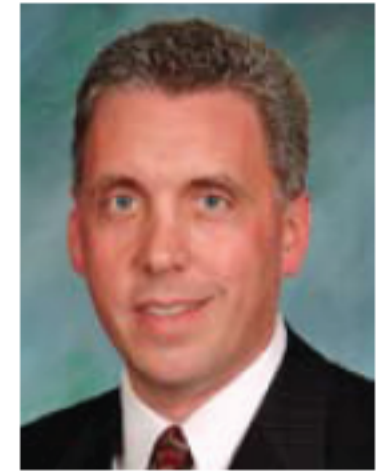


Financial Advisors and Wealth Managers: Capitalizing on the Employee Benefit Space

By Joe Torella



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Greater efficiency of financial assets and improved cash flow for your clients will continue to be a challenge – and an opportunity – especially given our current economic environment. In Employee Benefits, this need is even greater as CFOs continue to manage significant double digit increases with less income and increased employee demand.

So, how do you offer strategies to your clients that will allow them to keep more of their income and invest their employee benefits budget more wisely? You do it by helping them manage their healthcare trend line in a positive direction while demonstrating that you also understand the importance of your role as advocate for their human capital assets.

Does this change under a national healthcare program? Probably yes, but not right away and not in a way that eliminates the need for Employee Benefits Advisors. For those of us who offer 'best-in-class' advice and counsel, it's quite the opposite. The world under 'ObamaCare' will see an increased need for Individual coverage and advisory services. Small groups will require assistance digging out from a myriad of forms; along with advice on tax treatment/credit questions and pay or play decision-making. Your role will intensify – especially in the Tri-State where current state regulation is a challenge that will increase whether healthcare is delivered nationally, regionally or locally. Only time... and legislative clarification... will tell.

But the real opportunity today and going forward is with clients who have 100 employees or more. In this market space, the Employee Benefit cost is significant and the tools for bending the trend curve more formidable. Sure, the same need to assist with the complexity of tax treatment and incentives will exist, but the larger the group, the less likely corporate decision-makers will want to relinquish control of their healthcare (or human capital) investment to the state or federal government. Rather, they will seek out aggressive strategies for managing cost while keeping the employee experience neutral or better.

To this last point, you can expect to see an increase in the need for, and interest in, voluntary benefits – a plan enhancement that's typically cost neutral to your

clients. It's also possible that PEOs will become more prominent in the range of solutions you offer.

But the most important thread weaving through 2010 strategies is a focus on helping clients manage claim cost; which has a direct impact on premium for clients/prospects with 100 or more employees. So, we must recommend plan designs that foster individual employee accountability and ensure that employees understand the cost and quality of their healthcare decision-making

What types of plan designs offer these advantages? They are high deductible health plans which eliminate waste and connect employees to the healthcare purchasing decisions they make. By eliminating copays, the true cost and quality of care can be made transparent and actionable. When we take that information and add in wellness strategies and incentives for healthier living, we can optimize several important outcomes: trend management, productivity, employee satisfaction and more.

For wealth managers, the best part of this strategy is in moving clients from traditional/managed care plans to high deductibles because premiums better reflect utilization. My favorite example is the premium paid on behalf of a 25 year-old employee who thinks he/she is invincible and never incurs a claim. Here, high deductible plans are less expensive because the employer no longer pays premium for under utilized benefits ala healthy 25 year olds – a true wealth management strategy.

Then, for gaps left by high deductible plans you can introduce tax advantaged funding vehicles and/or voluntary products that back-fill this individual risk-corridor and gives even more control to your client. You might know these vehicles as Health Savings Accounts (HSAs) or Health Reimbursement Arrangements (HRAs). They are quite effective and simple to work with once you're familiar with them and the advantages they offer.

Do we have more to cover? Sure, but this is enough to get started with your clients or to team up with a benefits broker. Of course, if you have questions or would like more information, please contact me directly. **FA**

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