

— by Janet Salyer

Your 2008 Insurance Forecast

Ok, I have my Insurance Crystal Ball out and have the following predictions:

- Insurance premiums decrease, benefits increase.
- Employees realize the value of the benefits provided by their employers and say a big “Thank You.”
- Employers have less tax liability and higher revenues.

Hmmm...did I mention I am looking at the crystal ball through rose-colored glasses? Actually, there is no way to predict what 2008 will bring. I will make the following assumptions, utilizing previous years' insurance trends:

Employers will explore more consumer-driven options in an effort to control health insurance costs. “Consumer-driven” simply means making employees aware of the actual cost of medical care. The days of paying low co-pays without consideration of the utilization or the actual physician and lab fees involved are over. Remember the advertising of the 90s: “have a baby for \$5”? The actual cost of having a baby in 2008 will be more than \$6,000, even with hospital and obstetrician discounts, for a “normal routine pregnancy and delivery.” If there are complications, the cost could skyrocket. The peace of mind for the employer and the employee is not the “\$5 baby;” it's the knowledge that even if the cost of having the baby is \$100,000 or more, the insurance plan will cover this catastrophic event, with a minimum out of pocket to the employee. Health Savings Accounts (HSA's) and Health Reimbursement Arrangements (HRA's) with high deductible medical plans could be one solution to the high cost of medical insurance.

Employers consider Key Man and Buy/Sell life insurance policies. Key Man assures the business operating expenses of replacing key employees; Buy/Sell arrangements buy out the heirs, again assuring the business continues to operate.

Employers implement Short and Long Term Disability benefits. Short Term Disability provides the employee with a weekly income while on maternity leave, or as a result of an accident or sickness. Long Term Disability provides a monthly income to the employee who is unable to work due to prolonged accident or illness, and typically will continue for an employee totally disabled until he/she would reach normal retirement age.

Employers add voluntary benefits, enhancing their plans with little or

no additional cost. For example, adding a Life and Dependent Life option, which an employee will pay through payroll deduction, hence the “voluntary” term. The cost is at a group rate, giving the employee access to a valuable benefit with a low premium. The employee will choose an option that benefits him and his family. The employer begins payroll deduction, limiting his cost to the administration of the plan.

More employees will enter the Medicare age bracket and will opt out of group benefits, enrolling instead in Medicare and a Medicare Supplement and Medicare Part D. When a Medicare-age employee terminates from the benefit plan, the average age of the group could drop; the lower the average age, the lower the cost of the insurance.

Employees age 55 and older will ask if Long Term Care will be/could be added to their benefit package. Again, this could be a voluntary program, giving the employees the option to purchase valuable coverage at lower group rates without incurring a huge expense to the annual budget!

The Crystal Ball and the rose-colored glasses are gone. If you are an employer with concerns regarding your benefits, may I suggest you contact a broker? Are you aware that an insurance broker will provide the following services — and all at no additional cost to you? Review health, dental, disability, and other insurance plans available to employers; assist with enrollment; hold employee meetings; answer administrative questions; and should the need arise, work with each individual employee for claims resolution. The future is now...are you protected?

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Marketing Smarts for 2008

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Create a marketing budget. Many companies make marketing decisions based on opportunities. This year, commit to planning ahead and creating an innovative plan that is an investment worthy of a strong return.

Don't hesitate to innovate. Make 2008 the year that you will use a fresh approach in all that you do in your marketing. Fresh Web content, purposeful advertising, press initiatives, and a commitment to improving your search engine image. Whatever you choose to do, add a fresh perspective to make a real difference.

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Tax Law Changes That Impact You,

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Section 179 Expense Deduction Increased. This deduction, which allows a business to deduct the full cost of depreciable assets, was previously scheduled to drop down to \$25,000 in 2010. Instead, the deduction limit is now not scheduled to drop until 2011. In addition, the Section 179 deduction limit has been increased from \$100,000 to \$125,000 for 2007, and will be \$128,000 for 2008.

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