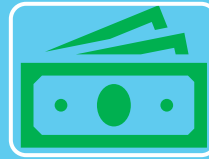


Design your Benefits Across Generations Based on Lifestyle, Family Size and Income



Content Boomer:

Baby Boomer, mid/high income
(\$50,000 to \$100,000) age 52-70



Flourishing Family:

Gen Xer, couple with children, moderate/high income
(\$50,000 - \$125,000+), age 38-46



Budget Living:

Older Millennial/Younger Gen Xer,
low income (under \$50,000), age 34-
44 - Return to Work Boomers



Urban Crew:

Older Millennials/Younger Gen Xer
Low income (under \$50,000), age 30-40



Balanced Bliss:

Gen Xer, mid/high two income, no
children (\$50,000 to \$150,000+), age
41-51



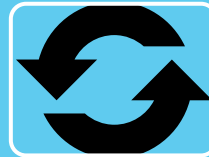
Settled in the City:

Gen Xer, couple with children, moderate income
(\$75,000 - \$120,000), age 43-50



Savvy Starters:

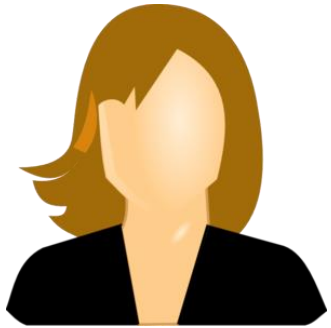
Younger Millennial single or couple,
low/moderate income
(\$35,000 - \$75,000), age 25-34



Cultural Mix:

Younger Gen Xer, low/moderate income
(\$50,000-\$75,000), families with children, age
36-44

Today's Workforce



Millennials
(born 1980-2000)
Ages 18-38



Generation X
(born 1965-1979)
Ages 39-53



Baby Boomers
(born 1946-1964)
Ages 54-72

Millennials *(Ages 18-38)* (born 1980-2000)



- ▶ **Work Ethic**
 - ▶ Professional fulfillment matters more than salary
- ▶ **Greatest Fear**
 - ▶ Silence, unplugging, routine & eternal internship
- ▶ **Keys to Job Retention**
 - ▶ Personal relationships, multiple tasks & fast rewards
- ▶ **Financial Stressor**
 - ▶ Student loans

Generation X *(Ages 39-53)* (born 1965-1979)



▶ Work Ethic

- ▶ Balanced and flexible with a ‘work hard, play hard’ attitude

▶ Greatest Fear

- ▶ Being overshadowed by Millennials & overlooked for promotions

▶ Keys to Job Retention

- ▶ Salary, autonomy, independence and promotion, promotion, promotion!

▶ Financial Stressor

- ▶ Raising children, preparing for care of their aging parents and trying to save for their own financial futures

Baby Boomers *(Ages 54-72)* (born 1946-1964)



▶ Work Ethic

- ▶ Driven and committed

▶ Greatest Fear

- ▶ Losing their pension, savings or job and being unable to retire

▶ Keys to Job Retention

- ▶ Salary, job security and health benefits

▶ Financial Stressor

- ▶ Some still have grown children living at home and/or are helping them out financially

Who Are Your Employees? Voluntary Benefit Preferences by Lifestyle, Family Size, Income and Generation

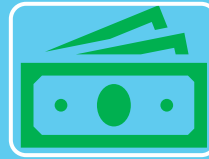
Benefit	Content Boomer	Budget Living	Balanced Bliss	Savvy Starters	Flourishing Family	Settled in the City	Cultural Mix
Identity Theft	4	8	3	9	5	9	3
Legal Assistance	7	7	7	8	7	8	6
Pet Insurance	11	6	8	7	9	7	8
Child Care	12	9	10	3	8	4	10
Cyber Security Ins.	8	12	12	11	10	12	12
Elder Care	9	11	9	10	12	11	9
Adoption Assistance	13	13	13	13	13	13	13
Employee Discount Program	1	1	1	1	1	1	1
Wellness Programs	3	4	2	2	4	6	2
Auto Insurance	2	2	4	4	2	2	5
Employee Purchase Program	5	3	6	6	3	5	7
Tuition Assistance	10	5	5	5	6	3	4
None of These/Value Basics	6	10	11	12	11	10 ¹⁸	11

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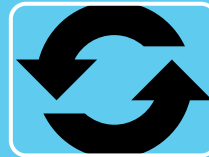
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There are Many Compensation Choices Available to Small Employers with Little or No Cost

The most mutually beneficial compensation choices for your company and your employees are plans in which both contribute towards (19 out of 66).

# OF TOTAL AVAILABLE COMPENSATION AND BENEFIT PLANS	TAX DEDUCTIBLE TO EMPLOYER BENEFITS (COMPENSATION)	TAX DEDUCTIBLE TO EMPLOYEE BENEFITS	EMPLOYER PAYS – NO TAX DEDUCTION	EMPLOYEE PAYS – NO TAX DEDUCTION	BOTH CONTRIBUTE – SOME PRETAX, SOME AFTER TAX	NO NEW COST PLANS TO ADJUST	NO COST TO EMPLOYER	NO COST TO EMPLOYEE
66	47	17	14	10	19	18	1	1

BENEFIT PLAN AUDIT/INVENTORY

3/29/2019

PLAN NAME	IRC CODE OR SECTION	TAX DEDUCTIBLE TO EMPLOYER	TAX DEDUCTIBLE TO EMPLOYEE	EMPLOYER PAYS - NO TAX DEDUCTION	EMPLOYEE PAYS - NO TAX DEDUCTION	BOTH CONTRIBUTE - SOME PRETAX, SOME AFTER TAX	NO NEW COST PLANS TO ADJUST
1. GROUP LIFE & AD&D	79/105						
- Employer Paid Group Term	79	X					X
- Employer Paid/Contrib. GTL	79	X					
- Employee Pay All GTL	79				X		
- Employee Pay All GUL	if 79			X	X		X
- Employer Paid AD&D or Travel Accident	105	X					
- Employer Paid Whole Life	419/412			X	X	X	
- Voluntary AD&D	105				X	X	
- Business Travel Accident	105	X					
2. LONG TERM DISABILITY	105	X		X	X	X	X
3. SHORT TERM DISABILITY	105	X			X		X
4. SELF FUNDED DISABILITY- Salary Continuation	112	X					X
5. GROUP HEALTH PLANS							
- Medical Plan	105	X				X	X
- Medical Plan/Post Retirement	106	X	X				
- EAP	132/162	X					
- Dental Plan	105	X				X	X
- Vision Care Plan	105	X	X			X	X
- Prescription Drug Plan	105	X	X			X	X
- Wellness Corp. Paid Tax Ded., 30% of Rates	105	X	X				
- Long Term Care ER Paid HIPAA 1996	Sec. 321	X			X	X	
6. HEALTH SPENDING ACCT/ SOLE PROP. EE	105	X	X				
7. HEALTH SAVINGS ACCOUNT-HSA (HIPPA)	223	X	X			X	X
8. HEALTH REIMBURSEMENT ACCOUNT-HRA	105	X					X
9. HEALTH REIMBURSEMENT ARRANGEMENT- CURES ACT		X					X
11. TAXABLE HEALTH CARE ALLOWANCE	105	?					X
12. HEALTH REIMBURSEMENT PLAN (H.R.P.)	105 (5/21/14)	X					
13. CAFETERIA OR FSA PLAN is 125	125/129	X	X				
14. DEPENDENT CARE	129		X			X	
14. ER/Med. Reimbursement Full MRA	105	X					
15. EDUCATION							
- Tuition/Educational Reimbursement	127	X					
16. GROUP TRAVEL ACCIDENT	105	X					
17. QUALIF. GROUP LEGAL PLAN (ER Tax Ded.)	120						
18. FUNDED PLANS (Trusted)							
- (Funded = EE\$)			X			X	
- VEBA Funded/ESOP	419			X			
19. NO ADDITIONAL COST SVC.	132	X					
QUALIFIED EMPL. DISCOUNT	132						X
EMPLOYER OPERATED EATING FAC.	132						X
TRANSPORTATION (ER Tax Ded.)- 26 USC(f)	132			X			X
20. PENSION/401K (Hardship Distribution)	403b/401k	X	X			X	
21. IRA/SEP	T-28/Code 408	X					
22. EE pay LTC (Qual. & Non-Qual.)	7702B	X	X			X	
HIPAA 1996 (ER pay is tax ded. & Self. Emp.)	162	X					

	IRC CODE OR SECTION	TAX DEDUCTIBLE TO EMPLOYER	TAX DEDUCTIBLE TO EMPLOYEE	EMPLOYER PAYS - NO TAX DEDUCTION	EMPLOYEE PAYS - NO TAX DEDUCTION	BOTH CONTRIBUTE - SOME PRETAX,	NO NEW COST PLANS TO ADJUST
23. NON-QUALIFIED PLANS/VOLUNTARY							
- Key Person BTA or Key Person Life		X		X			
- Split Dollar		X		X	X		
- Def. Compensation		X		X	X		
- Death Benefit Def Compensation		X		X	X		
- Critical Illness			X			X	
- Hospital Accident			X	X		X	
- Auto & Home				X			
- Group Universal or Whole Life		X					
24. RECENT BENEFIT OPTIONS							
a. Properly Inform Employees About:							X
- Autism Coverage		X	X			X	
- Family Medical Leave		X	X			X	
- Mental & Nervous Coverage		X	X			X	
- Employee Assistance Plan		X					
b. Funeral Planning Assistance		X					
c. Genetic Testing		X					
d. Employee Sick Care Help for Family		X					
e. Identity Theft Protection			X			X	
f. Leave Swapping or Donations of Time Off							X
g. Student Loan Relief		X					
h. Education Benefits		X					
i. TeleMedicine		X					
j. Early Access to Pay Policy		X					
k. Onsite Healthy Lunches/Meals				X			
l. Adoption Assistance		X					
m. Onsite Gyms				X			
n. Recognition - Tangible Property				X (??)			
o. Paid FMLA			25% Tax Credit				
p. Emergency Daycare - Contracted							
q. Emergency Elder Care- Professional or EE Caregiver							
25. Time Off							
- Vacation (Fulltime)							
- 2 Years = 1 week Sabbatical (FT and PT)							

Please refer to your legal counsel or tax advisor concerning legal and tax issues that are not insurance carrier contract or insurance practice related.
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