

EMPLOYEE BENEFITS PROGRAM DEVELOPMENT

A GUIDE FOR EMPLOYERS



WHEN IT COMES TO OFFERING EMPLOYEE BENEFITS, THE NEW NORM IS TO OFFER MORE, AND THE STANDARD KEEPS INCHING HIGHER.

The recent trends for employee benefit plans extend well beyond group health plans, and employees certainly expect more. The days when large companies were the only ones offering employee benefits packages are gone. At the same time, the laws regulating employee benefits have become more complex.

While this introduces a substantial challenge for smaller companies with fewer resources, the good news is there are some low-cost benefit options you can offer and resources to help you administer them while complying with all the rules and regulations. Whether you choose to “do-it-yourself” in terms of creating a viable benefits program or you seek help from the specialists at FrankCrum, this guide will help you navigate through some practical ideas and options. The bottom line is that attracting and retaining top talent includes offering the benefits they want and expect. This will keep your business competitive now and in the future.



81%

of workers report that employment-based health insurance is a “must have” followed by dental insurance (64%) and a retirement savings plan (60%).

Plan Trends to Consider

Let's start by taking a look at what employees want most in an employee benefits program. A recent study from [MetLife](#) shows workers continue to rank employment-based health insurance as their most important benefit. Here's a look at some of the current trends in employee benefits:

HEALTH, VISION AND DENTAL BENEFITS FOR THE WHOLE FAMILY

Now, more than ever before, employees are looking for health, vision and dental insurance options that include dependent coverage. Workers want quality plans that allow them to visit the doctors they choose with low out-of-pocket expenses and deductibles. Many insurance companies now offer technology platforms that include visiting a doctor electronically/telephonically as part of their group insurance plan to offer greater convenience and less expense.

FLEXTIME

One of the more popular employee preferences is flextime, allowing employees to work varying hours. This can ease the burdens of commuting, family schedules and personal needs. Your ability to offer flextime to your employees depends on your industry and your clients' needs.

EMPLOYEE ASSISTANCE PROGRAMS (EAPS)

EAPs are designed to help employees find comfort or relief from personal issues that could affect his or her ability to perform at work. EAPs offer counseling on issues like stress management, alcohol, drug abuse and parenting.

FINANCIAL PLANNING AND LEGAL SERVICES

Financial planning helps employees set goals and map out a financial future. Educating employees about the importance of planning for retirement and investing are important parts of solid benefits programs. Legal services typically cover life events like creating a will, buying or selling a house, or filing for divorce.

DISABILITY COVERAGE AND LIFE INSURANCE

Disability insurance provides income replacement to enable sick or injured employees to pay bills, including mortgages and college expenses, and maintain a standard of living. Most employers offer group term life insurance, although additional types can be offered. Term life insurance is designed to provide financial resources to an employee's family in the event of his or her unfortunate death and is only in effect for a certain period (5, 10, 15 years, etc.).



PAID TIME OFF TO INCLUDE HOLIDAYS

Offering paid time off helps your staff balance the demands of their personal and professional lives. Consider what other local employers offer and decide if you want to offer a benefit that is about the same or better than that level. According to the U.S. Department of Labor Statistics:

- Workers with one year of experience average 14 days of paid vacation.
- Employees with five years of experience average 19 days of vacation.
- Workers with 10 to 20 years of tenure average 21 to 24 days, respectively.

Recent trends show employers are moving to paid time off banks that bundle all forms of paid time off together (sick, personal and vacation). **This allows the employee more freedom to choose how they want to use their time.** However, it might not work for all employers due to state and local laws governing sick leave. Many companies also observe several holidays each year and pay employees when the office is closed in observance of these holidays.

RETIREMENT OPTIONS

A quality retirement savings plan is a way to help employees plan for the future, and in some cases, it doesn't cost you a dime. You can choose to match employee contributions or just establish a pre-tax program for them to utilize. Studies show retirement options encourage younger employees to seek opportunities to grow within the company and motivate seasoned employees to remain productively employed.

EMPLOYEE PERKS AND DISCOUNT PROGRAMS

For no cost, you can provide entertainment discounts and special consumer offers to your employees through various partners. An employee perks program can include things like theme park tickets, sporting events, theater tickets, movies, hotels, discounted computers and more.



WELLNESS PROGRAMS

Wellness programs are typically offered as part of a group health plan. By supporting employees' efforts to achieve personal health goals both physically and mentally, wellness programs benefit both the employee—and you, the employer—and they help keep healthcare costs down. These programs can be very effective in promoting overall health through things like health screenings, education, smoking cessation, chronic disease management and weight loss. Wellness programs also can boost employee morale.

HEALTH SAVINGS AND FLEXIBLE SPENDING ACCOUNTS

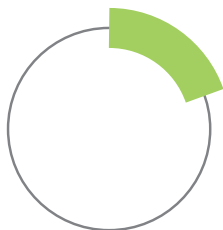
One way to offer employees a more flexible benefits program is to offer health savings and flexible spending accounts. Pre-tax contributions help pay for out-of-pocket healthcare costs and make it easy for employees to set aside money for things they already pay for like doctor visits and prescriptions. Flexible spending accounts can also be set up to pay for dependent care.

TUITION REIMBURSEMENTS

A tuition-reimbursement program shows your employees you're willing to invest in their future. You may limit the field of study to a development area within your organization, and require the employee to remain with your organization for a period such as a year or two upon program completion or repay the reimbursement amount. This benefit is regulated by the IRS and allows the employee to receive up to a certain dollar amount in reimbursement from you without paying taxes on the reimbursed amount.



What Employers are Offering



Twenty percent of organizations report an increase to their healthcare benefits offering in the last 12 months.

(SHRM)



Retirement investment advice is offered by 57% of organizations, while 36% offer non-retirement financial advice.

Companies are adapting to a multi-generational workforce by allocating resources toward benefits that have an impact on a variety of employees. **Data shows:**



Services supporting new mothers have steadily increased over the past 5 years.

5%

increase in companies offering student loan repayment.

58%

of employers now offer a wellness program.

TRENDING BENEFITS	FRANKCRUM OFFERS
Health for the Family	Many plan options, customized
Flexible Spending Accounts	IRS maximum limit for medical and dependent care
Retirement Options	Many plan options, customized
Paid Time Off	Consultation as part of policy/employee handbook development
Flextime	Consultation as part of policy/employee handbook development
Wellness Program	Wellness and rewards program combined with health
Life Insurance	Term and AD&D options available at no cost to employer
Short and Long-Term Disability	No employer participation/contribution required

(SHRM)

Are Employers Required to Offer Health Insurance to Employees?

Now that you know what types of employee benefit options workers desire most, it's time to consider what you may or may not be "required" to provide. There are various federal, state and local laws you should have on your radar when it comes to minimum benefit requirements and reporting. A hint: Your company's size and location have a lot to do with it. Learn about the key requirements of the Affordable Care Act, COBRA and ERISA below.

THE AFFORDABLE CARE ACT

If you have 50 or more full-time and full-time-equivalent employees on average during the prior year, the ACA requires you to offer employee health benefits or pay a tax penalty. Although employers under this threshold are not required to offer employee health benefits, there is an incentive to do so because meeting the following criteria may make you eligible for the Small Business Health Care Tax Credit:

- You have fewer than 25 full-time employees
- Your average employee salary is about \$50,000 per year or less
- You pay at least 50% of your full-time employees' health insurance premium costs



According to the ACA guidelines, a full-time employee works an average of at least 30 hours per week, or 130 hours per month.

Keep in mind, based on the ACA criteria, the hours your non-full-time employees work can add up to equal those of a full-time employee, in which case, a number of non-full-time employees combined together could count as additional full-time employees.

COBRA

The Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) can be a complex area of federal law. It requires employers with 20 or more employees to provide temporary continuation of group health coverage in certain situations where it would otherwise be terminated. Qualified beneficiaries have an election period of at least 60 days during which each qualified beneficiary may choose whether to elect COBRA coverage.

ERISA

The Employee Retirement Income Security Act of 1974 (ERISA) is a federal law that sets minimum standards for pension plans in private industry and provides for extensive rules on the federal income tax effects of transactions associated with employee benefit plans. ERISA doesn't require employers to offer plans, but sets standards for those who do. ERISA protects the interests of benefit plan participants (employees) and their beneficiaries by:

- Requiring the disclosure of financial and other information concerning the plan to beneficiaries
- Establishing standards of conduct for plan fiduciaries
- Providing for appropriate remedies and access to the federal courts

At FrankCrum, we can explain which regulations apply to your business and provide the guidance you need to address changes in many areas including plan requirements and potential penalties.



Four Things to Consider When Choosing Group Health Benefits

When choosing a group health benefits plan, you want to take into account the following things:

- 1** How much will it cost you and your employees?
- 2** What will be included?
- 3** How many different vendors will there be?
- 4** What administrative (fiduciary, plan document, audit, tax) filing responsibilities will be required (and should you be outsourcing benefits administration)?

EMPLOYER COST

When it comes to offering health insurance to employees, you want to consider which carriers are available in your area, what plans are offered and how much you'll contribute to the coverage of your employees' spousal or domestic partners and dependents.

As you consider group health benefits, you may learn much of the cost falls on the employer. However, just because you're contributing to the cost of employee healthcare doesn't mean you should choose group health insurance plans based on economics alone. While you do want to choose a plan that fits your budget and matches your goals, you also want a well-rounded plan that gives employees options and flexibility.



In 2019, the shares employers paid of medical care premium costs for private industry workers were 79% for single coverage and 66% for family coverage (DOL).

HMO VS. PPO

There are several different options when it comes to selecting employee health insurance. If you opt for a Health Maintenance Organization (HMO), the premium costs will be cheaper but your employees won't have as many doctor choices in the network. If you choose a Preferred Provider Organization (PPO), employees will have more flexibility to choose their own doctors. Employees tend to prefer this choice because it prevents many out-of-network costs and in some cases, allows employees to keep the doctors they already trust.

No matter which type of group medical insurance you choose, you want to pay attention to what's covered. Look for employee insurance plans that cover some or all of the following:

- Annual physical exam
- Prescription drugs
- Cancer screenings (mammography, colonoscopy, pap smear)
- Lab tests
- Blood pressure and blood cholesterol monitoring
- Electrocardiogram and x-rays
- Recommended immunizations
- Mental health and substance-use disorder services
- Emergency room visits



EMPLOYEE COST

Much like any other type of insurance, the premium (in this case, paid partially by you and partially by the employee) varies based whether you choose a low or high-deductible plan. The latter obviously costs less per pay period, but when your employees go to use the benefit, it will cost them more for medical services. Low-deductible plans cost employees more per pay period, but cover more medical costs.

VOLUNTARY BENEFITS

Voluntary benefits can include dental, vision, life, disability, critical illness (such as cancer) and accident insurances, as well as things like legal services and entertainment discounts. Offering voluntary benefits gives employees more options at group rates, with no cost to the employer. FrankCrum provides voluntary benefits in conjunction with the full range of employer-sponsored benefit plans, all through one relationship. This empowers employers to offer many benefits without any of the time consuming tasks to secure and administer them.

MANAGING BENEFITS AND VENDORS

One of the most challenging aspects of offering a comprehensive benefits program is the administration work. Without the help of dedicated benefits specialists or a PEO like FrankCrum, managing benefit plans and multiple vendors can be very time-consuming. Even though activities peak during plan selection and open enrollment, you still must dedicate resources to new hires and ongoing employee questions and needs. Reconciling bills, paying carriers, bill escalations, claims and service issues, processing employee enrollment, and handling change and termination requests with the carrier are all important responsibilities within any comprehensive benefits program. You also have to handle eligibility notifications for adding newly hired employees and COBRA administration for terminated employees. This presents an important decision point between doing things yourself and partnering with a PEO like FrankCrum to handle it all for you.



Jennifer wants to know about COBRA.

You decide to dissolve her position and have to terminate her. She inquires about COBRA. What do you tell her? Do you know what it is or whether you have to offer it? How long do you have to offer it?



Bob wants to know about 401(k).

He's been working for you for a year now and wants to know whether you're willing to offer him retirement options. Do you have to contribute to a 401(k)? What's a vesting schedule? Have you ever heard of a Safe Harbor 401(k)? Is it a pre or post-tax payroll deduction?



Samantha wants to know about health benefits.

She's ready to sign up for health benefits but she has questions. What's her deductible with one family member? Can she elect vision without dental? What about life insurance? Do you offer short-term disability? Long-term?

Reasons to Consider Outsourcing Employee Benefits

Very few companies can efficiently employ enough staff to support a competitive, robust, employee benefits program. Without a specialization in the area of benefits, it can distract from your core business to try to do things yourself. PEOs like FrankCrum are designed to combine employee benefits programs with payroll services, HR and workers' compensation insurance to offer a "one-stop shop" for managing it all. This enables you to offer great benefits affordably, save time and money and stay consistently compliant.

BENEFITS PLANS AND PROGRAMS

Partnering with FrankCrum allows small to medium-sized business owners to offer big-company benefits plans and programs. Because FrankCrum's policies have thousands of employees on them, we're able to negotiate comprehensive benefits packages for you. That means you can offer your employees the options they want with top carriers they know and trust. We consult with you from the very beginning to help you determine whether offering a benefits package is feasible and

what type of benefits package you desire.

In addition to health insurance and voluntary and supplemental plans, adopting FrankCrum's 401(k) plan frees you from worry regarding fiduciary responsibility, investment committees, performing ADP/ACP/top heavy testing, plan audits, maintaining plan documents, and Form 5500 filing. This makes PEO-sponsored 401(k) plans very attractive for business owners in terms of administrative time and costs.

ANNUAL OPEN ENROLLMENT

Communication and employee engagement efforts should really happen year-round and not just during annual open enrollment. Employees are looking for easy-to-use guidance on which plan options are best in a language that's easy to understand — and that information isn't always readily available. When you outsource benefits management to FrankCrum, we handle the open enrollment process. Every year, we utilize an easy-to-use technology platform so employees can update their benefits elections. This takes the burden of paperwork, communication and time constraints off your shoulders so you can focus on growing your business.



Establishing, offering and administering an employee benefits program can take a great deal of research, subject matter expertise and time.

As you decide whether it makes sense to do it yourself, or outsource it to a PEO like FrankCrum, here are some questions to ponder:

- How important is a comprehensive benefits package to your current employees and those you hope to recruit in the future?
- How much do happy, long-term employees contribute to your company's success?
- What do your employees really want and need in a benefits plan?
- What is required to efficiently offer and administer a benefits program and how much will it cost?
- How much time would it take you and your staff to assemble a great benefits package on your own?
- How can you offer the very best benefits program on your budget?
- What resources and processes would you need to ensure tax and legal compliance?
- How do the factors of time and money impact “how” you will approach building a strong benefits program if you decide to try it on your own?
- Does it make more sense to do it yourself, or seek assistance from FrankCrum?



COMPLIANCE AND ADMINISTRATION

Not only do we help you develop your benefits plans, we handle enrolling your employees (and removing them when necessary) and answering any questions they have during the process. That means anytime someone has a life event change (marriage, divorce, child), they call us or use our technology platform to update their benefits so you don't have to sort through the personal details and determine which options are available. While outsourcing benefits administration certainly saves you time, having the experts assist with all of the tax and regulatory reporting reduces your risk of non-compliance. It also ensures that your company is making the appropriate pre-tax deductions from your employees' paychecks.

When you outsource employee benefits management to FrankCrum, you gain experts who provide ongoing guidance and support in the following areas:

- Enrollment eligibility notifications
- Answering employee questions
- Carrier renewal negotiations
- W-2 health premium reporting
- Form processing for employee enrollment, changes and termination
- COBRA information processing
- Monthly carrier invoice reconciliation
- Carrier claims management
- ACA compliance strategies

WITH FRANKCRUM, YOU:

- Gain a comprehensive and competitive employee benefits plan that's flexible to fit your needs
- Receive compliance assistance with ACA, COBRA, and ERISA regulations
- Supplement your staff with experts who consult and communicate with you and your employees
- Partner with a team of specialists who manage your plans and vendors
- Keep an engaged, happy and reliable workforce

When you're charged with doing more with less, we can help. Our benefits specialists take the time to get to know your company and work with you to customize the best employee benefits package for your business within your budget. We handle everything from benefits selection, to enrollment, and daily administration. Let us help you through the employee benefits process with a free consultation.

Learn how FrankCrum makes offering employee benefits easy.

 **Call 1-800-393-0815 and select option 10**
 **or email us at benefits@frankcrum.com**