Employee Benefits

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Plan Advice Pays Off

What type of investment advice is available to the participants in your firm's 401(k)?

Data from a recent survey found that participants who used professional investment help provided by employers and their benefits plans enjoyed, on average, a 1.86% higher annual return on their investment than those who did not have access to or did not utilize such help.

This small boost adds up over time. For example, a 45-year-old who has such help over a 20-year period will save 47% more by age 65. A 25-year-old who takes advantage of the advice over a 40-year period will save 103% more by age 65, according to the data.

About half of 401(k) plan sponsors surveyed currently offer employees investment advice, up from 17% 10 years ago. Most plans that offer professional investment help do so in a variety of ways, such as access to materials, consultants, or, in most cases, online.

Setting up a program for advising employees might be the next benefit you offer. For more information, call our service team today.

Confidence Growing in Voluntary Benefits

Industry professionals are gaining confidence in the voluntary benefits market, according to recent data reported by Eastbridge Consulting Group. In its annual Voluntary Industry Confidence Index, the organization reports that a growing percentage of respondents suggest they will increase voluntary benefits sales. Common voluntary benefits include disability insurance and dental and vision plans that are paid in part or in full by the employee.

These are generally popular benefits with employees, especially when the employer picks up part of the tab. Group rates, even when paid by the employee alone, are usually more attractive than individual premiums. Moreover, having a plan ready-made without the burden of shopping or doing research adds to the appeal.

Our service team can offer you a selection of voluntary benefits that best suit your firm's employees. Give us a call to find out more.

Looking for Wellness Incentives

Poor employee health habits are a top challenge to maintaining affordable benefits coverage, says a survey of benefits managers. Those surveyed also expressed displeasure with the programs they've used to persuade employees to improve health and use their benefits more effectively. Over 60% of respondents agreed that results from healthcare consumerism programs have been disappointing.

Benefits mangers are not giving up, though. Of those surveyed, 66% will offer incentives to participants in an attempt to change their behavior and better utilize benefits. This is up from 61% in 2009.

Some employers are also looking into the use of penalties, such as higher premiums, deductibles or co-pays for non-participants in wellness programs. Whichever path your company chooses, consult your insurance advisor and your legal counsel to make sure your programs are consonant with anti-discrimination laws.

Employee Benefit Trends

For the last 16 years, Deloitte Consulting and the International Society of Certified Employee Benefit Specialists have released results of their "Top Five Total Priority Rewards Priorities" survey to show trends in employee concerns and the benefits employers are offering.

Key findings from the employee perspective:

- 77% worry about the ability to afford retirement, and 60% were concerned about unemployment.
- 40% plan to delay retirement, and 45% plan on contributing more to 401(k) and other qualified retirement plans. This is an increase from 33% last year.
- 65% say they will participate in wellness and disease management programs with the goal of maximizing health and reducing costs. This is up from 48% last year.

Trends for employers:

- 64% considered moving away from freezes or reductions in salary within the last year.
- 52% said an increase in employee self-service technologies is the top action their organizations have undertaken in restructuring the administration of some or all of their rewards programs.
- 72% plan to redesign their health and welfare plans over the next 12 months.

For more information on changes and solutions that might help your company, contact one of our employee benefits professionals.

Group Long-Term Care

Benefits managers hoping to enhance offerings through the inclusion of group long-term care insurance could benefit from recent research conducted by the Center for Retirement Research at Boston College and Prudential Financial.

The study, *What Is the Distribution of Lifetime Health Care Costs from Age 65*, shows that at age 65 a typical married couple will spend $197,000 on their remaining lifetime healthcare costs. When nursing home care is included, the mean cost is $260,000. The report also notes that fewer than 15% of households approaching retirement have the financial assets to cover this massive expenditure.

The report's conclusion makes reference to long-term care insurance as an option to lessen the financial strain such extreme costs will have on most families. Your benefits office can help employees by encouraging them to focus on their assets, debt structure, future financial obligations, current health and possible future healthcare needs and costs in order to determine the value of a long-term care plan for them. For help with group long-term care options and solutions, give our team a call.

Social Media for Communicating Benefits

Many firms are turning to popular social media sites, such as Facebook and Twitter, and other online communications, such as blogs, podcasts and videos, to enhance communications with employees.

But is using these media, which are typically associated with fun, not business, a good idea for important information dealing with employee benefits plans?

Adam Wootsen of Towers Watson, a global professional services firm, thinks so. "If you're communicating a change that is purely informational, you can use new media to get the message out in a way that people can easily understand," he says.

Employee Benefit News recently reported two examples that show how companies turn to online social networks to communicate important information and, at the same time, foster interest in benefits options. In one case, a client company created a blog that chronicled the CEO's efforts to improve his health. In another, a retail giant increased enrollment in its 401(k) plan by staging a contest for employees in which they recorded videos of themselves discussing how they would like the plan to work.

Statistics show a growing number of employers are utilizing social networks and other online media to communicate important information to employees. If your company plans to follow the trend, make sure to institute an online posting policy and talk to your insurance agent about managing and insuring against the special liability risks that accompany social media forums.

Federal Enforcement of Benefits

The U.S. Department of Labor's Employee Benefits Security Administration (EBSA) recouped $1.36 billion in fiscal year 2009 retirement, health and other employee benefits plans governed by the Employee Retirement Income Security Act (ERISA).

The EBSA closed 3,669 civil investigations last year. In more than 72% of those cases, the agency found violations and obtained correction. Criminal offenses involving employee benefit plans led to the indictment of 115 individuals. The agency also recovered $124.5 million for workers and their families through informal resolution of individual complaints.

Results were also achieved through the agency's compliance assistance programs. The popular Voluntary Fiduciary Correction Program (VFCP) received 1,692 applications from employers, plan officials, service providers and other fiduciaries to self-correct ERISA violations. The Delinquent Filer Voluntary Compliance Program, which helps plan administrators comply with ERISA's filing requirements, received 26,603 filings.

Make sure your firm doesn't run afoul of the law.

Make sure your firm doesn't run afoul of the law. A fact sheet about EBSA's enforcement results is available on its website at www.dol.gov/ebsa. More information on voluntary corrections is also available at that Web address.

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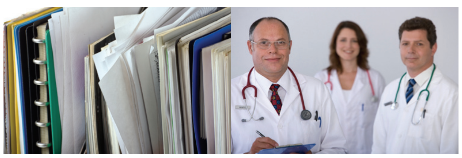
Defined Contribution Plans Slow to Recover

Data collected by Mercer Consulting from 1.2 million defined contribution plan participants show that the monthly contribution rate per participant has remained almost flat.

Benefits managers should expect that re-entry into plans will be particularly slow for workers 55 and older. According to Mercer's data, more than one third of these participants have yet to return their balances to 2007 levels, and nearly half of older employees who have lost more than 30% of their account's value since 2007 have taken a withdrawal.

Many employees are still extremely skeptical about investing, and some are not sure it is right for them at their age. Talk to your agent about addressing the particular needs of different age groups and about building confidence in your defined contribution plan.



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Employee Benefits

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- ❑ Our health insurance
- ❑ Long-term care coverage
- ❑ A free appraisal of our group coverage
- ❑ Other: _______________