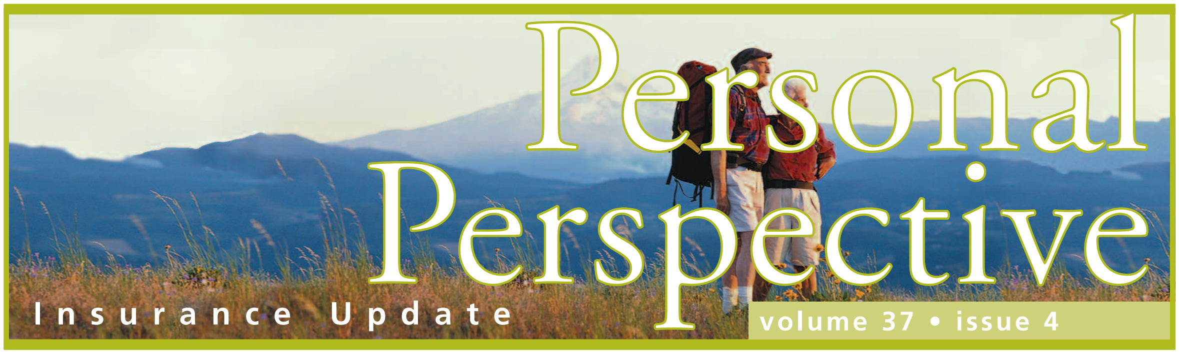

volume 37 • issue 4

Mini-Med Plans Can Cover Insurance Gaps

If your employer is no longer providing health insurance or has shifted to a high-deductible plan, consider asking about a "Mini-Med" plan. These plans, sometimes referred to as gap cover, are not a substitute for major medical insurance. Rather, they are designed to help curb medical costs by paying a portion of costs that would otherwise be your responsibility.

Such plans may be available only to individuals who are employed or self-employed. They are considered supplemental coverage and often come in two forms: Discount Medical Plan and true Mini-Med insurance plan. The former provides access to a network of physicians who offer services at a discounted rate. With this plan, you would be responsible for full payment of the adjusted bill. It is not an insurance plan, and you would not submit a claim. It simply offers services at a discounted price.

The latter is an insurance plan that offers reimbursement for covered services. This plan does not usually include co-pays or deductibles. Discounted services are offered by in-network providers. This plan may also offer access to dental, vision, prescription, and other health expense discounts.

For more information concerning a Mini-Med plan that could help you curb your out-of-pocket health costs, give our service team a call.

New IRS Rule for 401(k) Conversion

A new rule from the IRS could help those interested in converting a 401(k) account into a Roth IRA. The new rule allows the total amount of your after-tax contribution to be converted tax-free.

This rule makes conversion more favorable from a tax standpoint than converting a traditional IRA to a Roth. In this case, tax on the rollover amount is determined by using a ratio of your non-deductible contributions to the total in your IRA account. For example, say you have $50,000 in your IRA and the total of your non-deductible contributions is $5,000. If you convert the $5,000 to a Roth, based on the ratio, only $500 of the funds would be tax-free. The other $4,500 would be subject to tax. If the $50,000 were in a 401(k), 403(b) or 457 plan, the full $5,000 would be tax-free.

Is conversion a good idea for you in your current situation? For more information, call our service team today.

COBRA Changes and Subsidy

When workers lose their jobs, they also lose employer-sponsored healthcare. The federal government has attempted to assist those who have lost healthcare because of a layoff by enabling them to continue to receive employer-sponsored health insurance, provided the worker pays the premium and other fees. This is especially valuable for those who can't qualify for other health insurance because of pre-existing conditions.

The stimulus act of February 2009 included a 65% subsidy of COBRA premiums for employees laid off between September 1, 2008, and the end of 2009. Those already paying COBRA should receive a credit or rebate by mid-2009.

The subsidy is not offered to individuals who leave work voluntarily or who qualify for group health insurance elsewhere. And while COBRA generally lasts up to 18 months, the subsidy is valid for only nine.

Experts encourage employees to shop for a personal insurance policy before committing to COBRA, as new coverage might actually be cheaper than the former policy, even with the subsidy. This is often the case with young, single, healthy workers.

Other COBRA actions may also now exist. Check with your agent if you would like to compare your healthcare options.

Get a Quote on Disability Insurance

It's true that coverage for wages is part of the overall benefit of workers compensation insurance for illness and/or injury resulting from the workplace. However, many disabling injuries and illnesses occur outside of the workplace and are not covered by workers compensation.

Disability insurance is the answer, but often wage earners choose to forgo it. This could be a costly mistake. About one in three workers will suffer an injury or illness that disables them and impairs income earnings for a substantial amount of time, and Social Security isn't the answer. It can take many months to qualify for Social Security disability, months during which bills arrive and cannot be paid.

Disability insurance policies pay as much as 60% of your salary during an illness or injury and come in a variety of types to suit your timing needs. Some begin payments early; some include a delay. The duration of payments and monthly payout also varies, so you can insure for the right amount of income during the time that you expect not to have other coverage, such as Social Security. Other factors also need consideration, such as your elevated needs if you are a parent with school-aged children or if you have dependent parents.

You might be surprised at the cost of disability insurance. Depending on the benefit chosen, policies may be available for under $50/month. For more information on this valuable coverage, call our service team.

Life Insurance Is Important After Divorce

In a divorce, one parent often has child support obligations that are critical to maintaining a decent standard of living for the children. In most states, the death of the obliged supporter terminates child support. Often, that means the lifestyle and well-being of the children suffer greatly.

There is an alternative to cessation of child support. It is called divorce life insurance. Life insurance on the payer of child support should be a primary consideration in the overall settlement agreement or decree of divorce. Sometimes it can be negotiated as part of the child support; other times, one or the other parent has to pay the cost in full. It will depend on your state law and your support negotiations, if there are any.

Life insurance that you currently possess can also be affected by divorce. Your insurance company will likely not know that you are divorced and will have no way of altering your beneficiary if you don't inform them. However, in some states a divorce automatically changes your beneficiary designations, whether you want that or not. Ownership of the policy frequently can also be changed to the custodial parent by consent of the current owner. There can be time-constraints and other rules that are specific to your policy. You have to be alert and involved in the changes to your life insurance when you are divorcing.

Divorce changes your insurance needs significantly. Our agents are trained to help you find life insurance tailored to your particular situation, and we can help you keep your policies in order. Turn to us for help when it comes to insurance for the ones you love.

Retirement Plan Limits Have Been Increased

Employees contributing to a defined contribution plan such as a 401(k) or 403(b) in 2009 can increase contribution amounts above 2008 limits.

The IRS is allowing workers to contribute up to $16,500 in 2009, up from $15,500 in 2008. The "catch-up" provision, which applies to workers age 50 and older, increased from $5,000 to $5,500. Including employer contributions, the maximum annual total contribution to one of these plans was increased to $49,000.

For employees eligible for a defined benefit plan, such as a pension plan, the maximum annual benefit that can be funded also increased from 2008 limits. In 2009, the total possible benefit jumped to $195,000.

Our agents can advise you on financial planning for your future and help you discover options for savings and protection for your long-term needs. Give us a call!

Thank you for your referrals.

If you’re pleased with us, spread the word! We will be happy to give the same great service to all of your friends and business associates.