



December 2010

Banyan Consulting is pleased to present our monthly newsletter. We hope the articles in this and future editions will provide insight into an array of employee benefits topics.

We appreciate your feedback! If you have a topic for future discussion, please let us know.

Enhancing HR Delivery

It's easy to find organizations to agree that a benefits automation system would simplify the administration of benefits and make the HR department much more efficient. It's a little harder, though, for some organizations to justify what seems like an extra cost, at least out of the gate. But, and not so surprisingly, the improvements in employee communication and the return on investment of a benefits automation system has proven to be well worth the cost, time and again.

First, let's define what we mean by benefits automation. An exemplary benefits automation system offers the following advantages:

- One point of entry for all employee data and insurance elections
- Easy-to-navigate enrollment process
- Benefits confirmation statement that assists in ensuring accuracy
- Health care decision support tools and benefit calculators
- Electronic data transfer to insurance carriers
- Payroll deduction reporting and/or electronic data feeds to and from payroll systems
- Premium reconciliation and verification of monthly insurance statements
- Administrator reporting suite with on-demand ad hoc reporting capabilities
- Total compensation statements
- No need for installation of new versions for upgrades
- Simple and quick implementation

Next, let's examine the advantages for your employees of using a benefits enrollment and communication system. According to Met Life's 2010 study (Open Enrollment at a Crossroads: White Paper, New Employee Expectations, New Employer Opportunities),

when employees use an online system for enrollment, they are more likely to say they “spent a lot of time assessing options and making decisions” (69% vs. 45%). By being guided through the process and having access to health care decision-making tools and benefit calculators, employees are able to make more informed choices. In addition, data accuracy is vastly improved as the submission to the carrier is immediate and electronic, removing the margin for error created by manual data entry.

How can an organization justify the cost of these advantages, though? Due to standardization and innovations in technology, the costs are not as high as one might think. For example, Return on Investment (ROI) studies show that the system pays for itself in a very short time-frame. A 2009 ROI study by Forrester Consulting of the best-in-class solution offered by Banyan Consulting (The Total Economic Impact™ Of bswift Benefits Automation - April 2009) concluded that the ROI for implementing this solution was 416% with a payback period of 1.1 months. The study cited the elimination of overpayment of premiums, savings on paper/ mailing and savings on HR labor costs as hard savings, plus a multitude of soft savings, such as higher job enrichment for HR staff who can spend less time on clerical work and more time on strategic initiatives, and enhanced confidence in billing amounts, eligibility counts and reports. With this outlook, even small- to mid-sized companies can take advantage of the flexibility of a benefits automation system. If you would like more information on this topic, please contact Banyan Consulting or stay tuned for more information on our upcoming Benefits Automation seminar.

Employer Benefits and Considerations In Offering Group Long-Term Care Insurance

There is a growing awareness and concern surrounding steadily rising long-term care costs and the fact that our population is living longer, thereby creating an increased demand for inventive solutions. Many employers have heard this demand loud and clear and are seeking methods that will provide their employees with the financial protection they need in the event that they should need long-term care.

One such solution is offering employees group long-term care insurance programs. Adding this new addition to an existing employee benefit plan is quickly gaining esteem from employers and employees alike, as these long-term care insurance products are reasonably priced, while still being offered through highly rated insurance companies.

Four Ways the Employer Benefits In Offering Group Long-Term Care Insurance

1. One of the most frequently complained about aspects of the employer to employee relationship is that the employer doesn't care about their overall welfare and that of their dependents. Offering a long-term care insurance program can build and strengthen employee morale and loyalty, as it directly shows that the employer is considering the welfare of their employees and employee dependents.

2. Adding an additional benefit, such as a long-term care product, enhances company attractiveness. In doing so, the employer may be able to obtain and retain highly skilled and highly qualified employees.

3. Long-term care insurance can help to reduce the burden on employees caring for aged parents or chronically ill spouses, thereby decreasing their absenteeism and increasing their work productivity.
4. Offering long-term care insurance will also help to encourage employees to focus on retirement and financial planning.

Two Things to Consider Before Offering Long-Term Care Benefits to Employees

1. It is helpful for employers interested in offering this added benefit to their employees to apprise them on what it offers and what the benefits of the insurance are. From there, the employer will generally be able to determine the interest level among their specific employee groups.
2. The employer should also decide if and how much they will contribute toward the premium or if they will offer the long-term care coverage without paying toward the premium. One option that employers find attractive is buying a base policy for their employees and then offering them an option to buy a comprehensive policy with their own contribution. This is a tax deductible expense for the employer as long as the premium contribution for the employee, employee spouse, and/or employee dependents is toward a qualified long-term care insurance product. The contribution will also be excluded from the gross income of the employee.

Banyan Announces New Affiliation

The owners of Banyan Consulting have recently entered into an acquisition agreement with First Niagara Risk Management.

First Niagara Risk Management is a wholly owned subsidiary of Buffalo, NY based First Niagara Bank. First Niagara Bank has 257 branches across New York and Pennsylvania with over 4,000 employees. The Bank has a regional market center office in Pittsburgh and 59 branches throughout Western Pennsylvania. Within the Commonwealth, the Bank has nearly 1,500 employees.

According to Business Insurance magazine, First Niagara Risk Management's \$43.9 million in 2009 brokerage revenues generated by U.S.-based clients made it the nation's 50th largest broker and the ninth-largest bank-owned insurance agency in the country.

The owners have signed long term agreements with First Niagara Risk Management and will remain on as the Banyan leadership. Banyan Consulting will continue to operate with the same Banyan team, out of the same Banyan offices, and with its same Banyan dedication to client satisfaction.

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