



BENEFACTION
INSURANCE AGENCY, INC.

benefits + satisfaction

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FIND US ON THE WEB:
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Medical ▪ Dental ▪ Vision
Life ▪ 401(k) ▪ Disability
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...and more

For groups and individuals



Business Resources

As many of you know, we operate our business based on referrals: referrals from all of you as well as referrals from our business networking partners. We want to be a resource to you and your business beyond just your immediate insurance needs, so we provide a strong network of business professionals that are proven, experienced, operate in a similar business strategy as Benefaction Insurance, and are accountable to our clients. As a new addition to our newsletter, we will be highlighting the services of 1 to 2 Business Networking Partners each quarter that we feel may benefit you and your business in the hopes of bringing a value added service to all of you. ☺

Bookkeeping Services:

Running a business is a full-time job and often as business owners we wear many hats. Sometimes one of those hats is that of bookkeeper and often that's a task that remains unattended while we focus on what we do best. If you need assistance in getting established on QuickBooks or you don't have your books in order, give Teresa Marquez at Tam Accounting Services a call. Teresa specializes in working with small business owners to set up accounting on QuickBooks. She will then handle your accounting needs remotely or come into your office periodically and keep you organized. Teresa's services can postpone hiring a dedicated employee to handle accounting. With her help you will know your financial progress, avoid late fees and fines, and be fully in charge of your business. You can reach Teresa directly at (415)456-8273.

If you have other business needs, call us for referrals to local resources that can exceed your expectations and help keep your business successful.



Remember to Spring Forward!
Daylight Savings Time begins March 9th

QUARTER 1
2008

BENEFacts

A QUARTERLY NEWSLETTER FROM BENEFACTION INSURANCE

INSIDE:

2 What do new laws mean for your business?

2 Making the benefits transition smooth for terminating employees.

3 Panicked about San Francisco's HCSO? Benefaction is here to help!

4 Introducing a new feature in our newsletters: we're sharing our network of business resources.

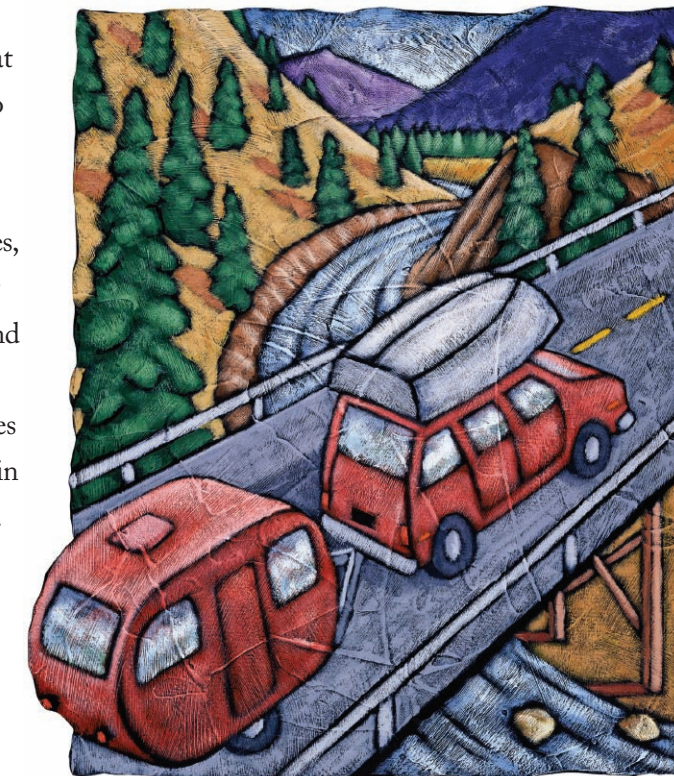
How Benefaction Can Help Steer Your Business for 2008.

This is the time of year when most of us as business owners finalize our business plans for the new year. Now's the time to establish

your goals and determine what you need to do to accomplish those goals.

Often times, we need to cut expenses, expand business, hire more employees or work to retain key employees.

Or your goals may include expanding marketing efforts. These are all areas where



Benefaction Insurance can offer support, new ideas, and solutions. We work with a lot of different employers and we have many methods of addressing these challenges. Benefaction has the expertise to help you find the right solution to your business challenges, and we're happy to serve as a resource to help your business thrive.

If you need to cut expenses and/or address employee satisfaction and retention goals, we can explore implementing a Health Savings

Account (HSA) compatible medical plan that may save you money each month while providing employees more control and flexibility in the use of their healthcare dollars. If your focus is on recruiting, we can help you develop the tools needed to promote your benefits program and your workplace culture to attract the right employees.

In addition to insurance solutions, we can assist in bringing in other resources to help build employee morale and promote the workplace culture you envision.

Feel free to give us a call or set up a meeting to talk about your business goals, and let's brainstorm together on what we can do to ensure your business is successful in 2008! ☺




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New Laws That Impact Businesses In 2008

Benefaction is committed to providing you more than just insurance benefits. We strive to be a business partner and provide information and resources needed to help you run your business successfully. This quarter, we are highlighting some of the new legislation that is effective this year and impacts employers. If you'd like more information on any of these items, please give us a call.

- The California Minimum Wage increased to \$8 an hour and minimum salary for exempt employees increased to \$2,773.33 per month. Please make sure you have the updated posters posted in your break rooms. (Note: San Francisco has a city minimum wage of \$9.36 per hour.)
- The U.S. Department of Homeland Security issued a new I-9 Form and revised version of the "Handbook for Employers, Instructions for Completing the Form I-9."
- The standard mileage rate for businesses increased two cents to 50.5 cents per mile.
- The Federal Health Savings Account limits have been raised. Individuals may contribute up to \$2,900 for 2008 into their Health Savings Account (HSA), and Families may contribute up to \$5,800 into their HSA. Contributions are not subject to Federal Income Tax, but are subject to California State Income Tax. 

EMPLOYEE CORNER

How Can You Help Terminating Employees While Stabilizing Your Insurance Premiums?


With each terminating employee who was enrolled in your group benefit program, you have an opportunity to help that employee transition easily and minimize your premium costs due to COBRA enrollment. Benefaction Insurance can help you in this area as well.

Did you know that if your group COBRA enrollment reaches 5% of your enrolled membership or more, your total monthly group premium may be impacted? Employers must offer terminating employees COBRA coverage, but if terminating

employees choose to enroll in COBRA and the COBRA enrollment reaches 5% of your enrollment group membership, the insurance carrier may raise your rates at renewal. Typically, COBRA enrollees are higher users of medical benefits - that raises the insurance carrier's cost, which in turn raises your cost.

So what can you do to ensure you do not have more COBRA enrollees than necessary? When you have a terminating employee, please include a Benefaction business card and our one page flyer, available upon

request. We will help the exiting employee by researching individual insurance plans. If the employee is healthy and qualifies, we can find them individual coverage that will meet their needs while they transition, and typically save them money over the COBRA rates.

You'll be helping your exiting employees and easing their transition while also helping your total premium costs. Please give us a call for more information or for a copy of our flyer to include in your exit packages. 

San Francisco Health Care Security Ordinance (HCSO) – What Should We Do?

Our phones have been ringing from our San Francisco employers requesting advice on how to handle the possible SF HCSO. Feel free to call us to discuss the best solutions for your business.

Here's a summary of the court battles: On December 26, 2007, the law was overturned by the federal District Court that ruled the statute violated ERISA. The city then appealed to the Circuit Court and requested that it be allowed to implement the law until the appeal is fully heard and decided upon. On January 9th, a three-judge panel of the Ninth District granted the city's request and ordered that the law go into effect as scheduled. The ruling by the full appeals court is not expected for at least several months.

So where does that leave San Francisco Employers?

Our advice for our San Francisco employers with 50 or more employees is to comply with the ordinance in terms of spending and administration/reporting, but do not make changes to your existing employee group benefit program until the appeals court makes their ruling.

In summary, the ordinance requires employers with 50 or more employees to provide minimum health care expenditures for all covered employees working at least 10 hours

per week. Covered employees must have been employed for at least 90 days. The minimum health care expenditure is calculated by multiplying the total number of "hours paid" to a covered employee (including fractions of hours) by the applicable health care expenditure rate. The rate for employers with 50-99 employees is \$1.17/hour.

Our SF employer clients typically already have an insurance benefit program in place. However, typical benefit programs cover employees working 30+ hours per week and contribute 50% or more towards the employee premium. These types of arrangements will not fully meet your obligations under this ordinance.

Benefaction Insurance has researched the ordinance and the associated requirements. Employers have choices about how to satisfy the minimum health care expenditure. For example, they can pay into the city's Healthy San Francisco Plan; set-up a Medical Reimbursement Account Fund for the Employees, pay standard medical group insurance premiums, etc. Employers with 50+ employees must make their first accounting to the city along with any associated payments by April 30th for the 1st quarter.

Because there is a strong likelihood that the final legal ruling will uphold the December 26th decision

that the ordinance violates ERISA, our recommendation is to maintain current practices in regards to your existing group benefit plan, complete the reporting required for the ordinance, and if necessary, make any payments required on April 30th into the city's Healthy San Francisco Plan for employees not covered by your existing group benefit plan. Once the court issues its ruling, we can adjust your employee benefit plan if needed.

However, if we make changes now altering what employees are eligible for coverage and your employer contribution amounts, those contractual requirements will remain in place until your group plan's policy anniversary. If the ordinance is again overturned and you implemented these changes to your existing benefit plan, you will incur these costs despite the overturned ordinance and you may not be able to effectively compete with your competitors who waited to make any necessary changes. Essentially, plan on paying into the city's Healthy San Francisco program for at least the 1st quarter of 2008 if necessary. If the ordinance is upheld, we will redesign your employee benefit program to satisfy the ordinance at that time.

If you need assistance in finding the right forms or information relating to the ordinance, please give us a call and we can direct you to the right resources. 