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## WORKING WITHOUT DISABILITY INCOME PROTECTION IS RISKY BUSINESS

If your employee suffered an injury or illness that put them out of work for a few months or, worse yet, several years, how would they fare financially? How would your company fare financially?

For millions of working Americans, the consequences would be devastating. Without a paycheck, it wouldn't be long before mortgage or rent payments would get missed, debts would pile up and future financial plans would be put on hold. For many companies, the loss of an employee can also mean lost revenue and/or leadership.

May is National Disability Insurance Awareness Month, and the nonprofit Life and Health Insurance Foundation for Education (LIFE) wants your employees to understand the financial risk they face without adequate disability income protection. Disability insurance coverage provides them with replacement income when they are unable to work.

Most Americans aren't financially prepared for a long-term disability. Seventy-two percent of employees have no disability

insurance, leaving them vulnerable to significant risk—a white-collar male, between the ages of 35 and 65, has greater than a 1 in 4 chance of becoming disabled and being unable to work for an extended period of time. The odds for women are even higher (close to 1 in 3). With so many unprotected and the disability risk so high, it's no wonder unexpected illnesses and injuries cause as many as 350,000 personal bankruptcies each year and nearly 50 percent of all mortgage foreclosures.

Whether obtained through work or purchased individually, the right type and amount of disability insurance can protect against these unfortunate circumstances. If you are uncertain about your employee benefit coverage needs, talk to your benefits advisor to understand what options are typically provided by employers. It may even make sense to supplement what you currently provide with an option to purchase an individual policy. In that case, the best way to proceed is to talk to your benefits advisor who specializes in disability insurance.

Before you get started, it's always a good idea to do some homework. The LIFE Foundation has helpful information and tools at its website, [www.lifehappens.org/disability](http://www.lifehappens.org/disability). Disability Insurance Awareness Month is the ideal time for a disability insurance check-up. Your employees are your most valuable asset, and their ability to earn income is theirs. Help them insure it!

### DISABILITY REALITY CHECK

Chances are, your employees would not be able to survive financially if they were out of work for an extended period of time due to illness or accident.

- » 70% of working Americans don't have enough savings to meet short-term emergencies
- » 72% of employees do not have long-term disability insurance (LTD)
- » 50% of mortgage foreclosures are caused by a disability
- » 350,000 personal bankruptcies in the U.S. are due to unexpected illness or injury

Source: The LIFE Foundation

## IS YOUR OFFICE GOING GREEN?

Many employees try to be environmentally-friendly in their homes, but the workplace presents additional obstacles to “being green”. Computers left on all night, overuse of paper, and failure to recycle are just a few of the things that make the workplace less “green”. However, “being green” could become the norm for companies in the very near future, according to a recent survey conducted by the Society for Human Resource Management (SHRM). Over half of the HR professionals surveyed by SHRM responded that they currently have either a formal or informal policy regarding the company’s stance on environmental responsibility, or they planned to develop one within the next twelve months.

As a whole, HR professionals and employees participating in the SHRM 2007 Green Workplace Survey responded that a contribution to society was the top driver for environmentally conscientious programs. Some programs are as informal as merely encouraging employees to make double-sided photocopies, powering down computers after set minutes of inactivity, lowering window blinds in summer months to conserve energy, and using energy-efficient bulbs for desk lamps. These activities are not only environmentally friendly but may also aid the company financially.

What can your organization do to help? Additional practices cited by SHRM in this survey included:

- » Donate used office furniture and supplies or sell at a discounted rate to either employees or a local charity;
- » Offer recycling for office products such as paper, plastic, cans, glass;
- » Install automatic shutoff for equipment; and
- » Partner with suppliers or vendors that are environmentally friendly.

Going green for your organization doesn’t require immense funding or the rolling out of a large green program. Communicate your policy – whether formal or informal – to employees of the organization through company newsletters, annual reports, or rewarding employees who make significant contributions in this area. However, make sure if you are going to “talk the talk” to your employees, you are “walking the walk”.

Source: FBD Consulting

## BENEFITS COMPLIANCE FAQs

**Question:** We have an employee who is 65 years old and eligible for Medicare. Is the employee still eligible for a Health Savings Account?

**Answer:** If the employee is only Medicare-eligible (and not enrolled/entitled), then the individual is still eligible to make contributions to the Health Savings Account (HSA) (IRS Notice 2004-50, Q/A 2). In addition to the 2008 annual maximum contribution amount of \$2,900 for single coverage or \$5,800 for family coverage, employees who are age 55 or older would also be eligible to contribute an additional annual catch-up contribution of \$900.

However, if the employee is enrolled in (entitled to) Medicare, then the employee would not be eligible for any additional HSA contributions because Medicare coverage is considered impermissible coverage under the HSA regulations (26 USC 223(b)(7)). Even though the employee is not eligible to contribute to an HSA, the employee would still be eligible to take tax-free distributions for qualified medical expenses from an existing HSA (IRS Notice 2004-2, Q/A 28).

Individuals aged 65 and over may also take distributions from an HSA for non-qualified medical expenses without being subject to the 10% penalty tax. However, the amount would still be taxable as regular income if it is not used for qualified medical expenses (IRS Notice 2004-2, Q/A 25).

**Question:** What if a plan is required to file a Form 5500 and has not done so in several years?

**Answer:** Failure to submit a Form 5500 could result in the plan administrator being assessed a fine up to \$1,100 per day for each day the filing is late. Additionally, a willful failure to comply could result in a criminal penalty of \$100,000, ten years in prison, or both. However, relief is available under the Department of Labor’s (DOL) Delinquent Filer Voluntary Compliance (DFVC) Program for plans that voluntarily comply before being notified by the DOL.

Under the DOL’s DFVC Program, the penalties are reduced to \$10 per day with a maximum limit of \$750 for a small plan and \$2,000 for a large plan. If the plan is delinquent on multiple years’ filings, the small plan limit is \$1,500 and the large plan limit is \$4,000.

To comply, the plan must submit a completed Form 5500 with appropriate schedules to the Employee Benefits Security Administration (EBSA). Additionally, a copy of the Form 5500 (without the Schedules) and payment of the penalty must be submitted to the DFVC Program.

Additional information on the DFVC Program is available on the DOL website at [https://www.dol.gov/ebsa/faqs/faq\\_dfvc.html](https://www.dol.gov/ebsa/faqs/faq_dfvc.html).

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BE GREATER.

 BENEFITS