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Assisting Employee Recovery

When a worker becomes disabled due to illness or deteriorating health, employers are faced with a difficult situation. Facts bear out that employers who work closely with these employees during recovery contribute greatly to the healing process. Facts also show that disabled workers may not function at their job's required capacity, making it difficult for an employer to keep them in the same position.

As an employer, how can you help disabled workers deal with their recovery while minimizing damage resulting from a loss in productivity?

Following are suggestions used by American companies that have proven effective. These suggestions include:

- Offering workers with impairments flexible

working hours, including switching shifts with others for scheduled doctor visits and treatments

- Endorsing telecommuting and providing the means to do so, such as a laptop computer or home office network connection

- Assisting workers with special transportation needs, such as a wheelchair accessible shuttle

- Constructing light-work options for those returning to heavy-duty or higher-risk positions

- Soliciting the services of ergonomic specialists in developing comfortable solutions for

workers suffering from chronic pain

For more information on possible solutions for disabled workers in your workplace, visit www.disabilitycanhappen.org. ■



High-Deductible Savings

In an effort to control escalating health costs without sacrificing goodwill with employees who depend on their employer-sponsored health coverage, some employers have considered the benefits of a high-deductible health plan.

Raising deductibles is a traditional method of lowering costs for most forms of insurance. Many employers are skeptical. They feel raising the deductible for an employee and their family's health coverage may be too aggressive a measure for most employees to accept. However, some companies have presented the option to employees as a method of personal

savings. By taking on a high-deductible plan, personal contributions to the group health coverage may drop significantly and employees are able to pocket any associated savings. Many may choose to deposit the premium savings into a health savings account (HSA) and use the funds for qualified medical expenses down the road.

Interested employers should consider a side-by-side comparison of a high-deductible plan and their current plan and let the employee decide which they like better. Employers may be surprised at the number of employees who respond favorably to the high-deductible option. ■

HSA Makes Headway



The Tax Relief and Health Care Act of 2006 had a drastic effect on the administration and future of health savings accounts (HSAs). The act helped solidify certain existing terms of the HSA as well as introducing new ones. Here are some of the act's pertinent highlights:

- Taxpayers may make a one-time distribution from an IRA to fund an HSA. This distribution is subject to HSA contribution limits.
 - Employers may make higher contributions to the HSAs of employees regardless of compensation level.
 - Taxpayers may now enroll in an HSA halfway through the calendar year and make a full-year contribution.
 - Taxpayers may contribute up to the annual statutory maximum regardless of their high-deductible health plan's (HDHP) deductible.
- Employers or employees considering HSAs as an option to traditional health benefits may be affected by future legislation governing the rules associated with HSAs as well. For more information on structuring an HSA individually or as an alternative benefit option to staff, give us a call. ■

Individual Benefits Alternatives

Given the choice, most employees would rather purchase voluntary health benefits such as medical, disability, dental and vision coverage through an employer sponsored plan.

As health costs soar, many employers are faced with the dilemma of choosing which benefits to keep and which to cut. Employers just can't keep up with the premiums for the products that have served as a valuable employment incentive and tax break for so many years.

Employees are faced with an increasingly vast marketplace for voluntary benefit products on both the individual and group level. Many employers (and employees) are surprised to discover that many

products, such as term life insurance, may actually be cheaper when purchased individually than through a group. In addition, tax relief for individuals who purchase their benefits individually rather than through a group may be an added incentive for those who prefer that their employer's limited benefit capacity be dispersed elsewhere, such as savings or retirement assistance.

If increased employee contribution is inevitable, consider researching products that are similar to group products but are available to individuals at the same or lower costs. Then present your findings to staff. Employees will appreciate the effort and may discover a hidden benefit to purchasing coverage individually. ■

Pension Protection Act of 2006

The Pension Protection Act of 2006 was designed to encourage more people to save for retirement. Part of the act made permanent a number of options for IRAs and defined-contribution plans, including 401(k) and SIMPLE plans. Highlights of the new law include:

Increased contribution limits for 2006 and beyond.

- The contribution limit for IRAs will increase to \$5,000 in 2008 and will be adjusted for inflation thereafter.
- 401(k) contribution limits were set at \$15,000 in 2006 and will continue to rise thereafter for inflation.
- SIMPLE plan contribution limits were set at \$10,000 in 2006 and will continue to rise thereafter for inflation.

Additional catch-up provisions for those individuals 50 years old and over.

- IRAs allow an additional contribution of \$1,000.



- 401(k) plans allow an additional contribution of \$5,000. This amount will rise with inflation in future years.
- SIMPLE plans allow an additional contribution of \$2,500. This amount will rise with inflation in future years.

Employers and employees can find more information on the new law at the Web site of the U.S. Department of Labor: www.dol.gov. ■

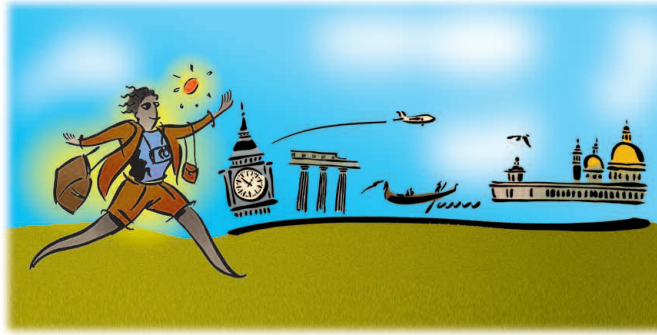
Time Off Can Be a Benefit

Most employers implement a “time off” policy as an incentive to attract and keep qualified personnel.

A recent study from global human resources provider Hewitt Associates proves that employers who mismanage their time off programs are in danger of losing big. According to the study, excessive time off results in productivity losses that may greatly exceed the hard costs associated with other employee benefits, such as group health insurance. In addition, the survey shows that 20% of the companies surveyed who threaten disciplinary action for exceeding time off

allotments do not have a formal system in place for tracking missed hours and days.

Yet, offering time off as an incen-



tive for superior performance or length of service can be an effective benefit for employees. Any business with a time off policy

should establish a formal tracking plan. Employers should carefully review their time off policies to ensure that:

1. They are understood and respected by all employees
2. They are formally administered to promote incentive and fairness
3. They are formally monitored to prevent abuse and excessive productivity loss

Our benefit plans advisors can help you develop a balanced and attractive set of offerings that are cost effective and appealing to top talent. Give us a call to review and update your program. ■

Free Benefits That Appeal to Workers

Historically, employees have looked to employers to provide benefits—specifically, benefits the employee and his/her family would not easily receive without the employer’s assistance, such as health insurance. Over time, as employers began discovering the excessive costs associated with turnover and lost productivity, benefits were used as a major selling point in attracting and keeping qualified workers.

As the cost of benefits goes up and more of the financial burden is shifted to workers, employers should not forget that employee benefits, even if more expensive, may still be what separate one employer from others in the eyes

of qualified workers. Employers should strongly consider alternative, low-cost benefits that can be provided virtually free of charge and would still be viewed as an incentive to staff. Here’s what

Ask staff for ideas on what they think and watch the results.

some companies are doing:

1. Offer free in-house seminars. Topics should be beneficial to staff of all ages. Topics which help them save money are a huge bonus. In most communities, there is no

shortage of speakers willing to take the time to discuss an issue with a captive audience. Topics may include ergonomics, personal health and fitness, investment ideas, home-buying classes and simplifying their lifestyles.

2. Support education. While picking up the tab for a young staffer’s grad school may be difficult for some employers, sending an employee to a Spanish class at the local community college may not be.

3. Promote well-being. Sponsoring a charity or local event builds camaraderie. So do lunches and other social outings. Ask staff for ideas on what they think would be a successful activity and watch the results. ■

**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.

Combating Disability

The Council for Disability Awareness recently reported a substantial increase in the number of Americans receiving long-term disability payments. The report finds that an increasing number of Americans are becoming disabled primarily due to unhealthy lifestyles and aging.

Lack of exercise and poor eating habits contribute to the unhealthy lifestyles exhibited in many of the individuals receiving payments for disability, according to the report. Disability insurers paid over \$7 billion for related causes in 2005 for the 36% of workers who had disability insurance. Employers suffer as well: Productivity losses are in the billions nationwide.

Some employers have added benefits such as wellness programs and flexible working hours in an attempt to combat the escalating costs of disability. Other employers have endorsed telecommuting as a possible option to improve a worker's personal habits and health. Employers are encouraged to solicit information from staff when looking for creative and effective methods of combating worker disability to improve participation in wellness programs. ■
