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Choose Benefits with Employee Help

There's only one way to know if the benefits you're considering providing to your employees are truly beneficial—ask them.

Some employee benefits providers think that having a smorgasbord of options is appealing to employees; however, research shows that offering too many choices leads to decreases in participation. Voluntary benefits are attractive, but people these days have little spare time to investigate the mechanics, costs and details of many different, and sometimes irrelevant, plans. Employees value good advice that streamlines the choice process and a selection that's targeted



to their lifestyle and needs.

Actively soliciting employee opinions about benefits is an excellent way to tailor plan offerings. Review your benefits menu annually with staff. There might be new products available that address the group or individual needs. Educate workers on possibilities and costs, advantages for themselves and family members, and renewal and withdrawal from plans. Make sure that employees know what isn't offered as well.

Talking to your people is the best way to get the most out of your benefits dollars. Start asking today! ■

Automatic Enrollments on the Rise

Research has stressed the benefits of automatically enrolling employees in their company's 401(k). A recent study by Hewitt Associates indicates employers are listening.

The study, conducted in late 2006, found that almost 60% of employers said they would automatically enroll employees into their 401(k) by year's end. In addition, nearly 20% surveyed said that they plan to offer the service to additional classes of

employees and expand it beyond new hires. Nearly one in five employers who currently offer the feature say that they plan to increase the default contribution rate.

Automatic enrollment increases employee participation significantly. If your company hasn't begun automatic enrollment, you might want to consider it. We can provide information that will help you decide. Give us a call. ■

Group Dental



Group health plans often don't offer dental coverage; however, employees might consider this a valuable coverage and an incentive when comparing job options.

Group dental plans, like health plans, are designed to offer services to individuals while providing the premium savings and insurability advantages of group coverage. Group dental plans are usually preventative in nature, focusing on minor procedures and routine visits. However, more expensive procedures (such as oral surgery) might be offered at a reduced cost.

These plans usually include a calendar-year deductible and calendar-year maximum, such as \$1,000. Separate deductibles, limits or provisions might be included for such additional services as orthodontics, periodontics or endodontics.

To learn more about group dental plans that might be right for your company, contact our service team. ■

Know Your COBRA Events

Here's an explanation and description of COBRA qualifying events provided by the U.S. Department of Labor.

Qualifying Events for Employees:

- Voluntary or involuntary termination of employment for reasons other than gross misconduct
- Reduction in the number of hours of employment

Qualifying Events for Spouses:

- Voluntary or involuntary termination of the covered employee's employment for any reason other than gross misconduct
- Reduction in the hours worked by the covered employee
- Covered employees becoming entitled to Medicare
- Divorce or legal separation of

the covered employee

- Death of the covered employee

Qualifying Events for Dependent Children:

- Loss of dependent-child status under the plan rules
- Voluntary or involuntary termination of the covered employee's employment for any reason other than gross misconduct
- Reduction in the hours worked by the covered employee
- Covered employees becoming entitled to Medicare
- Divorce or legal separation of the covered employee
- Death of the covered employee

For more details and information about COBRA, visit www.dol.gov/ebsa. ■

Is There Life in Your Group?

Question: Why is group life insurance beneficial to employees?

One major reason: cost. As with health insurance, an insurer can spread the insurance risk across many people whose health characteristics are similar to those of a majority of people. This makes the coverage more affordable to eligible individuals than purchasing similar coverage individually.

Employers might include a set limit on life insurance. Others might choose to offer a benefit in increments related to the employee's income (e.g., one or two times their annual income). Several types of group life plans enable the employee to pay for additional coverage for less than purchasing a separate individual policy.

Other advantages of a group plan are found in the qualification process. Such



plans often don't require the same underwriting guidelines as individual policies, which makes life coverage easier to obtain.

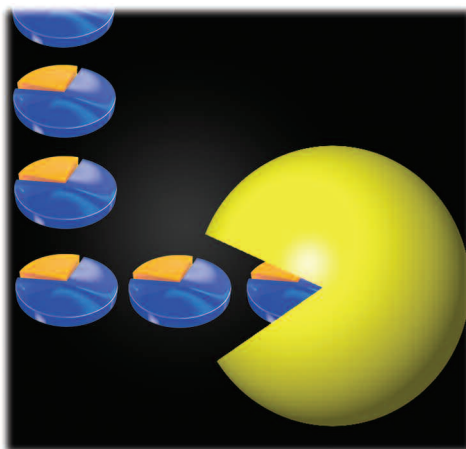
A variety of group life policies are available. Consider the various types carefully before purchase. For more information on this addition to your benefits plan, call our service team today. ■

Are Plan Fees Eating Employee Savings?

Fees are the income basis for plan administrators and brokers, so there's no getting around them when building a retirement plan for your employees. However, plan fees can also be the source of many questions and disputes. Fees, even seemingly small ones, can eat away at long-term savings over time, and if employees are unaware of these costs and the effects on their accounts, they might hold you liable for shortfalls in their savings. It's critical for you to know, understand and reveal your plan's fee structure and its impact on employee retirement funding.

The Employee Benefits Security Administration highlights the

potential of the problem: Under a typical, modest investment scenario, a 1% difference in fees and



expenses could, over the course of a career, reduce a retirement account balance at withdrawal time by 28%. To make matters

worse, smaller plans must often pay higher fees than larger ones, and those fees are passed on to the participants.

Be sure to investigate plans and their fee structures thoroughly before selecting one. The Department of Labor's *Understanding Retirement Plan Fees and Expenses* provides a good resource for employee benefits managers and advisors. It contains a worksheet for cost-benefit analysis on 401(k) plans and is available at the Department of Labor's Web site, www.dol.gov/ebsa/.

We can help you choose a plan that offers your employees solid retirement savings with the best fund expense profile. ■

Staying Compliant Is Key

Reporting and disclosure requirements are so numerous and intricate that an employee benefits officer can be overcome by deadlines, paperwork and details. The key to proper, full and timely reporting is organization. Here are some suggestions for staying on top of compliance requirements:

- Keep written records of all transactions, rules, policies, forms, etc.—and keep them filed neatly so others in your office can access them.
- Run due diligence on all plans and fiduciaries.
- Consult or retain legal counsel

with expertise in the benefits area.

- Conduct periodic audits to ensure that your benefits office and documents are in order.

The key to proper, full and timely reporting is organization.

- Maintain an office calendar of due dates for compliance submissions and plan ahead to meet them.
- If changes to your benefits

plans or structure are in the offing, find out ahead of time how reporting and disclosure will be affected and if any special requirements apply.

- Stay in touch with your agent or broker so your information is fresh and you can quickly and accurately record and communicate changes.

Our service team can help you identify the major compliance and disclosure events you face regarding the plans you obtained through us. If you're just getting started on organizing or need a little assistance to perfect your system, let us know. We'll be happy to help. ■

**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.

COBRA Qualifiers

Employers and employees should be familiar with the Consolidated Omnibus Budget Reconciliation Act (COBRA) health benefit provisions. They should also understand the types of "qualifying events" that trigger coverage under the law and what responsibilities and costs accompany COBRA compliance.

Qualifying events are certain actions that would cause an individual to lose health coverage. The type of qualifying event will determine who the qualified beneficiaries are and the amount of time that a plan must offer health coverage to them under COBRA. A plan, at its discretion, may provide longer periods of continuation of coverage. Is your company prepared to honor COBRA provisions? What kind of preparations do you need to make?

For advice on these and other COBRA concerns, check with one of our health insurance plan specialists. ■
