



EMPLOYEE BENEFITS RESOURCE BOOK

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INSPIRING EMPLOYERS AND EMPLOYEES TO ‘WIN, WIN, WIN!’

Our mission: To inspire and motivate employers to think ‘Win, Win, Win’ for their employee benefits programs.

When you began your employee benefits program it was likely done to increase employee retention, provide protection and/or retirement savings for their families and to show employees you were committed to their well-being. It was an investment in your future together. But over the years your benefits program may have turned into an expense - a seemingly uncontrollable cost that is expected, not necessarily valued, by employees. We call this a lose-lose proposition. Every year, as rates go up and benefits decrease, employees are becoming less loyal, less productive and more disgruntled.

It doesn't need to be this way.

Together, we can turn this lose-lose proposition into a ‘Win-Win-Win’ game plan!

Our focus is helping employers and employees become accountable for their benefits programs. Working together we will establish an employee benefits game plan focused on cost containment and valued benefits. We are able to do this through efficient plan design utilizing our *Bidright* and *Educateright* programs.

Employees will soon begin to take pride in their benefits program when they feel they have a winning program, one they have some control over. The most obvious results will be increased employee morale, lower turnover and increased productivity.

Our ‘Win, Win, Win’ promise is simply this: happy, productive employees will help make your company more successful. And successful companies help build successful communities, a place we can all be proud to live in.

INSPIRING PEOPLE

*Our mission...*to inspire and motivate people to be proactive and live life on purpose.

Our focus is helping people and businesses be proactive with how they manage their life and their businesses. We help people discover and define what's most important about money, work and life so they can develop strategies to live their lives and manage their businesses with purpose.

We have several areas of specialization:

- **FELICIANO LIFE PLANNING**
Live Life on Purpose
- **FELICIANO EMPLOYER & GROUP PLANNING**
Win. Win. Win.
- **FELICIANO BUSINESS PLANNING SERVICES**
Bridging Life & Work
- **FELICIANO INSURANCE SERVICES**
Protecting Your Loved Ones



MIKE A. NOYES

Director of Employee Benefits

Mike Noyes is the Director of Employee Benefits at Feliciano Financial Group. He concentrates on the marketing and administration of employee benefits. He has extensive managed care experience, expertise in ASO contracts, and alternately funded group insurance programs. In addition to these products, Mike has vast experience with Life, Dental, and 401(k) programs.

Prior to joining Feliciano Financial Group, Mike was a Benefits Consultant with Great West Healthcare and New England Financial.

Mike's most significant contribution to his clients is his commitment to helping small to mid-sized firms get the attention and strategies usually reserved for larger companies. His philosophy is finding solutions that make sense for all, including the employer and the employee.

Mike has a B.B.A. in Finance from Southwest Texas State University. He lives in Tyler with his wife, Erica, and his daughter, Caroline.



JOSE FELICIANO

CFP, CLU, ChFC, RFC

President

For Jose Feliciano, helping people and businesses make the most of their financial assets is rewarding work. Jose enjoys guiding his clients as they implement the strategies that help them meet their financial and life goals.

As president of Feliciano Financial Group, Jose takes a comprehensive approach to wealth management, employee benefits and group retirement. He sees his role as helping people and business owners make well-informed decisions, providing them with greater financial independence, peace of mind, and security.

“My passion is inspiring people to lead better lives through understanding their life values, life vision and life goals, then proactive planning with the end in mind.”

With more than 25 years of experience in the financial services industry, Jose was one of the first financial planners in the Tyler area. He was providing financial planning services even before it was widely known as a profession. As a Registered Investment Advisor, he has demonstrated a consistent ability to protect and grow the hard-earned assets of his clients, many of whom have experienced major life changes including retirement, divorce, or the loss of a spouse.

Jose graduated from the American College of Financial Planning. He holds the Certified Financial Planners designation (CFP), is a member of



TURNING YOUR BENEFITS PROGRAM INTO A WIN, WIN, WIN SITUATION



the Institute for Certified Financial Planners (ICFP), Chartered Financial Consultant (ChFC), Certified Life Underwriter (CLU).

Jose values education as a way to promote professional excellence. He is an active member of the International Association for Financial Planning. Jose has also served as a speaker, panelist and editor at various industry programs, including a financial planning program at CBS and Tyler Today.

Over the past few years, employers, yet again, find themselves staring down double digit increases in their health care costs. With managed-care cost controls collapsing, patient-protection legislation promising to set off a round of expensive lawsuits, and costly genomic technologies on the horizon, the price of insurance is almost certain to continue its upward spiral in the years ahead.

And what do companies get for their massive expenditures? A lot of unhappy employees.

Workers fret about the quality of the care they receive, the burden of out-of-pocket expenses, and gaps in coverage for long-term care, prescriptions, and catastrophic illnesses. For business, health care has become a lose-lose proposition: You pay too much, and you get way too little.

However, at Feliciano Financial Group we believe companies can escape their current losing proposition and with our help allow their employee benefits program to become a winning solution for their company as it was designed. We call our approach: Win. Win. Win.

It focuses on three areas including cost containment, employee education and an effective renewal process.



There are many ways employers can begin to control costs for their company. Here is one example:

TIP #1 - CARE MANAGEMENT

On average, just 15% of employees account for 75% of health care costs in a given year. Employers can realize a sizable return on investment by focusing on those chronic conditions that result in inordinate expenses for a relatively small number of cases, and implementing targeted programs to effectively manage those conditions.

TIP #2 - MEDICARE

In the past employees who were eligible for Medicare continued to stay on the Companies Benefit plan because Medicare did not have a prescription plan and the Companies Medical plan did. The problem for the employers with this approach is having these older employees on the Medical plan increases the average age of the group, and increases the risk for increased claims with chronic ongoing conditions. Beginning January 1, 2006 Medicare will offer a prescription drug plan for all people who qualify for Medicare. A company will save a tremendous amount of dollars by transferring these employees over the Medicare plan and off of the Company medical plan. This will also be beneficial for the employee making the transfer because the costs will be lower and the benefits will be better.

TIP #3 - DESIGN AND OPTIMAL DELIVERY

Aligning plan design and contributions to encourage employee enrollment in appropriate health plans and the cost-effective use of medical care. Many companies have one standard plan for all of their employees. The problem with this method is every employee has different needs and it is impossible for a company to design a benefits program that takes care of each employee with only one option. In addition, as we read with #1 many on the employees are not utilizing the plan, so with only one benefits option most companies are paying a high price for health care and the majority of your employees are not using the health care plan.



TIP #4 - VENDOR MANAGEMENT

Updating the vendor selection and contracting processes, since there is frequently wide variation in vendor performance as well as differences in negotiated fees or performance standards among vendors. Claims are the largest factor in the pricing of your health care plan and without knowing all of the fees and network discounts for each vendor your company could be wasting a significant amount of money by aligning itself with the wrong vendor.

TIP #5 - DATA MANAGEMENT

Monitoring utilization and cost data to measure the effectiveness of existing programs and to identify additional short and long-term design plan management interventions. Most employers do not know where the claims for the company are falling so it is impossible to know how to structure the benefits package to insure the optimal plan design for your company. Without proper data management companies will spend a lot of money on a plan design that is not properly structured.



For consumerism strategies to be effective, employers will need to address the fundamental disconnects that have emerged between employee and employer views on health care today. So a win-win-win solution is possible, but only with the right approach—one that effectively aligns the interests of employers and employees to manage the demand for and use of health care. Employers have to be involved in educating employees. There are three main factors that are critical to the success your company's health care strategy:

1. Employees need to understand that rising costs could impact the ability of a business, not only to succeed, but to remain competitive.
2. Employees need to see and understand the real cost of the health care services they use, so they can be more accountable for how they use their benefits.
3. Employees need to become effective and efficient health care consumers.

Educating Employees about your health care program is vital because without this education employees are not fully aware and accountable to the health care program you have in place. The growing disconnect between employer and employee views threaten to undermine many employers' efforts and put health programs at risk for employees. To overcome these disconnects, employers need to recognize that employees have built up a strong sense of entitlement around health benefits along with a resistance to change that reflects the complex personal nature of health and health care issues in today's society. Given this mindset, it's easy to see why having an effective employee education process is not just important, it is vital to the success of the program.



TIP #6 – CONSUMERISM

Educating all employees with the tools and timely, disease-specific data they can use when, and how, they need it. Annual meetings are imperative for this education. Employees need to know what tools are available and how to use them.

TIP #7 – COMMUNICATION OBLIGATIONS

Federal law requires employers who employed 20 or more employees on a typical business day during the prior year must provide COBRA to employees so those employees can continue their health coverage beyond the time their health coverage would normally end under the terms of their health plan. Even if COBRA does not apply to a plan, the plan may be subject to state laws requiring the plan provide continuation coverage to the employee. Employers need to be meticulous in providing notification and elections for COBRA or state continuation coverage within the proper time periods, as designated by federal and/or state law. Follow-up letters (with carefully filed copies) should be sent in all cases where former employees failed to respond to COBRA or state continuation coverage notices or failed to pay for their elected COBRA coverage. Sloppy COBRA compliance can result in excise taxes or penalties to the employer.



The renewal process may be the most important turning point for your company and your employee benefits program. It's important not to take this lightly and to put forth the resources needed to get the right plan, the people, and the right rates in place for your company to be able to move forward. Below are some critical steps you need to take to make your renewal process as effective as possible:

- CEO, CFO, and HR department all need to be involved with the Broker/Consultant
- Develop a One year, Three year, and Five year game plan (start with the end in mind) and a process to monitor any changes
- Start early at least 90 days
- Leverage Insurance Companies in order to get the bottom price
- Fewer brokers bidding on your group
- Synergize all lines of coverage (PTO, STD, LTD, POP, Sec. 125, Health and Retirement) for a Total Benefits Package

TIP #8 – SEAMLESS ENROLLMENT TRANSITIONS

If you have a probationary period of 90 days for eligibility for plan benefits, your newly hired employee would be eligible for benefits on the 91st day. The key is to remember to start enrolling your newly hired employee 30 days prior to his or her eligibility date so that when the eligibility date occurs and the employee is still employed, he or she will have benefits. It is important for a company to carefully select an enrollment partner to ensure the seamless transitions of new employees into your benefit plans. Make sure such enrollment processes are attentively monitored and appropriately handled so your new employees will not slip through the cracks when it comes to their enrollment.



TIP #9 – ENROLLMENT SUCCESS

The key to a successful enrollment and administration of your employee benefit plan is attention to detail. Plan early and implement wisely. Some questions you may want to ask your insurance agency or benefits broker are:

- “Who will be responsible for my account?”
- “Do you have a fully staffed claim, service and enrollment team?”
- “How much will your services cost?”
- “Who will be responsible for making administrative decisions regarding my employee benefit plans?”
- “What will my role be in administering my benefit plans?”
- “Who amends the benefit plans if required by new regulations?”
- “Who will assure compliance with federal statutes and regulations?”
- “Who will be responsible for all governmental filings, such as Form 5500?”
- “If testing, such as nondiscrimination testing is required for my benefit plan, who is responsible for conducting such testing?”
- “For retirement plans, who will be responsible for allocating funds to the accounts and tracking investment returns for each account?”
- “Who handles claims for benefits under my benefit plan?”
- “If one of my employees has a question or a problem related to a benefit plan that we provide him or her, whom do I talk to for answers or solutions?”

You need to gain answers to these questions (and more) before you sign on the dotted line with an agent or benefits broker.

If you do need to hire an insurance agency or benefits broker to service your needs with respect to your benefit plans, be sure to ask the potential



SUMMARY



insurance agency or benefits broker any and all questions you have about the services performed by the insurance agency and the relationship between the insurance agency and you as the employer. You want to feel comfortable with and confident of the business arrangement you have with the insurance agency. Further, make sure the insurance agency or benefits broker will be there for you on an ongoing basis so that administration of your benefit plans run smoothly.

TIP #10 – KNOW YOUR FIDUCIARY DUTIES

Always assume that the buck stops with the employer and manage the plan accordingly. Make sure you know what your fiduciary duties are. The law provides that an employer may be a fiduciary to the extent the employer:

- has discretionary authority or discretionary responsibility over the administration of the plan;
 - exercises discretionary authority or control over the management of the plan; or
 - exercises authority or control over the management or disposition of the plan's assets.

For example, an employer would be considered a fiduciary of the plan if, for example, the employer chooses the plan administrator. Thus, the employer should always manage the plan with its fiduciary status in mind.

Companies will have a strategic advantage over the competition and become a Winning Company when they stop seeing healthcare as a necessary evil in the background of their operations, but rather call for a more disciplined approach to benefit program management that should, in many ways, mirror the disciplines the company applies to other areas of its operations.

- Proper Planning
- Implementation of Efficient Plan Design
- Shop Aggressively
- Educate and Communicate with Employees

THE BOTTOM LINE



Let Feliciano Financial provide a Value Audit for your business; use us as a second opinion.

Our Value Audit provides you with a standard to which you can compare your benefits program to determine the competitiveness, cost effectiveness and level of service.

We'll also introduce creative ways for you to incorporate our unique approach of integrated planning services into your plan.

THE BOTTOM LINE: Let Feliciano Financial do what we do best, so you'll have more time to do what you do best.



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