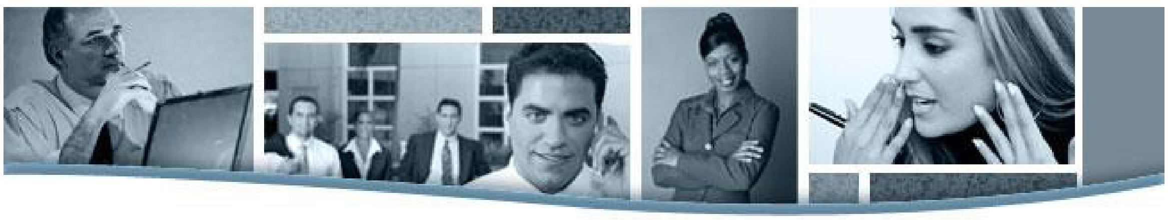
THE INSIDER

BATES INSURANCE GROUP



Quarterly Newsletter
2nd Quarter 2017

Our Mission: To be trusted insurance advisors and efficient problem solvers; while offering quality products at competitive prices.

The Changing World of Benefits Administration

Once upon a time, the "all-knowing" Human Resources/Financial administrator, sat down with their employees fielding all benefits questions as they came along. Questions like when do my benefits begin, what is coinsurance, how does COBRA and FMLA work, what's a HSA, and which application do I use for my newborn child. This was without a doubt, a challenging position that takes a long time to master. Well, don't look now, but everything has changed like it always does. Now, the only thing these benefit's "gurus" have to remember is how to log in to their company's branded enrollment site! Let's take a look.

The internet has revolutionized benefits administration and now everything that took years to master is almost self-explanatory and only a few mouse clicks away. No longer do we have to deliver forms or chase down open enrollment elections, change forms, etc... No longer do we need to calculate premiums every time an employee walked in with a life event. No longer do we need company-wide enrollment meetings to explain benefits only for an employee to go home and try to explain the details to their spouse. Nowadays, we have one resource for HR & Benefits, Compliance, Enrollments, New Hires Payroll, and more...

Bates Insurance Group clients start with a company branded website portal for existing plans and employees. This is a one-stop shop for employees to visit with benefit questions, to make changes, and more. The portals can be simple or elaborate with documents, videos and blogs. In addition, the portals can be used for so much more:

ACA Compliance

- Track notifications,
- Measure variable hour employees and determine eligibility
- Signature ready forms 1094C and 1095C.

Benefits Enrollment - Process for open enrollment, life event changes and more

- Compare plans
- Present premiums
- Employee Education (videos, documents, etc...)
- Make elections and e-sign all forms.
- Track Progress and deliver payroll deduction reports

Onboarding - Process of introducing a new employee to your company's HR & Benefits

- Collect I9, W4's and other forms online
- Payroll and direct deposit
- New hire enrollment platform
- Capture proof of delivery (receipts) for various documents

Payroll Integration

- Works with most payroll providers to transfer current data into EaseCentral

HR Resources

- 3rd Party access to Legal resources
- HR resources (COBRA, FMLA, etc...)

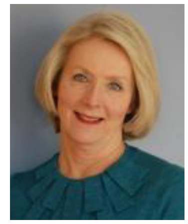
All of this has been adapted to today's market and is accessible from any PC, Smartphone or Tablet. The most exciting part of this benefits revolution is employers and employees alike, absolutely love it. This new technology represents a simpler, worry-free option for something that hasn't always been simple and worry-free. If would like to learn more please let us know.

Insurance Products

General Liability	D&O	Group Life
Property	Boiler	Group Disability
Work Comp	Bonds	Group Vision
Umbrella	Homeowners	Individual Health
BOP	Personal Auto	Individual Dental
Commercial Auto	Personal Umbrella	Individual Life

Professional Cyber Liability EPLI	Jewelry Group Health Group Dental	Individual Disability Individual Vision

What exactly is a HSA?



Health Care Reform has been a hot topic lately, and hearing the acronym HSA when talking about health insurance may have you confused, so what exactly does this mean? HSA stands for **Health Savings Account.**
It is frequently confused with FSA (flexible savings account), but it is not the same thing and has far more benefits. Both types of savings accounts are funded with pre-tax dollars or tax deductible dollars used for qualified health expenses, but HSA money is not a "use it or lose it" benefit like a FSA. Actually, you can roll any money in your account forward with a HSA. Additionally, unlike a FSA, you can also take your money with you if you leave an employer sponsored HSA.   A Federal tax rule with a HSA is that a person must have a compatible HDHP (high deductible health plan) in place in order to fund their HSA account, and any savings accumulated over the years, can be used for qualified medical expenses until the account is depleted. In other words, it can also be a nice nest egg for post-retirement, as it can be used for miscellaneous medical expenses including long term health care.
Like a FSA, HSA funds can be used for other medical expenses in addition to the cost sharing in the health plan. Things like glasses, prescription sunglasses, lasik surgery, dental services, acupuncture, and fertility treatment, to name a few. Preventive care is still covered and paid for by the insurer, so you do not need to spend your savings on these items. However, every other type of covered medical service that is covered would be subject to a deductible first, before the insurance company begins paying. Some HSA health plans also have coinsurance (80/20) in their plan design, in that you pay 20% of expenses after the deductible is met to an out-of-pocket maximum. By the way, it's up to you to spend your HSA monies as you wish, whether you pay for things out of your pocket or your HSA account. You decide when to pay for medical expenses out of your HSA account.

Finally, you can save quite a bit with this tax-free approach. First, you can reduce your taxable income which reduces federal, state, and FICA taxes. Second, the money in a HSA can be saved or invested tax-free, and third, the money can be taken out before and after age 65 without penalty, as long as it's used for medical expenses. For group health plans, employers may or may not (not required) contribute money towards their employee's HSA accounts, and if they do, it is another tax deduction.

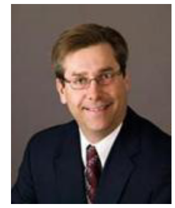
Legislators see this as a positive and prudent approach to managing health care expenses, putting the consumer in the driver's seat and controlling costs. For more information on HSA plans, please contact us at us at your convenience.

Quarterly Quote:

" I am not a product of my circumstances. I am a product of my decisions."

-Stephen Covey

Investment and Retirement Planning Rules of Thumb



I hear false understandings for IRA's all the time. While there are a multitude of rules associated with IRA's, there are also some basics that I think everyone should know.

1st) IRA (Individual Retirement Account).

As the name implies, these are ***Individual*** accounts. One cannot open a "joint" IRA.....not ever! Also, as the name implies, these accounts are intended for retirement (which the IRS says is as early as age 59 1/2). If you take withdrawals before this age, there are generally tax consequences. These 2 facts are both true for ROTH IRA's too.

2nd) IRA are similar to 401ks, and other work sponsored retirement plans

(an alphabet soup of names: SEPs, SIMPLEs, KEOGH, 403b, 403a, Profit Sharing Plans.....to name a few)

All of the retirement plans you have ever heard of have one thing in common....they are all for retirement, and all require waiting until age 59 1/2. (some exceptions apply). All, but "ROTHs" are funded (contributions) with tax favored money (i.e. pre-tax or tax deductible). Further all, but ROTH's, are fully taxable upon withdrawal.

3rd) IRA's , and all retirement plans, have contribution limits

All of the retirement plans have contribution limits albeit the limits differ among them. IRA's can be funded from personal contributions and are limited to $5500 per year (age 50+ $1000 more), and these figures are adjusted for inflation. While this is the limit for contributions, the eligibility for receiving the tax benefit depends upon your income, marital status, and employer sponsored plan availability. This gets a bit complicated...so seek out some help if this is your case.

4th) IRA's do not have waiting periods!

After age 59 1/2, one can withdraw money from their IRA without any tax penalty. This is true if you are still working over 59 1/2 and are considering contributing to your IRA. There is no waiting period after a contribution is made. This last statement is sometimes confused with a 5-year rule associated with ROTH IRA's. Traditional IRA's or work sponsored plans DO NOT have IRS imposed waiting, or incubation, or holding periods. While a work sponsored plan may have "vesting" rules, these are not the same thing. You can contribute to an IRA up to age 70 if you have earned income, and in theory take a withdrawal from it in the same year if you desire.

If you want to play this "game", you gotta know the rules!

If you are a golf fan - you've heard this expression before. Like golf, there are LOTS of rules surrounding IRA's...these are some basics we should all know. The game is retirement...... play well!

Pete Thoresen
Financial Advisor
Focus Financial Network, Inc.
1000 Shelard Parkway, Suite 300
Minneapolis, MN 55426
952-225-0344 *direct* | 952-591-9770 *main office*

Did You Know?

Lightning strikes the Earth 6,000 time every minute!

-Did-you-know.com

Health Insurance Update

As I have done for the last year or so, I will try and bring you up to date concerning the state of our health insurance situation in the Unites States.

After a quick start out of the gate, the new administration and Congress attempted to put into bill form what they referred to as "Repeal and Replace" of the Affordable Care Act (ACA). In reality, many of Congress' men and women found out that as much as many people hated ACA's results of much higher premiums and cost-sharing, they also want coverage for pre-existing conditions and dependents up to age 26 to remain. The mixed message to their representatives was they wanted more but wanted to pay less. Does that surprise you or not sound like typical Americans? The first attempt was a watered-down version of ACA that split the Republican caucus and resulted in not achieving the 216 votes to get in the House. Meanwhile, the opposition to any change presented a narrow view of the bill and what they considered it's many faults, and ignored the fact that ACA currently is in a death spiral, referred to by those in the business as "adverse selection". With adverse selection the buyer of the health insurance examines their real need for health insurance as they compare that to pricing, and if the insurance is more expensive than the need, they don't buy. If they don't buy, the system looses one more generally healthy person and premium, and those who really need the insurance (health issues) buy. Each time that happens claims remain the same and total premium drops resulting in the need to raise premiums. This is the death spiral that Congress refers to. After 40 years in the insurance business, I have never found a solution to such a process and plans always eventually fail. The opposition's approach is to keep funding the spiral with tax payer's dollars to offset the increasing premiums. This eventually creates an unsustainable financial burden for all tax payers of this country.

More recently, the majority party is again styling a bill that tries to create a better balance between the popular elements of ACA and trying to reduce the cost of insurance. This is a very hard process. As I listen, too many of the folks in Congress (even those in the middle of the debate), really don't understand how health insurance works. One thing will have to be concluded at some point is that we are not all responsible for everyone else in this country. There is a certain amount of responsibility each of us has for ourselves, like our forefathers. We can't expect the government to solve all of our personal problems and freely hand out benefits. Thus, those who experience more health issues in their lives, regardless of the cause, will have to spend more money on health care than those who do not. Should some folks not be able to manage that cost due to hard times or a disability, programs like Medicaid or MN Care can be a safety net. (It also might be a good incentive for all of us to live as healthy a life-style as possible). That being said, the solution to the debate in Congress for those with pre-existing conditions are Assigned Risk Pools, designed for those who don't qualify for standard insurance coverage. These pools provide generally the same coverage as does the standard options, but will have higher premiums. Those premiums along with insurer contributions, health care premium taxes, and yes taxes from tax-payers, will sustain these pools. The rest of the insureds (about 70% of the nation) will be insured under standard plans at much lower costs. A truism in our business is that 30% of insureds represent 85% of the claims, and therein lies the problem with ACA. Community rating (premiums) in ACA was great to the 30% but was a catastrophe for the other 70%.

The positive is that the majority party appears to be closing the gap in their caucus and when they reach 216 votes, some reform bill will occur. Then the Senate will have to debate and agree to something. My guess is that health care will be returned to the states eventually with certain federal requirements to comply to. This process may take several adjustments as we begin to recover from ACA. As always, if you have any questions or concerns don't hesitate to contact one of us for help.

Insurance Companies

AAA	Colonial Life	HealthPartners	Safeco
ACE/Chubb	Companion Life	Liberty Mutual	SFM
Assurant	Delta Dental	Lloyds of London	Spirit Dental
Avesis	EMC	Medica	Standard
Berkley Risk	Encompas	MetLife	Sun Life
BCBS	Guardian	MJUA	Travelers
CNA	Hanover	OneBeacon	UNUM

CNA HealthPro CNA Surety	Harleysville Hartford	Philadelphia Progressive	United Fire Western National

STAY CONNECTED: