

## Employee Benefits Options for Small Business

**Health Insurance:** Group Medical, Dental and/or Vision (can all be with the same company or separate insurers)

- Employer paid or partially paid coverage
  - Through broker working directly with insurer or through a wholesaler or administrator
  - Through SHOP on the marketplace, where you can still and should work with a broker (DC Employers can only apply through the marketplace).
  - Minimum participation requirements, usually 75% (does not count EE's who have waived coverage due to coverage through spouse or parent's plan (not individual plans)). This rule is lifted from 11/15 through 12/15 every year.
- Health Reimbursement Program (HRP) via a Section 105 Medical Reimbursement Plan
  - Employees purchase their own coverage; employer pays a portion through a HRP
  - The company uses a Section 105 Healthcare Reimbursement Plan to give allowances to employees for individual health insurance. This plan is designed to comply with the ACA Market Reforms. As such, the plan reimburses health insurance premiums and basic preventive care expenses. The plan can be self-administered (not recommended), a TPA can be used, or self-service reimbursement software can be used. The latter two have fees.
  - Note: Dental (except Pediatric) and Vision benefits are not covered under the ACA. Whereas in the past when group medical plans were superior to individual medical plans in terms of what they covered, group dental and vision plans are still more comprehensive when offered through an employer group.

### Short term disability insurance

- Usually 60% of salary up to a weekly maximum
- Generally 1 or 2 week waiting period, 90 or 180 day benefit period
- If Non-contributory, i.e. Employer pays, benefit is taxable if received as income, all eligible employees are enrolled
- If Voluntary, i.e. employee pays, benefit is not taxable if received as income; Usually minimum number of employees required in order to implement

### Long term disability insurance

- Usually 60% of salary up to a monthly maximum
- Usually 90 day waiting period, coverage through working year
- If non-contributory, (Employer pays) benefit is taxable if received as income; all employees of same status must be enrolled
- If Voluntary (Employee pays) benefit is not taxable if received as income, usually minimum number of employees required in order to implement. Note that with voluntary benefits, employees have the choice to enroll or not to enroll. Usually minimum participation requirements apply (if cannot reach the minimum number of employees needed to place the plan, cannot be put in place. However, the participation requirements can usually be spread out over various lines of business. For example, if there are 10 employees working for an employer, and the requirement is six enrolled, 2 could be enrolled in LTD, 2 in STD and 2 in Group Life.)

## Group Term Life Insurance

- Employer can pay for up to \$50,000 of coverage
- Can be non-contributory, meaning employer pays or it is voluntary

## Group Long-Term Care Insurance

## Group Retirement Plans

- **SIMPLE IRA** (employer and employee contributions)
  - 2016 contribution limits: \$12,500 + \$3,000 catch up contribution for EE's over 50
  - 2% or 3% Employer contribution
  - Minimal, if any, fees
  - New plans must be set up by 10/31
- **401k/Profit Sharing Plan** (employee contributions, employer contributions optional)
  - 2016 contribution limits: \$18,000 + \$6,000 catch-up contribution for EE's over 50
  - Set up fee plus annual fees and TPA fees
  - Plan availability and costs vary based on level of assets; fewer assets/ fewer provider options
- **SEP IRA** (employer contributions only)
  - Contribution based on percentage of income, max is 25%, up to \$53,000 for 2016. Compensation limit used in the savings calculation is \$265,000
- **Individual/Solo/Single 401k**
  - Available to owner employees only; cannot use if have any W2 employee other than spouse
  - Two pieces, salary deferral and profit sharing
  - 2016 contribution limits: Salary deferral same as 401k; Profit sharing contribution: 25% of net income – max is \$53,000 for owners under age 50, \$59,000 for those over age 50. Compensation limit used in the savings calculation is \$265,000.
  - Limited availability