



# Introduction to Supplemental Benefits

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LEVERAGING PRACTICAL AND COST EFFECTIVE MEASURES  
TO ATTRACT, MOTIVATE AND RETAIN EMPLOYEES

# Welcome!

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Thanks for joining us today!

I am excited to announce we have 2 special guests joining us for this webinar.

They are experts in supplemental benefits and will participate in discussing various supplemental benefits as well as being available after to discuss them further.

Please welcome **Oscar Fregoso** and **Chrissy Weston**!

# The Employment Landscape

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Attracting, motivating and retaining employees is difficult enough for employers.

With the Affordable Care Act, extraordinary increases in minimum wage, mandatory paid time off laws, and other increasing costs of doing business, employers are forced to find create methods to find and keep employees...without adding to the costs.

# The Research

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According to a study conducted by Guardian, 4 out of 5 employees say that benefits are the deciding factor when it comes to accepting a job and staying in their current company.

This means that employers have to rethink how they will approach workplace benefits.

# The Impact of the ACA “Obamacare”

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Employers and employees have felt the sting of the impact of the ACA.

ALEs are required to offer healthcare benefits...covering costs for premiums for anything about 9.56% of the employees wages.

This is forcing many to offer Bronze plans to soften the blow of the costs.

Non-ALEs offering healthcare reimbursements now receive penalties after July 2015 if they continue the practice.

Employees with Bronze and even some Silver plans are facing more out of pocket expenses than ever.

# 2015 Average Premium Cost

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The 2015 average cost for an employee's group health insurance:

Employee Only \$6,251 per year / \$521 per month

Family \$17,545 per year / \$1,462 per month

# Estimating the Costs

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Employee works 30 hours per week at \$10.00 per hour.

Annual wages = \$20,800

Employer Taxes, WC = \$2,500

Paid Sick Leave = \$240

Average Annual Premium = \$6,251

Max Employee Cost = \$1,988

Employer Cost = \$4,263

**Cost Per Employee = \$27,803**

## Annual Employer Healthcare Costs

- 10 Employees ~ \$42,630
- 25 Employees ~ \$106,575
- 50 Employees ~ \$213,150
- 100 Employees ~ \$426,300

# The Alternative

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So...what if there was an option for employers that:  
Was no cost to the employer...  
Added tremendous benefits and value to employees...  
...and even had the chance to lower employer tax liability.

There is one...supplemental benefits



# Supplemental Benefits

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Also known as “voluntary benefits”.

Provide employees with a financial safety net in areas such as accidents, disability, hospitalization, critical illness, dental, vision and retirement.

Provide protection against lost income.

Provide financial security.

Reduce out of pocket expenses.

....create peace of mind.

# Benefits of Supplemental Plans

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No cost to the employer.

Cost effective for the employee.

Average savings of 7-8% of the FICA taxes.

Pre-tax plan savings for employees with many benefit plans.

Helps cover such aspects as out-of-pocket expenses, deductibles, copayments, coinsurance, and lost wages.

Most plans can be offered with or without corresponding medical plans.

Potentially reduces workers' compensation abuse and absenteeism.

Increase employee satisfaction and loyalty.

# Example of Employer Savings

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## NO CAFETERIA PLAN

\$500K annual payroll

- \$0 employee contributions

= \$500K taxable payroll

FICA 7.65%

= \$38.2K employer tax

## WITH CAFETERIA PLAN

\$500K annual payroll

- \$30K employee contributions

= \$470K taxable payroll

FICA 7.65%

= \$35.9K employer tax

**\$2,295 Employer FICA Tax Savings**

# Example of Employee Savings

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## NO CAFETERIA PLAN

\$1,000 gross pay

-\$250 taxes

= \$750 paycheck

-\$100 insurance premiums

= \$650 net spending

## WITH CAFETERIA PLAN

\$1,000 gross pay

-\$100 insurance premium

= \$900 adjusted gross income

-\$225 taxes

= \$675 net spending

**\$25 Employee FICA Tax Savings**

# Important Notes About Supplemental Benefits

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Supplemental benefits are not ACA compliant on their own...they help fill in the gaps.

They do not replace primary health, vision and dental plans...they supplement them.

They are not intended to be comprehensive coverage...they help reduce the costs of out-of-pocket expenses and certain losses.

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# Introduction to Different Types of Supplemental Insurance Plans

# Accident Insurance Benefits

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Provides benefits for:

- Emergency treatment
- Specific-sum injuries
- Accidental death
- Initial hospitalization
- Hospital confinement

# Short-Term Disability Benefits

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Selection of:

- Monthly benefit amount
- Elimination period
- Benefit period

Guaranteed renewable to age 75

Benefits paid directly to covered individual

Benefits paid regardless of any other insurance



# Hospital Insurance Benefits

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Benefits provided for:

- Hospital confinement
- Emergency room
- Doctor visits
- Surgical

# Critical Illness Insurance Benefits

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Pays a lump sum benefit up to \$30K for a critical illness event such as heart attack, stroke, coma, paralysis, major human organ transplant, end-stage renal failure.

Pays a benefit for a recurrence of the same critical illness event or an occurrence of a different critical illness event with no lifetime maximum.

# Cancer/Specific Disease Insurance Benefits

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Benefits provided include:

- Initial diagnosis
- Hospital confinement
- Radiation and chemotherapy
- Surgery and anesthesia
- Ambulance, transportation and lodging
- Cancer wellness

# Life Insurance Benefits

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Can provide up to \$250K of whole life or term life insurance

Waiver of premium benefit

Accelerated death payment

Optional spouse and child term life insurance riders

Optional accidental death benefit rider

# Vision Insurance Benefits

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Benefits include:

- Eye examinations
- Vision correction
- Specific eye diseases
- Eye surgery

No network restrictions

# Dental Insurance Benefits

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No network restrictions

Portable

Guaranteed renewable

Easy to understand

Pays regardless of any other insurance

No deductible

# A Couple Important Things to Keep In Mind

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Health insurance costs continue to rise and employers are being forced to implement Minimum Essential Plans that result in significant costs to employees.

Employees are realizing that with the ACA changes to healthcare coverage, they are experiencing higher deductibles and co-pays...thus looking and needing ways to cover the gaps created by those increases.

To address this growing challenge, it is estimated that 48% of small businesses will be making supplemental benefits available to their employees through a payroll deduction within the next 24 months.

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# QUESTIONS

Business & People  
Strategy Consulting Group, LLC



# Thanks for Attending

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For a copy of today's presentation or to listen to our webinar again, please visit [www.bpscllc.com](http://www.bpscllc.com)  
(Webinars tab, Past Webinars subtab).

If you would like to have one of our trusted partners from AFLAC contact you to set up a 15 minutes overview of supplemental benefit options and value, please visit [www.bpscllc.com/supplemental-benefits.html](http://www.bpscllc.com/supplemental-benefits.html) or chat your name, company name, email and phone number.

You can also reach Chrissy Weston directly at 818-359-4995 or [Christine.Weston@us.aflac.com](mailto:Christine.Weston@us.aflac.com).

For your HR, employment law and compliance needs, please feel free to contact our experts at 661-621-3662 or 1-844-322-300  
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