

As Published in
EXPERT INSIGHT™
in the April 1, 2002
issue of Inc. Magazine.

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THE MAGAZINE FOR
GROWING COMPANIES

As an established leader in the PEO community, The American Group was invited to participate in Expert Insight, a nationwide educational series for managers of growing companies. "April Fool's for 2002" is the final of three insertions appearing in Inc. Magazine throughout the year.

For more information on this topic, contact The American Group.

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April Fool's for 2002

Your group health insurance just increased 35%. April Fools! Unfortunately, this is no April Fools for most businesses. You thought the worst was over last year with double-digit rate increases, and it is not. In fact, it is predicted for 2003 that it will be even worse than 2002. Today, your health care costs for your employees can be the difference between profit, loss, or even continuing business.

Most employers are passing on more of the cost of health care to their employees by necessity. One solution is to change your approach to employee benefits. If you cannot budget for health care, by changing your approach, your team will receive more benefits allowing you to take control.

A Defined Money Purchase Benefit Program: This allows your company to fix the costs it is going to spend on benefits. Rather than paying a percentage of medical expenses for the employees, you allocate a dollar amount based on marital and dependent status.

EXAMPLE - 50 EMPLOYEES

TOTAL CURRENT BENEFIT COSTS:	\$157,000
COMPANY'S MEDICAL PORTION:	\$90,000
GROUP TERM LIFE INSURANCE:	\$2,700
GROUP LONG TERM DISABILITY:	\$4,300
EMPLOYEES' COST:	\$60,000
MEDICAL INCREASE FOR '02: 30%	\$45,000

Problem: Even if the company continues the same contribution level of 60% of the medical costs, the employees are now not able to afford the program. This causes dissension and may also result in the termination of the plan if employee participation is low.

Solution: The company gives the employees the dollars, making their own choices as to the types of benefits that they desire.

Benefits will be expanded to include: Group Term Life, Long Term Disability, Three Medical Programs, Voluntary Life Insurance, Dental, Vision, Short Term Disability, Cancer, Long

The American Group

TAG is a Professional Employer Organization that offers Employee Benefits, Payroll, HR, Workers' Comp and Compliance services to companies and their franchisees. This enables companies to reduce costs and have administrative ease of employee management. Through their services companies are able to reduce benefit costs for Health Care and other employee benefits. TAG allows your company a new level of freedom while growing your business by retaining a winning team.

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Term Care, Dreaded Disease, 401(K), and Financial Planning.

The immediate impact to a company is as follows:

COMPANY PAID BENEFITS

GROUP LIFE	\$2,700
GROUP LONG TERM DI	\$4,300
EMPLOYEE BENEFIT FUND	\$100,000
COMPANY'S TOTAL COST	\$107,000

EMPLOYEE CONTRIBUTIONS

MARITAL STATUS	# OF EMP.	FUNDS AVL. TO SPEND/WEEK
SINGLE	21	\$19.21
EMP & SP	5	\$37.83
EMP & CH	9	\$36.74
EMP & FAM	15	\$57.50

The employee will now have the benefit of paying on a pre-tax basis. This generally saves the employee 25% with the tax savings. The company saves approximately 11% on every dollar spent by the employee, creating a win-win situation.

These programs were only available to large corporations with a full HR staff and the administrative, payroll, and systems to manage the plans. Today, this is available to companies with as few as ten employees through a sophisticated Professional Employer Organization.