

ALSO INSIDE: MAKE COMMISSION PROTECTION A NEW YEAR'S RESOLUTION | EMPLOYEES WANT FINANCIAL PROTECTION IN 2022

CALIFORNIA BROKER

VOLUME 40, NUMBER 5

Life

Financial

JANUARY 2022



**CalSavers Mandate:
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A photograph of a man with a beard and a backward cap, wearing a green shirt, carrying a young child on his shoulders. The child is wearing a blue and white polka-dot shirt and is laughing with their mouth wide open. The background is a soft-focus outdoor scene with hills.

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In the Trenches

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BY JOEL ZWICKER

Captive agents are slowly but surely becoming part of a bygone era. So how do those who were once captives ensure they are successful as independents?



BUSINESS LOAN INDEMNIFICATION DI

When a bank lends money to a business, the lender will usually require the borrower to provide proof of disability insurance equaling the amount of the loan payments. The Business Loan Indemnification DI plan continues payments to the lender should the borrower become sick or hurt.



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Subscriptions and advertising rates, U.S. one year: \$42.
Send change of address notification at least 20 days prior
to effective date; include old/new address to: McGee
Publishers, 3727 W. Magnolia Blvd., #828, Burbank, CA
91505. To subscribe online: calbrokermag.com or call
(800) 675-7563.

California Broker (ISSN #0883-6159) is published
monthly. Periodicals Postage Rates Paid at Burbank,
CA and additional entry offices (USPS #744-450).
POSTMASTER: Send address changes to California
Broker, 3727 W. Magnolia Blvd., #828, Burbank, CA
91505.

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Printed and mailed by Southwest Offset Printing,
Gardena, Calif.



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Embracing Technology to Foster Better Customer Relationships and Facilitate Growth

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Welcome to the Jungle...

Get ready for 2022
BY DAWN MCFARLAND

HAPPY NEW YEAR everyone, we survived! The last couple of years have been such a time warp, and 2022 in California will kick off no differently.

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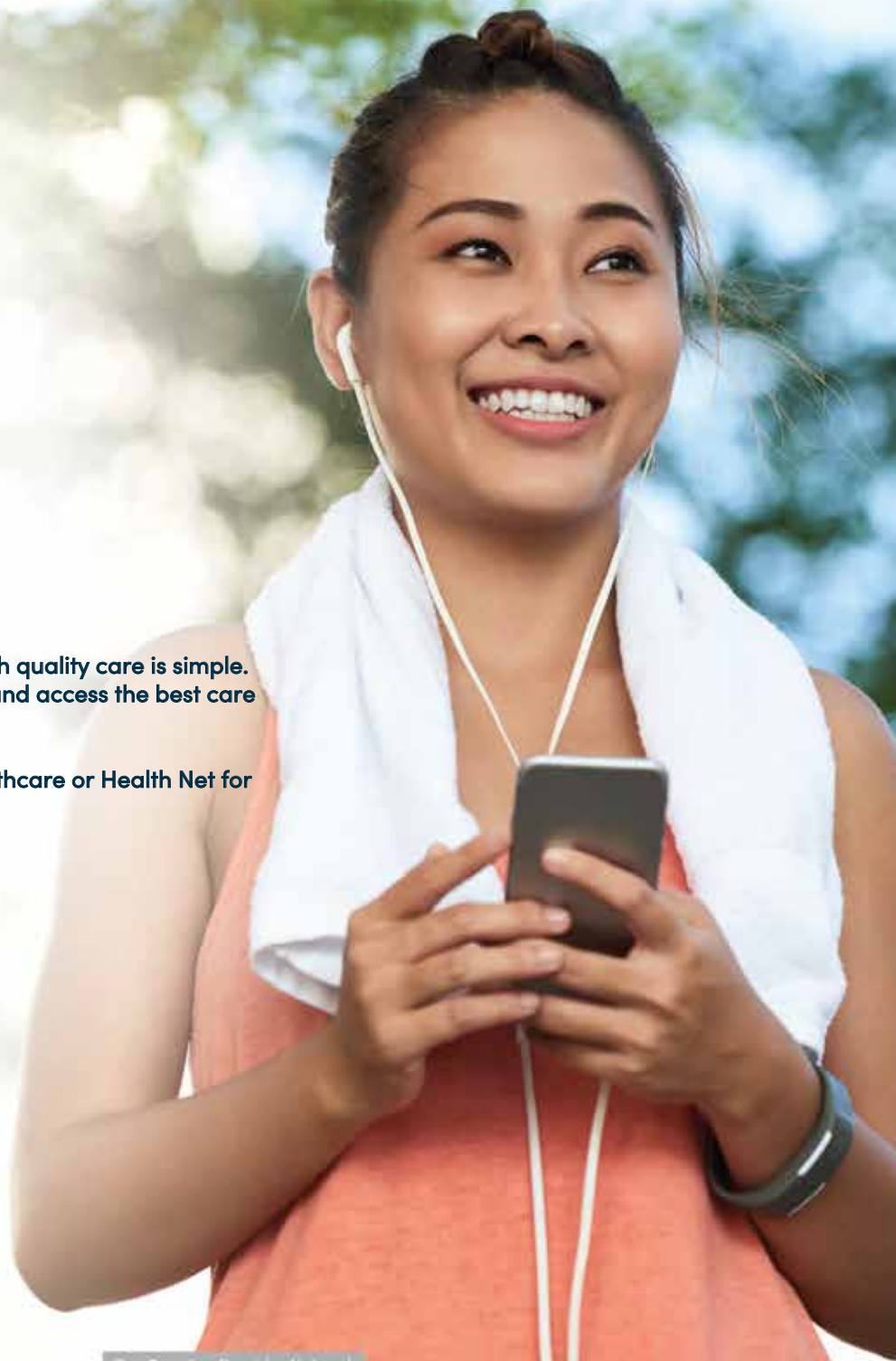


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INDUSTRY/NEWS

MDRT Finds Knowledge Gap Between People With and Without Planners

A recent MDRT study is interesting. The results aren't super surprising but still worth noting. In a nutshell, people with advisors are more educated about finances. The study found that 64% of individuals with a financial advisor report having intermediate or advanced financial knowledge compared with the 25% of individuals who have never had one.

The study examined how uneven financial knowledge and emerging economic concerns are affecting both those with and without financial advisors:

- 49% of Americans who have never had a financial advisor report having no working knowledge of investing or personal finance in comparison with just 7% of those working with a financial advisor.
- 66% of Americans with financial advisors report owning stocks and bonds while only 22% of individuals who have never had an advisor report owning these investments.
- 68% of Americans are worried about the impacts of inflation on their personal finances in the next few years.

Tom von Jess now National Sales Director, PPLSI

PPLSI, the parent company of LegalShield and IDShield, has hired Tom von Jess as National Sales Director. In his role, von Jess is expanding sales strategies with a focus on small business and employer distribution and is developing key partnerships across the U.S. With extensive experience overseeing sales and employee benefits, von Jess most recently served as Executive Director of Voluntary Benefits Sales for Liberty Mutual Insurance.

WHAT DO CVS CLOSURES MEAN TO DRUG WORLD?



CVS recently announced it will close 900 of its retail pharmacies.

Adam Fein at "Drug Channels" says the move is a harbinger of important pharmacy world trends, including slow retail prescription growth, low generic prices and potential policy changes. Of course, your opinion on whether any of this is good or bad probably depends on where you stand in the industry.



SP Vision Care Outperforms Other Vision Plans in Lowered Healthcare Costs

A new study released today indicates that VSP® Vision Care is doing a great job. The company's members are generally healthier and incur fewer healthcare costs linked to chronic conditions like diabetes and hypertension when compared to members of other vision plans nationwide. This is according to a study by Workpartners, a data-based risk management firm that helps employers reduce waste in health benefits and increase human potential. According to the study, on a per-person basis, VSP members with hypertension showed a \$2,633 cost avoidance in the first year after identification versus members of other vision plans. For diabetes, VSP members showed a nearly \$1,800 cost avoidance. In general, having a good eye doc helps people manage their health. We definitely agree with that!



Lawmakers Push for Shorter Waits for Mental Health Services

A new law signed by Gov. Gavin Newsom in October 2021 aims to fix the problem of long wait time for mental health services in the state. According to Kaiser Health News: Senate Bill 221, which passed the state legislature with a nearly unanimous vote, requires health insurers across the state to reduce wait times for mental health care to no more than 10 business days. Six other states — including Colorado, Maryland and Texas — have similar laws limiting wait times.

CAHU Women's Summit Registration Open

Registration is now open for the much delayed (thanks to COVID-19, of course) CAHU Women's Leadership Summit! It will be at Green Valley Ranch near Vegas, March 14-16. More details and registration at CAHU.org. We hear there will be some truly fabulous speakers!

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INDUSTRY/NEWS

Vote Now for “You Powered” Symposium Awards

The You Powered Benefits Symposium will take place Feb. 6-9 at the Camby Hotel in Phoenix, AZ. Naama O. Pozniak will lead meditation for the opening of the symposium. But right now voting is open for the You Powered Symposium Awards! You'll certainly recognize some of the nominees. Go to epoweredbenefits.com for a link to get your votes in! Categories include: most innovative health care consultant, most influential industry personality, most creative social strategy, most outspoken advocate, most valuable health plan partner, industry emerging leader, newcomer of the year, and most influential organization. Info on the Feb. symposium is also at epoweredbenefits.com.



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More \$ For Some Covered Cal Work

Very good news: Covered California announced that three of the biggest health insurance carriers that it contracts with — Anthem Blue Cross, Blue Shield of California and Kaiser Permanente — will be increasing the amount they pay insurance agents. The move comes after Covered California studied agent-commission trends and found that while people were continuing to rely on an experienced person to help them understand and choose their coverage options, agent compensation had steadily declined since 2014. During the study and analysis, Anthem Blue Cross, Blue Shield of California and Kaiser Permanente worked with Covered California to bring their agent compensation up to the average levels in the individual market, which is about 2% of premium paid to agents helping consumers enroll. The three carriers account for more than 70% of Covered California's enrollees. The new compensation will increase agent compensation statewide by an estimated \$22 million a year, which is a 17% increase over current levels. The increase will bring the total compensation provided by carriers to agents to more than \$125 million a year, which is nearly equal to Covered California's entire marketing and outreach budget for fiscal year 2021-22. The increased compensation will come at no additional cost to consumers starting January 1, 2022.

AFLAC RECOGNIZED AS INNOVATOR

Congrats to Aflac. The company has been ranked No. 15 in the 2021 American Innovation Index™ (Aii) and No. 1 in the life and disability insurance category. The Aii is a joint project with Fordham University's Gabelli School of Business and the Norwegian School of Economics and is unique in that it measures innovation from the customer's point of view rather than relying on expert opinions. This is the fourth time Aflac has been named to the prestigious list.

LIMRA SAYS LIFE IS UP

Total life insurance new annualized premium grew 18% in the third quarter, representing the third consecutive quarter of double-digit growth, according to LIMRA's Third Quarter U.S. Retail Life Insurance Sales Survey.

Year to date, total new premium increased 18% representing the largest growth recorded for nine months in 25 years. Our research shows all product lines recorded positive gains in premium in the third quarter and year-to-date. While overall policy sales were level with prior year (which were up 7% in third quarter 2020), the number of policies sold year-to-date was 5% higher than in the first three quarters of 2020. Except for term products, all products experienced growth in policy sales in the third quarter, and — for the first time in at least 25 years — every major product line logged increased in policy sales in the first nine months of 2021.

Variable universal life (VUL) new annualized premium doubled in the third quarter, up 104%, and recorded the greatest growth in terms of absolute dollars. While protection-focused product sales — which have driven growth earlier in the year — increased 46% in the quarter, accumulation-focused product sales growth was also strong, up three-fold from third quarter 2020 results.

Year-to-date, VUL new annualized premium increased 78%. VUL market share was 13% in the third quarter, five percentage points higher than a year ago and nearly double pre-pandemic levels.

It's All About Fluid Intelligence!

This is kind of fun...there are some easy ways to increase your fluid intelligence, which is basically **your ability to take knowledge and adapt it to new scenarios often in creative ways**. The only way to increase this form of intelligence, also called working intelligence, is to keep changing things up. That is, keep doing things that are difficult for you. Once you master a new skill, it's time to move on. So, keep challenging yourself and never get complacent.

A Push for Audio Health

Okay, no surprise here. Physician groups are pushing for the ability to bill insurers for audio-only telehealth, which essentially means they are pushing to be able to bill for every phone call they make. During the pandemic a billing code was formulated that has allowed docs to bill for phone calls.

Kaiser Health News reports: *Robert Berenson, an Institute Fellow at the Urban Institute, who has spent much of his career studying payment methods, said if insurers pay too little, doctors — now accustomed to the reimbursement — might no longer make the follow-up calls they might have made for free pre-pandemic.*

New Leadership at Word & Brown General Agency

Word & Brown General Agency co-founders John M. Word, III and Edward J. "Rusty" Brown, Jr. announced the promotion of two senior executives. Current President Jessica Word has been appointed Word & Brown General Agency's new Chief Executive Officer. Marc McGinnis, Senior VP of Sales and Strategic Client Management, has been selected as Word & Brown General Agency's new president.

Jessica Word became president of Word & Brown General Agency in 2013, after seven years as EVP of Operations, managing small- and mid-sized Group Underwriting, Individual and Family Plan Underwriting, Product Management, Broker Services, Customer Care, and Plan Maintenance. From 2000 to 2006, she was director and, later, VP of Broker Services.

Marc McGinnis was promoted to Senior VP in 2020, responsible for developing new broker relationships and expanding sales, including oversight of six regional offices and key agency and high-profile partnerships. Previously, he was a regional sales leader at Word & Brown's former sister company, CONEXIS, for 16 years.

In addition to her leadership role at Word & Brown, Jessica is a member of the California Chamber of Commerce (CalChamber) Board of Directors, the Board of Directors at the Center for Leadership at California State University, Fullerton, and an active member of the Orange County Chapter of the Connected Women of Influence. She is the lead for the National Association of Health Underwriters (NAHU) first-ever Technology Committee. She is a multi-year nominee for the Orange County Business Journal Women in Business Award and Innovator of the Year and has been recognized by CEO Today and Employee Benefit Adviser for her industry contributions.

Marc was honored in 2021 by the Connected Women of Influence with its "Catalyst for Change" award. The group's mission is to build a strong, professional community that fosters growth, support, and collaboration through the development of high-performing relationships, alliances, and collaborative partnerships among women leading people, projects, teams and companies. Marc was recognized for supporting the advancement of businesswomen and a record of successfully mentoring and supporting women in the insurance industry.

EVENTS

You Powered Benefits Symposium, in person,
Feb 6-9, Phoenix. Info at epoweredbenefits.com.

CAHU Women's Leadership Summit, in person,
March 14-16, 2022, Green Valley Ranch, Las Vegas, Info and registration at [CAHU.org](https://cahu.org).

LAAHU Annual Symposium, in person,
April 26, Pasadena Convention Center. Info at [LAAHU.org](https://laahu.org).

BenefitsPro Broker Expo, in person,
May 23-25, 2022, Austin, TX. Info at benefitspro.com.

IN THE TRENCHES WITH

Naama O. Pozniak

“ **I** **N JANUARY 2020**, I promised you that together, we could mindfully bring new ideas and information to our Cal Broker readers. Instead, 2021 was a constant pandemic wave that became part of our daily routine. While our health and well-being have never been more crucial, our job as leaders in the healthcare industry has never been as challenged — with too many factors to deal with. Additionally, the loss of so many friends, clients and colleagues is an unbearable fact.

While trying to make sense of it, I dug into the cultural work environment where employers have a double duty mission. I observed that first, leadership in every size business and in every profession needs to wake up and understand that delivering health insurance benefits to employees is no longer enough!

We live in a new reality that pushes employers to connect to their employees' mental, physical, emotional, and spiritual health. Fortunately, the conversation is front and center of every business model. So, while we're still dealing with compliance, security and regulations, it looks like we will ultimately leverage technological innovations to maximize an individual's health and well-being.

So lately, I have been writing and sharing about Meta Leadership, where meta means “beyond the horizon of what we can see, touch, and feel,” how we can reframe how we think about well-being. Self-awareness is one of the primary keys to building a healthier hybrid cultural community. Building a bridge to a workforce culture of health has never been more challenging. However, we can create one valuable bridge between the physical and the digital world, referred to as the phygital world. We have a unique vital tool in our toolkit to help us look beyond our perception of tremendous separation: that tool is transparency — where we can clearly see that we stand on the threshold of the next evolution in health

and well-being.

Here, mindfulness becomes part of our commitment to connection to spirit, and we have an opportunity to be pioneers and be early adopters of the rising Web 3.0.

Let's back up a little to look at the development of Web 1.0 and 2.0 first:

- Web 1.0 was the first generation of the world wide web. It consumed content and information and only allowed users to search for passive

I observed that first, leadership in every size business and in every profession needs to wake up and understand that delivering health insurance benefits to employees is no longer enough!

content.

- Web 2.0 is current and still features dynamic consumer-created content and the rise of social media like Facebook and Google.

- Web 3.0 decentralizes the internet — where the creation of high-quality content engages in high-quality Ai and technology, like Apple Siri, smart devices and robots. The platform uses blockchain technology to share data directly from the original source to the users. Gifted individuals will develop a new economy through social networks and intelligence search engines.

Transparency in healthcare will help us look beyond our broken systems for solutions in the future. The Web 3.0 movement has gained traction through the crypto and other key connected

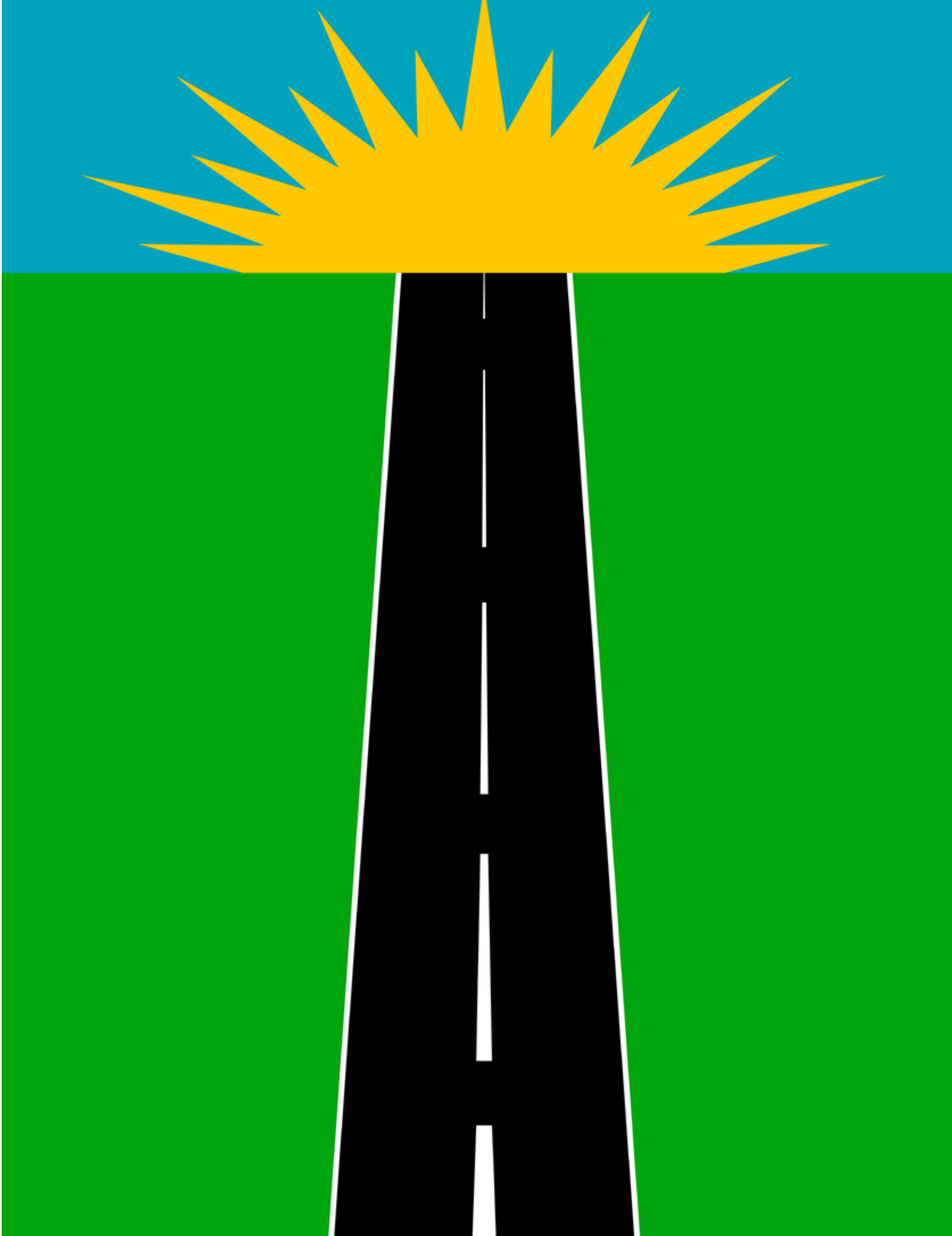
concepts like non-fungible tokens (NFTs), Decentralized Autonomous Organizations (DAOs) and Decentralized Financing (DeFi.) The possibilities of non-fungible healthcare data will integrate into Web 3.0 information stored in blockchain technology to help eliminate human error bias, especially in an industry where we practice defensive medicine, and have rampant prescription fraud, and data theft.

Embracing the present innovations creating Web 3.0 will allow us to embark upon a collaboration of mind-body-spirit in healthcare leading to access, speed, data restoration, affordability, transparency, authenticity and unbiased information.

Further, as my dear friend the astrologer Gahl Sasson shares in his book, ‘The Astrology of 2022 — The Sacrifice for Love’:

“Roll up your sleeves and get ready for the roaring twenties of the 21st century! Just as the howling 20s of the 20th century emerged out of the Spanish flu pandemic, so are we destined to experience a cultural revival in the arts, literature, and science in the next few years. The last century's 20s brought us jazz, films, automobiles, quantum physics, spiritual awakening (including the concept of synchronicity), telephones and radio. Over the next few years, we will experience a similar surge of innovation, most likely in the fields of Artificial Intelligence (especially when Uranus transits into binary Gemini in 2026), quantum computing (when Pluto moves into Aquarius in 2024), new forms of entertainment and a revolution in music and philosophy. So, rejoice! It's indeed an exciting time to be alive and witness all these historical life-altering changes ...”

May this year allow us to find ways to be excited, connect and support each other in an industry that can lead by example and change the way people heal, learn and love. — N.O.P.





CALSAVERS MANDATE

How to Turn a Problem into an Opportunity

BY ED MCCLEMENTS, JR.

You can increase your book of business by helping clients and prospects deal with the challenges presented by California's retirement plan mandate — even if you are not a retirement planner

RECENTLY POSTED DATA on the California State Treasurer's website reveals there are more than 200,000 California businesses that have not yet complied with the CalSavers mandate (if you are unaware of CalSavers, please see the sidebar where the essential details of this law are outlined, before reading further.)

In a nutshell, California law now requires every employer with five or more employees to either offer workers a qualified retirement program (such as a 401k) or enroll in the state-sponsored CalSavers program. CalSavers is a highly ambitious law designed to address the over 7 million working Californians who do not have access to a retirement plan at work. The CalSavers law (SB 1234, signed by Gov. Jerry Brown on 9/29/2016) was the legislature's response to this societal and economic issue. CalSavers is now well into its implementation phase and deadlines for enrollment have already passed for two out of three tiers of employers, and for the final tier (employers with 5-49 employees) the deadline is June 30, 2022.

Even if retirement planning is not a part of your practice, as a top-notch employee benefit broker, your clients probably consider you a trusted advisor. Consequently, you might soon be asked your opinion on CalSavers. That's because the State of California has, up to this point in

CalSavers is a highly ambitious law designed to address the over 7 million working Californians who do not have access to a retirement plan at work.

simply encouraged employers to voluntarily comply — there have been no enforcement penalties for non-compliance yet issued. But that is about to change. CalSavers has earmarked a multi-million dollar inter-agency expenditure to fund the Franchise Tax Board's (FTB) efforts to penalize employers that have not yet signed up for CalSavers or certified their alternative retirement program with the CalSavers website. Once FTB letters are issued, if the targeted employer remains noncompliant for 90 days, they will face a \$250 penalty per eligible employee. If noncompliance extends beyond 180 days, the FTB will seek to collect an additional \$500 penalty per eligible employee.

The CalSavers Retirement Savings Board official meeting minutes indicate that over 2,000 large employers (those with 100+ employees) will be receiving the first wave of those penalty notices very soon. Although the exact mailing date is not known, it is expected to be in January 2022. Other information in these Board minutes (which are publicly available at <https://www.treasurer.ca.gov/calsavers/meeting/index.asp>) indicate that CalSavers has already culled State Wage tax reports and cross referenced them with Federal IRS and DOL records to identify the 300,734 California employers that do not already have a qualified retirement plan in place. Since the start of CalSavers, 66,394 employers have either signed up with CalSavers or registered an alternative program — that leaves 234,340 employers who will need to fall into compliance very soon or face thousands of dollars in penalties.

This potential problem can be turned into a significant opportunity for those brokers who take the time to understand both CalSavers and the various alternatives employers can implement to be compliant. Inevitably, the 234,340 employers mentioned above will find their way into one of three groups:

1. Employers who sign up with CalSavers.
2. Employers who create an alternative retirement plan.
3. Employers who will potentially pay the noncompliance penalty.

3. Employers who will potentially pay the noncompliance penalty.

Clearly, Group #3 will be naturally avoided, but due to the specific approach that CalSavers has taken (as explained below) Group #1 might also be something many employers will want to avoid. Therefore, **understanding which of the alternative programs is the right fit for a given employer will be the key resource a broker can deliver to clients and prospects that are formulating their compliance strategy.**

Navigating CalSavers' challenges

While CalSavers takes significant steps to make the employer sign up as easy as possible, there are aspects to how the CalSavers program works, both during installation and on an on-going basis, that will present major challenges to some businesses. First and foremost it must be remembered that CalSavers generally requires "auto-enrollment" of all W-2 employees age 18+, regardless of hours worked. This is exacerbated by the requirement that employers play a limited role in the operation of the program. CalSavers attempts to shield employers from federal retirement plan ERISA requirements and fiduciary responsibility — and as a consequence, **employers are required to take a neutral role in CalSavers and are told to direct employee questions about the program to CalSavers.** Importantly, employers are not even permitted to accept employee opt-out requests directly. Opt-out communications must be from the employee to CalSavers and then CalSavers communicates the employee's decision to the employer via a secure website (in other words — **employers' payroll services must integrate the most up-to-date data on the CalSavers website before calculation of each and every paycheck.**)

Many employers will not be comfortable with the extra burdens this places on their payroll departments or the "triangular flow of information" (where employees have to call CalSavers and then CalSavers communicates with employers.) Employers who have the following traits

CalSavers and Franchise Tax Board (FTB) Enforcement Calendar

# of Employees	Registration Deadline	CalSavers Follow-up and Support	CalSavers Due Process Notices	FTB First Penalty Notice	FTB Second Penalty Notice
100+ 2021	9/30/2020	October 2020 – July	August – November 2021	December 2021	March 2022
50+ 2022	6/30/2021	July 2021 – April	May – August 2022	September 2022	December 2022
5+ 2023	6/30/2022	July 2022 – April	May – August 2023	September 2023	December 2023

might be particularly concerned about directly joining CalSavers:

- Have high worker turnover and/or seasonal workers
- Pay workers based on highly variable hour counts from one pay-period to another
- Face employee communication challenges (perhaps with non-English-speaking workers, or those with low levels of education and/or literacy)

A reluctance to join CalSavers will prompt many employers to seek compliance via one of the alternative programs that CalSavers accepts as a substitute. Here are those alternative programs:

- 401(a) – Qualified Plan (including profit-sharing plans and defined benefit plans)
- 401(k) plans (including multiple employer plans or pooled employer plans)
- 403(a) - Qualified Annuity Plan or 403(b) Tax-Sheltered Annuity Plan
- 408(k) - Simplified Employee Pension (SEP) plans
- 408(p) - Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) IRA Plan
- Payroll Deduction IRAs with Automatic Enrollment

Even if you are not a retirement plan expert, you probably already know that **employers take on significant long-term responsibilities and operational costs whenever they set up a qualified retirement plan.** Most of the plans above

involve employer funding of some (or all) of the retirement plan contributions for employees. The cost for this might be much more than an employer is willing to spend to simply become CalSavers compliant. On top of the cost of direct contributions, there are “soft” costs that come with non-discriminatory employee enrollment and on-going communication of investment options. To make matters even more complicated, most retirement plans require ERISA plan documentation and compliance, annual audits and IRS Form 5500 filings.

Introducing a simpler way to comply

Many employers will simply want to know how to meet their compliance burden with the easiest and least expensive approach. To be more specific, employers will be seeking the option that:

- Allows the employer to directly communicate with each employee, without outside involvement
- Eliminates the need for any employer contribution to employee retirement accounts
- Avoids ERISA plan documentation and communication responsibilities
- Doesn't require annual reporting (Form 5500) to the IRS
- Avoids placing fiduciary liabilities on employers
- Is as inexpensive as possible to set up and maintain

When the list of possible alternative plans is screened with the above bullet-points as a filter, the option that remains

This potential problem can be turned into a significant opportunity for those brokers who take the time to understand both CalSavers and the various alternatives employers can implement to be compliant.

About CalSavers

CalSavers wants more of California's workers to save for retirement. By law, employers with as few as five employees on payroll must register into CalSavers by the appointed deadline or create their own alternative retirement savings program.

CalSavers:

- **Is one of 13 State Sponsored Retirement programs that are fully operational or are in some stage of development.**
- **Has already been challenged in Federal Court and been upheld as legal. It is within California's rights as a state to enforce on employers.**
- **Is funded by employee payroll deductions, without employer fees or contributions.**
- **Is administered by a private firm (ASCENSUS) and overseen by a public board (chaired by the California State Treasurer).**
- **Via employer payroll systems, employees are "auto-enrolled" into CalSavers after their first 30 days of employment.**
- **All W-2 employees over age 18, even if only working part-time, are to be auto-enrolled.**
- **Gives employees the opportunity to opt out or back in at any time.**
- **The default contribution is 5% of pretax wages.**
- **Employees can increase or decrease their contribution percentage**

at any time.

- **By default, contributions are placed into a Roth IRA, but can be converted to Traditional IRA.**
- **CalSavers has default investment options for initial deposits, but as the employee's balance grows, employees have expanding investment options within CalSavers.**
- **CalSavers promises employers freedom from ERISA and fiduciary responsibilities, but as a consequence, the employer must play a limited role in communication and administration.**
- **Employers must direct virtually all employee questions about the program to CalSavers.**
- **Employers cannot return to employees any CalSavers deposits (that must be handled directly by CalSavers.)**
- **Employers cannot accept any employee requests to opt out or make changes to the default contribution percentage (that must be handled directly by CalSavers.)**

Readers are encouraged to visit www.calsavers.com to learn more.

is the Payroll Deduction Individual Retirement Account With Automatic Enrollment (PDIRAWAE, for short). In fact, the CalSavers website's proclaims that the CalSavers itself is just such a program.

If an employer is seeking the easiest and least expensive option to offer to their workers, the PDIRAWAE deserves a look. But there is a bit of a catch...while the concept of a payroll deduction IRA has been around since the 70's, CalSavers adds the requirement that any employer that wants to use this type of program must incorporate the automatic enrollment feature. Exactly how an employer is supposed to incorporate automatic enrollment is left up to the employer to figure out. Since automatic enrollment was/is not contemplated by any of the IRS or DOL guidance documents, there is little help from that direction. Therefore, creating a PDIRAWAE can be a bit puzzling to most retirement plan professionals.

Because of that automatic enrollment feature, a PDIRAWAE will require the employer to provide each employee with some basic plan communication documents. Interested employers can either hire their own professional resource (law firm, CPA firm or retirement planning consultant) to help them assemble the needed documentation or they can check out a new website that brings the PDIRAWAE to the marketplace in one self-contained package. That website is **www.ezsavings4u.com**.

The EZSAVINGS4U* program was specifically created to address the concerns of employers who want the easiest alternative to achieve CalSavers compliance. (Author's note: The EZSAVINGS4U program was specifically designed by me and two legal and employee benefit colleagues with over a century of combined experience to meet the compliance needs of the CalSavers program. Just like any private party retirement program, it is not endorsed, sanctioned, approved, or in any way affiliated with the State of California, the California Treasurer's Office, or the CalSavers Retirement Savings Board).

Visitors to the EZSAVINGS4U website can access over five hours of informative video content, designed to

help private-sector employers make the right decision for their unique needs. If employers are interested in moving forward, they can fill out a simple form to request customized plan documents and receive a full PDIRAWAE operations manual.

Because EZSAVINGS4U is offered for a nominal one-time fee, some independent brokers have decided to pay for this program as a value-added service to their clients. A few growth oriented brokers are even seeking to turn prospects into clients (via a broker of record letter) in return for the broker's help in securing the employer's access to the EZSAVINGS4U solution.

Conclusion

To summarize, CalSavers is the law. California employers who don't provide workers a retirement plan must soon figure out for themselves if participating in CalSavers directly or opting instead to install an alternative is best for their business.

You, an insurance broker who cares deeply for your clients and hopefully can now recognize the opportunity for potential growth of your practice, are well-advised to understand the nuances of the CalSavers mandate and the available alternatives. **CB**



ED McCLEMENTS, JR.,

CLU, ChFC,
is the president of McClements Insurance Services, and the creator of EZSAVINGS4U. He has 45 years of employee benefit experience,

including the past 30 years serving the agricultural industry. At age 14, Ed was the youngest person ever granted an insurance license in California. Formerly, he served as the executive vice president of United Agricultural Benefit Trust, branch manager for one of California's largest insurance brokerages, and president of the Agricultural Personnel Management Association.

While the concept of a payroll deduction IRA has been around since the 70's, CalSavers adds the requirement that any employer that wants to use this type of program must incorporate the automatic enrollment feature.

NEW YEAR'S RESOLUTION

Protect Your Commissions in 2022

BY PHIL CALHOUN

I AM OFTEN ASKED how commissions are handled when an active broker retires or worse, is no longer able to stay active. The answer is the same no matter if a broker has a partner, owns or works in an agency, or works solo and either has or does not have a corporation.

All health benefits brokers while active need a successor to protect their commissions in all life events so you and your loved ones will be taken care of.

Many brokers have expressed concerns about what a successor

does, how to find a successor, and if an agreement with their successor is needed. Other brokers say they have a successor. In some cases it is a spouse or child, in other cases an employee. No matter who you have as your successor, you need a written agreement. Active brokers who complete a written agreement with their successor are on the way to 100% commission protection.

A successor has a responsibility to back you up when you need it most and agrees in writing to pay you or your loved ones for your commissions at

the amounts outlined in the financial agreement you reach. Your successor should be able to step into your shoes at any time and complete the plan you and your successor mutually agreed to.

Considerations for your Successor:

- Personality fit for you and your clients
- In 100% alignment with your personal and estate planning needs
- Is not pushing you to transfer your commissions while you are active
- Has experience with service and support of client's needs



The commission protection process we suggest brokers pursue is outlined in the flow chart above.

All health benefits brokers while active need a successor to protect their commissions in all life events so you and your loved ones will be taken care of.

- Youthful, enthusiastic, energetic, and excited about health insurance
- Has the capacity to handle your clients
- Has a team in place with at least two certified and licensed health insurance professionals
- Has track record of success
- Is capable of handling renewals and retention
- Is willing to use your successor agreement
- Accepts the responsibility of their role as successor as defined in your

agreement

- Has all of the transfer and assignment documents required of all the carriers you receive commissions from
- If your book is over 350 Medicare members or over 20 small groups or a combination of the two, your successor should commit to either hire your staff or add a support person to do the job.

Phil Calhoun published "The Health Insurance Broker's Guide: How to Protect, Grow and Sell Your

Commissions" last year. His goal is to help active brokers reach 100% commission protection and retiring brokers make the exit planning process work for them. Phil consults with brokers statewide and offers his eBook free online at www.healthbrokersguide.com **CB**

Contact: phil@integrity-advisors.com or call John Evangelista at 714-308-0669 or 800-325-4368 to schedule an appointment and get your personal questions answered.

PROFILE OF SUCCESS: JOHN EVANGELISTA

To demonstrate the desired qualities of the successful insurance agent, I will feature my colleague **John Evangelista**. He's been a general agent with Colonial Life in Orange County for more than 20 years, and helps brokers build client retention through voluntary benefits. As an active member in many broker associations, he enjoys helping brokers grow their book of business. John exemplifies the consummate professional as he seeks to "make brokers look good" while creating a client WIN-WIN.

John knows finding the huge case every now and again is nice but the smaller cases are more frequent and add up over time. He knows what it takes to build a team capable of growing consistent income and how a commission stream provides for his broker partner's family. He suggests brokers review their business development plans to incorporate the following tips:

1. **Join a professional association** to learn, network and avoid repeating mistakes. Find a subset of colleagues and gather to share knowledge and connections to help one another.
2. **Manage time** as you look to become knowledgeable with health benefits and resist jumping into other insurances before you have either a colleague specialist you trust or have spent the time to become proficient in insurance like annuities or life.



3. We are in a relationship business. **Pick partners** who over time can help you be more successful. Build and work on these relationships by making friends. Maximize client relationships with referrals, lean on general agencies for technical support, and pick insurance partners who can help you meet more client needs.

4. **Understand competition.** Some people and companies are your friends, some are competition. Screen ancillary brokers, payroll companies, even CPAs as they can be licensed and feast off of your work.

5. **Know your bread and butter.** Develop and become the specialist in one health insurance product line at a time. You do not need to know P&C if you have a trusted P&C broker relationship. Same goes for other lines of insurance.

6. Finally, **follow legislation and get involved in your industry.** Seeing the wave before it hits can boost you and your business. Looking back, health savings accounts (HSAs) were a boost for early adopters. California Choice was equally advantageous to win new business.

What is the next early adopter employee benefit that could be a boost to build your commissions? Make sure you are 'in the know.'



Financial Wellbeing

THREE KEY REASONS
EMPLOYEES
ARE PUTTING SO MUCH
IMPORTANCE
ON → FINANCIAL
WELL-BEING
BENEFITS
↪ IN 2022 ↪



Financial stress has been a factor in the workplace for many years now, affecting employee productivity as well as impacting their health.

BY MIKE WILBERT



E**MPLOYEES ACROSS ALL INDUSTRIES** and salary levels have experienced workplace changes in the past two years due to the COVID-19 pandemic. Perhaps the biggest and most widespread impact for employees in all this disruption has been on their finances.

Household income levels don't discriminate when it comes to the pandemic's financial effect on employees. A recent Harris Poll on the state of employee finances conducted on behalf of Purchasing Power illustrated that nearly half of full-time employees in all household income levels said their financial situation was worse in February 2021 than prior to the COVID-19 pandemic. That includes 44% of those making \$75,000 to \$100,000 and 41% with household income over \$100,000.

Financial stress has been a factor in the workplace for many years now, affecting employee productivity as well as impacting their health. In recent years employers have become more aware of employee financial stress and the effect it has on healthcare costs, absenteeism and the company's bottom line. Employees answering the Harris Poll readily admitted how their financial stress affects them on the job:

- **33% said it affects their physical health**
- **24% said it affects their ability to focus at work**
- **21% said it affects their productivity at work**
- **21% said it affects their job satisfaction.**

Financial stress levels have gone up a notch since the onset of COVID-19. As a result, employers are realizing that employees at all income levels are affected by financial stress today and that their employee benefits packages should include robust financial wellness benefits that can provide a lifeline during these difficult times.



Employee finances in 2022

What can we expect 2022 to mean for employee finances? According to the Harris Poll survey, over half (52%) of full-time employees expect their household financial situation to be better in January 2022 than it was the previous year. However, just over one-third (37%) said there would be no change or that it would be worse than the previous year.

Financial well-being will remain top of mind in 2022 for employees and they say that financial well-being benefits matter. The Harris Poll found that three-fourths (78%) of employees reported that they can tell how much their employer cares about their financial well-being by the benefits they offer. Further, four of five employees (79%) said they would be more likely to stay with their present employer if they offered more financial well-being benefits.

Why financial well-being benefits are critical in 2022

Here are three reasons employees are placing such emphasis on financial well-being benefits in 2022:

1. Financial stress levels will be the same or worse in 2022 than a year ago.

Half (51%) of the employees responding to the Harris Poll anticipate that their financial stress level will either be the same or worse in January 2022 than it was at the beginning of 2021. Those employees who expect their financial stress to be significantly or somewhat worse in 2022 range across all income levels:

- Less than \$50,000 – 17%
- \$50,000 - \$74,999 – 25%
- \$75,000 - \$99,999 – 21%
- \$100,000+ – 25%

2. Employees are concerned about not being able to cover unexpected expenses.

More than one-third (37%) of employees are worried about having enough in emergency savings to cover unexpected expenses that might come up such as car repair, home repair, broken appliances, etc. Those expressing these concerns ranged from employees making less than \$50,000 (44%) to those making over \$100,000 (34%) and all points in between. One of four employees responding to the Harris Poll said that taking money from their emergency fund to cover monthly expenses was one of the financial challenges they faced because of the pandemic.

3. Employees are worried about not having enough retirement savings.

Not having enough retirement savings worries just over one-third (35%) of employees and more women (41%) than men (31%). Almost one in five (17%) of employees said they withdrew funds from their 401(k)/retirement savings to cover monthly expenses during the pandemic.

It's going to take time for employees' financial situation

to recover from the impact of financial consequences of COVID-19. Smart companies are finding ways to help, which will ultimately mean increased employee performance and improved retention and loyalty.

The value of voluntary benefits

Because they can address many of the specific needs that employees have as they continue to struggle with and overcome pandemic challenges, voluntary benefits have taken on a significantly more important role now.

In recent years, voluntary benefits have seen more popularity as the products themselves have become more diversified and appealing to the multiple generations in the workplace. Voluntary benefits have always been a win-win for employers and employees. For employers they are an excellent recruiting and retention tool while employees see voluntary benefits as an opportunity to choose benefits that they need or want.

The impact of COVID-19 on employees' lives and their finances really put the spotlight on the value of voluntary benefits, which have given employers a way to meet the shifting needs and priorities of their workforce during this critical time.

Benefit brokers can help employers be part of the solution

Employees are looking for ways to stretch their paycheck and recover from the financial hardship of the pandemic. They need a solution in 2022. Employees overwhelmingly said they want their employer to offer more financial well-being benefits to help relieve some of the financial stress that they do not expect to go away any time soon.

Benefit brokers can help employers build a better financial benefits package by making sure their product portfolios include voluntary benefits like employee purchase programs, bill payment programs, medical deductible financing, financial counseling, student loan repayment benefit programs and other financial well-being benefits. **CB**



MIKE WILBERT is chief revenue officer at Purchasing Power, a voluntary benefit provider. He has 30 years of experience in the insurance and voluntary benefits industry.

VIRTUAL IS

GROWING, NOT GOING

Industry embraces virtual solutions

BY YJ LEE

VIRTUAL is the new normal. With the effects of the pandemic spurring the proliferation of customer centric digital platforms, a wellspring of virtual marketplaces for consumers and businesses makes purchasing the right products and services convenient and easy. But what about the healthcare and benefits industries? As we adapt to what has become the norm for other industries, we see a number of trends taking shape across this landscape.

One such example is the shift from simply selling a product to selling a broader service through experience. Over the course of the past year, we've seen traditional solution providers embrace virtual delivery to provide exceptional care. With the pandemic, vendors, brokers and employers have shifted to virtual environments and options for clients. Christi Coleman, EVP of employee engagement at Proactive MD, shared that their business has embraced this concept due to increasing demand for "virtual care and supporting remote employees."

At this year's Self-Insurance Institute of America's (SIIA) 1st Annual National Educational Conference, keynote speaker and futurist Mike Walsh shared this with the audience: "There is no digital disruption, just digital delivery." The past year and a half has been full of disruption, so much so that all of us have become more adept at handling the curve balls life and business have thrown our way. Business has not stopped, and the demand from clients to remain alert regardless of environment is a factor in how advisors are managing the virtual world.

Christine Schindewolf, VP of employee benefits and wellbeing at Alliant Insurance Services, is based in the Bay Area and continually educates herself on the solutions coming to market. Says Schindewolf, "Finding effective solutions, educating clients on emerging vendors, and performing vendor reviews are important and constant."

Virtual is growing, not going

Schindewolf goes on to explain, "We found the pandemic didn't create new trends, it accelerated existing trends: around distributed workforces, digital-first engagement, DEIB (Diversity, Equity, Inclusion & Belonging) and integrated wellbeing. That's where we're leaning in for our clients to help structure the next generation of employee support programs. Initially, we made a quick push to assist clients with COVID-19 testing and tracking. The conversion to remote work quickly increased the demand and success of many virtual care options, not only for acute or primary care, but ongoing chronic condition management."

As people have become more comfortable with virtual meetings, their comfort level with virtual care visits have increased. The value of a virtual visit is being realized.

Decisions are being made online

The benefits industry is going through a seismic shift with the rise of new and younger workers being covered. They come to the job with a greater appetite for experience

over price than previous generations have. And, they are all well versed in virtual. Prior to the pandemic, younger workers were already used to getting their movies from Netflix over the theater, and taking classes online as frequently as in person. This rise in digital has given way to a whole host of new solutions that can operate in the palm of your hand. And, because the end solutions are available online, end users expect to learn about these solutions and become educated about them online as well. Robust digital campaigns are taking place across medical, benefits and work comp landscapes.

Benefits solutions have embraced the importance of social media and rising above the noise in the industry. Chris Ziemke, business development lead with Prism Health Group, states that they "see Social Media being a good spot to continue to feature [their] brand." And, sites like The Granite List (www.thegranitelist.com) leverage weekly social media posts on LinkedIn and Twitter to spotlight vendors and get their brands recognized.

Amazon has taught us to compare and cull choices

Similar to a comparison-shopping engine or virtual marketplace such as Amazon, TripAdvisor, and OpenTable, The Granite List provides a consumer-centric virtual marketplace to connect

employers and brokers to healthcare vendors. On the website, employers and brokers can compare benefits that improve the health and wellbeing of their employees, function as a tool to attract and retain talent, or provide workers comp — all while being cost-conscious and finding the perfect solutions for their business. The Granite List provides real-time information about emerging and existing vendors and verified reviews from clients and members. A product powered by the team at Connect Healthcare Collaboration, The Granite List mixes marketing and sales in an efficient manner. States Sally Pace, CEO of Connect Healthcare Collaboration, "we saw an opportunity in the marketplace that is so helpful in other industries, and we built upon that concept to save time and energy for brokers and employers searching for innovative benefits solutions."

Ziemke echoes that importance, "You can lead a horse to water, but it is up to them to drink. The Granite List helps connect us to those wanting to drink the water, as well as provide a consumer centric ecosystem that also validates solutions. The [digital] platform itself represents both a microphone and connecting tool that allows us to feature our message and unique offerings, such as: procurement, auditing, contract negotiations, and analytics platform. We give those who want change the ability to connect in a fast and easy setting."

At this year's Self-Insurance Institute of America's (SIIA) 1st Annual National Educational Conference, keynote speaker and futurist Mike Walsh shared this with the audience: "There is no digital disruption, just digital delivery."



Moving from cold calling to warm introductions

When rising above the noise in the industry, Lani Glancy, VP of talent development, diversity equity and inclusion and communications at AutoZone, states, “the sheer enormity of choices among vendors can be overwhelming for industry leaders.” Thus, finding the right vendors for employers and brokers is difficult due to the countless solutions available. However, it’s easier with access to a digital marketplace. Ryan Rice, principal and practice lead with Prism Health Group, shared they “are optimizing how we connect with the right consumers actually seeking services and solutions we also offer.”

As Pace explains, “We work with many groups on both the innovation marketing side and on the employee engagement side. What we hear from employers and brokers alike is that they are short on time but long on desire to add meaningful solutions for plan members. By introducing these solutions to prospective buyers at point of interest through The Granite List, we can fast track the buying process for all parties involved. Helping each of those three audiences get valuable time back in their day is an added bonus for our team.”

The world has changed for the foreseeable future, and part of that change is the massive global shift toward virtual. Brokers who embrace this move will be the ones who best serve their clients, who find

themselves on the same path in meeting the needs of their employees. **CB**

YJ LEE is a data analyst and incoming marketing strategy advisor for Connect Healthcare Collaboration. She has been writing and editing for four years for a local nonprofit newspaper in Memphis, Tenn. Lee is passionate about optimizing the way technology, data and information is utilized and shared in business. Reach YJ Lee at **marketing@thegranitelist.com**

HOW AGENTS CAN SUCCESSFULLY GO INDEPENDENT AS CARRIERS TRANSITION FROM CAPTIVE MODELS

BY JOEL ZWICKER

CAPTIVE AGENTS ARE SLOWLY but surely becoming part of a bygone era. Nationwide announced in 2018 it would transition to a fully independent model, and by July 2020 virtually all their agents committed to Nationwide's independent agency channel. As a result of their successful transition more carriers are sure to follow suit, as captive agents' share in the market continues to trend downward.

From 2017 to 2019, captive agents lost 4% market share of all personal lines, while independent agents (IAs) grew by 2.3%, according to a study by Independent Insurance Agents & Brokers of America. IAs also wrote 84.5% of all commercial line premiums in 2019.



The benefits of this transition are undeniable for all involved, from the carrier to the agent. Since Nationwide's former captives have transitioned to independent, their written premiums have increased by 35%. By refocusing carriers, they can create more programs that support the independent agency channel and like Nationwide still achieve growth in the agency distribution channel without the expenses associated with supporting the captive model.

The success of Nationwide's move to an IA model may indicate a larger shift to supporting the independent challenge within the next few years, and will give thousands of agents more control over their businesses

than ever before. As agents transition from captive to independent, they will need to learn how to establish and grow their agencies in a competitive market place.

As agents transition from captive to independent, they will need to learn how to establish and grow their agencies in a competitive market place.

Independent agents bring a different value proposition

Without the draw of a familiar carrier's name to attract clients, IAs need to understand and lean into the benefits of establishing themselves as reputable brands. Many consumers have become accustomed to the

ease and speed online processes provide. Carriers' digital infrastructure can make it quick and inexpensive for a person or business to find coverage that works for them and buy it online. While efficiency is a value big carriers provide captive agents, they lack the wide range of offerings that a customer may need. So what can an IA bring to the table for customers that they couldn't as a captive agent?

The short answer: a trusted relationship with their customers. IAs need to show customers why working with them is a better choice than getting direct services from a carrier — or going with another IA. The flexibility that IAs enjoy over captive agents is the freedom to create personalized plans and mix and match policies from different carriers in order to provide the best outcomes for clients. IAs are on the rise in part because of their carrier-agnostic association. IAs don't need to push a particular carrier's offerings when they aren't the best for their customer.

This is part of the reason that IAs have been increasing the amount of deals they are closing. However, with the forthcoming onslaught of new agents in the market fighting for business, IAs are going to have to step up their game when it comes to communicating with customers. Technology and digital solutions are going to be key in this next phase of industry growth.

Three essential technology systems every independent agent needs

For IAs to be competitive, they must learn to efficiently use three digital tools: a management system, a website and marketing support. All are necessities in an increasingly digital market that has rapidly grown due to the events of 2020. If an IA is missing even one of these, they will have a difficult time competing for business in a modern marketplace.

Management systems

The right management system is a must-have. Allowing an agency and its entire staff to have a single place to find contact, policy and claim data for each of their clients, also helps an agency properly manage their finances. When looking for a management system, agencies should do proper diligence as it is absolutely going to be one of, if not the most, critical piece of technology the agency invests in. It can either make their business much more efficient or have the total opposite effect.

As an example — one of the first critical questions that should be asked of a management system is if they have an open API. An API allows third-party solutions to easily work with your core data base (your agency management system) and will allow greater efficiencies in your business. Double entry is the bane of many agencies and should be avoided. As an independent agency, you will absolutely need other solutions to aid in growth, retention and overall communication amongst other things

For example, if an IA wants more options for sending emails and text messages to customers, it's much easier to connect open systems than it is to work from separate programs. A flexible management system that works seamlessly with other technologies is a huge asset for day-to-day operations. Once an agent has used an open management system, they are unlikely to ever go back to trying to make different programs work together on their own ever again.

Website

A website seems like a no-brainer, but there are actually some important considerations that aren't

always at the forefront of an agent's mind when having one developed. Many agents underestimate the role of a website as a lead generation tool or to attract new business. Search engine optimization (SEO) is key to being findable to your target audience. Creating and setting in place lead generation capabilities for a website is worth the time, effort and costs. Mobile compatibility and content updates/management are just a couple more considerations — and this is before getting into hosting, managing quote requests, and more.

IAs cannot treat websites like a one-and-done deal — they require constant attention, continuous updating and some level of technical knowledge to be effective. IAs need to decide the best approach for creating and maintaining a website. Can they build and run a website by themselves, learning the necessary skills and dedicating time to it on a monthly basis? This is something IAs need to think long and hard about, because it cannot be stressed enough: a website that doesn't show up on search engines, doesn't work on mobile devices, or looks like it hasn't been updated in more than a year can turn potential customers away. Whether making the decision to hire someone to do the job in-house or a vendor who specializes in the insurance industry, having a client-ready website is crucial to the success of your business.

Marketing automation

Marketing is an instrumental component of a competitive agency that can often be overlooked. IAs need to know who their clientele are, what they want, and how to reach them. Older generations are unlikely to be receptive toward modern tactics like text messages or emails but on the other hand, younger people generally prefer digital communication to phone calls or physical mail. Each of these communication methods have their benefits, and all are part of a successful multi-channel marketing strategy. For most agents, they didn't get into the business to become a marketer, but instead to help people. For this reason, a marketing platform that takes these tasks off the agent's plate is a necessary investment for strategic, effective growth overall.

A marketing platform should integrate with the management system, be easy-to-use, and provide automation and analytics on all messages. Pre-built, customizable content based around different campaign themes means an IA need only take a few moments to personalize information to clients about accidents, risk management, retirement — whatever might be relevant for each individual client. Automation allows IAs to send out communications frequently and efficiently, ensuring clients never have to go long periods of time without hearing from their agent.

Analytics are also a must. IAs need to learn what marketing strategies generate leads, increase sales, retain customers, and contribute to overall growth. A marketing platform with all these tools and insights takes care of the marketing legwork for IAs, providing everything they need to continue growing their business.

The move toward an independent model on the part of carriers is going to change the landscape of the insurance industry, having a larger impact on existing IAs and the way they operate today. Carriers are ultimately in pursuit of reducing costs associated with the captive model, which this model can provide them, but in turn they will also capture more of the independent market - which has been growing in recent years while captive agents have been declining.

This can be a difficult transition for those accustomed to the captive model, but it can create an opportunity to increase revenue and own the customer relationships. As more carriers make this move, new and existing IAs will need to take advantage of any leg up they can get in order to remain competitive and stand out in a crowded marketplace. **CB**



JOEL ZWICKER is chief evangelist at Agency Revolution (agencyrevolution.com). He has helped hundreds of independent agencies improve KPIs and achieve growth objectives. He coaches them in their digital transformation by helping them leverage digital marketing, marketing automation and content marketing. In addition to his years at Agency Revolution, Joel has extensive agency experience. For 11 years he was an independent agent and spent the last eight of those years overseeing the marketing efforts for a large insurance agency. Reach out to Zwicker at **1903pr@1903pr.com**

Technology and digital solutions are going to be key in this next phase of industry growth.

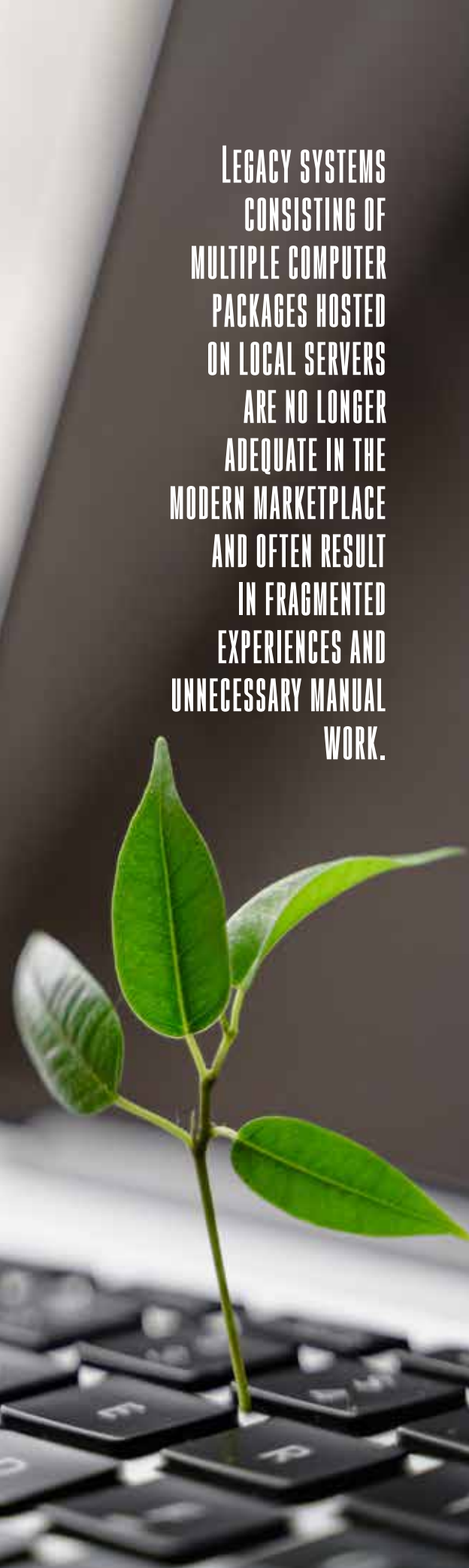
Embracing Technology to Foster Better Customer Relationships and Facilitate Growth

Benefits packages have long been regarded as a tool for recruiting and retaining top talent, but in an age of the Great Resignation and with companies looking to secure coveted talent, a compelling package is a must-have. As brokers look to better serve employer clients and compile these packages, the right technology can create efficiencies, foster better relationships and facilitate business growth.

While digital tools have been around for some time, COVID-19 significantly sped up the adoption of digital technologies by several years. The need for higher functioning technology accelerated unexpectedly and the right digital tools can give brokers a competitive edge.

BY SCOTT KIRKSEY





LEGACY SYSTEMS
CONSISTING OF
MULTIPLE COMPUTER
PACKAGES HOSTED
ON LOCAL SERVERS
ARE NO LONGER
ADEQUATE IN THE
MODERN MARKETPLACE
AND OFTEN RESULT
IN FRAGMENTED
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WORK.

SELECTING THE RIGHT TECHNOLOGY

Legacy systems consisting of multiple computer packages hosted on local servers are no longer adequate in the modern marketplace and often result in fragmented experiences and unnecessary manual work. Now, new systems hosted in the cloud offer brokers efficient enrollment, instant access to quotes and dedicated support teams. In fact, 54% of businesses think that benefits administration technology will play a bigger role for them when compared to years past.

Cloud-based technologies are driving most of the advancements in payroll and benefits administration and feature advanced applications to help streamline a broker's day-to-day responsibilities. When asked about open enrollment, BenefitMall's research suggests 33% of companies completed the 2020 entire enrollment digitally and 58% were completing enrollment with at least a portion of the process online.

While companies are continuing the transition to digital, brokers can be a bit hesitant due to dissatisfaction with previous digital experiences. While 75% of the brokers surveyed by BenefitMall desire and are trying various technology solutions, only a small percentage are happy with what they have found thus far. To help guide the selection process, brokers should consider five of the most notable priorities when choosing a cloud solution to optimize their business.

OPERATIONAL EFFICIENCY

A technology-based quote tool for medical, vision and dental insurance should be the top priority. Generating quotes is one of the most time-consuming tasks as it takes a significant amount of time to identify and compare products, and often requires immense amounts of paperwork.

An automated tool capable of generating comparable quotes with a minimal amount of input can do wonders for a broker. Beyond the time savings, it also reduces the actual labor involved in preparing quotes. What may have taken two or three staff members a day to do using a legacy system can be completed in a fraction of the time by a single staff member. By automating data-heavy tasks that normally require a tremendous amount of human input, cloud-based solutions offer significant operational efficiencies while simultaneously freeing up staff to concentrate on the business.

SMART FORMS AND APPLICATIONS

Too much time is spent on revising forms and applications whenever changes are made. For a broker, a significant amount of time is invested at the start of every year in making sure forms and applications are up-to-date. Smart forms and applications do not require as much work as each is automatically updated, eliminating the need for staff members to go through each and every form manually.

In addition, customer segmentation software can strategically target forms pertinent to each client. Brokers do not have to waste time making sure each client gets only the necessary forms and applications.

DATA SECURITY

Benefits ultimately protect your employees' health, wealth and overall happiness, which, in turn, protects the success of your business. However, as benefits administration and management align with advancements in technology, the concept of protection extends beyond the facets of health, wealth and happiness.

The sensitivity around how data is captured and transferred is a significant priority amongst employers and brokers. Unsecured data can cause tremendous damage to both an employer's and a broker's brands,

BENEFITMALL'S RESEARCH SUGGESTS

33%

OF COMPANIES COMPLETED
THE 2020 ENTIRE ENROLLMENT
DIGITALLY AND

58%

WERE COMPLETING
ENROLLMENT WITH AT LEAST
A PORTION OF THE PROCESS
ONLINE.

reputations and teams. As a result, it is extremely important to identify a platform that offers complete 360 data encryption across multiple networks at rest and in transition.

CUSTOMER EXPERIENCE

In order for brokers to foster strong customer relationships that eventually lead to growth, they need the tools to give customers what they want. The goal of technology is to increase efficiency and productivity. Looking at that from the client's perspective, understand that clients have no interest in spending endless hours looking over broker documents and trying to understand what they mean.


Clients want clear, concise, and accurate information that allows them to make quick decisions. The challenge of legacy software is giving clients the information they need in a format they can understand. Outdated reporting tools do not work well with modern constructs, and poorly presented data only hinders a client's ability to see the value in your business. Consider platforms that improve this experience, such as quoting systems, proposal design tools and enrollment solutions.

ACCESS TO INFORMATION

Taking the customer experience one step further, it's important to keep customers happy after they choose their benefits. A key component here is access to information. Ask yourself this question: how happy are you with your own insurance provider's digital access? If you access your insurance products online, does a typical experience meet your expectations?

Clients today want and expect instant access to their benefits programs. They expect comprehensive solutions that provide the information they need with just a few clicks. They want databases that reflect accurate data in real time, whether they need the information on a weekday or weekend.

CHANGING TIDES OF TECHNOLOGY

Employers are changing the way that they view technology as a resource in the administration of benefits. Technology will continue to play a pivotal role in the growth of the broker business and as digital transition progresses, brokers who display inefficiencies in adoption may experience difficulties staying competitive. **Now is the time to adopt new technology while the market continues to evolve. Successful brokers will recognize the opportunity to grow with the changing tide.** 



SCOTT KIRKSEY is the CEO of BenefitMall, which partners with a network of 20,000 brokers and more than 120 carriers to deliver employee benefits to more than 140,000 small and medium-sized businesses. For more information about BenefitMall, visit www.benefitmall.com



IT'S TIME FOR THE HEALTH BENEFITS INDUSTRY TO TAKE CUES FROM

Retailers

BY MAREK CIOLKO

WHEN IT COMES to how we design and administer health benefits, there is a lot we can learn from the retail industry. Leading retail brands always find ways to reduce barriers for consumers to access goods and services. There is no reason the healthcare industry cannot and should not follow suit. And in today's tight labor market, it's more important than ever to help employer clients sharpen their health benefits offerings to better attract, retain and recruit talent.

Since the inception of Gravie, we've been diving deep to better understand the obstacles individuals face when it comes to paying for healthcare and exploring how we, as a benefits provider partnering with brokers and employers, can assist them in meaningful and helpful ways. Below are three examples of how we can learn from the innovations introduced by leading retailers and prioritize consumers in the health benefits space.

Provide convenient financing options

Buy now, pay later solutions are sweeping the industry thanks to companies like Affirm, Sezzle and Afterpay, which offer no-interest payment plans with flexible terms. An IBIS World report predicts that the buy now, pay later industry will continue to grow at 9.8% annually over the next five years, and ultimately will exceed \$1 billion. These payment methods are especially popular among younger generations, including Gen Z, who tend to be more hesitant when it comes to credit cards but still prefer or need to spread out payments.

As unfortunately is often the case with healthcare, the options available for paying for out-of-pocket expenses are cumbersome, inconvenient and often expensive. For instance, with deductible health plans, the burden is on the individual to negotiate a payment plan for each bill with the respective provider and hope to be able to end up with an option that fits their budget. Often the only other alternative is to pay with a credit card, which may not be feasible to all, and often comes with a hefty interest rate cost.

If you can use buy now, pay later to purchase a pair of jeans or a cell phone, why shouldn't you be able to do it to pay for much-needed healthcare expenses as well? It's time for healthcare to follow the lead of retail, and offer consumers buy now, pay later solutions. An example of what this looks like is Gravie Pay, which gives members the ability to pay for out-of-pocket expenses at their own pace, right from their member portal.

For us, buy now, pay later solutions are just one more way we can improve how people purchase and access healthcare.

Make the value obvious

Salespeople across retail and other industries are readily able to explain the value of their product, and consumers purchase those products because they easily understand how they will work, and how much it will cost to use them. Shouldn't the same be true of a health benefits plan?

The health benefits industry has consistently failed to consider individuals as consumers or take their needs and wants into account. Today's traditional high-deductible health plans are complex and costly. And all too often, the inherent uncertainty around the out-of-pocket cost that is built into these plans, and the associated fear of having to deal with a large expense, discourages individuals from accessing care, instead of empowering them to take care of their health. With high-deductible health plans, individuals often choose to defer medical care or skip it altogether, and most would tell you their health benefits are a safety net, rather than a value-add.

It's time to take the confusion and unpredictability out of health benefits and focus on creating plans that clearly communicate their value to consumers – the end users of the product. This means offering individuals plans that incorporate the user-centric services, such as a monthly subscription model,

they've grown accustomed to – with clear value and clear understanding of the cost, and what's in it for them.

Retail is undeniably a consumer-focused industry, and it's time we move healthcare in that direction, too. It starts with offering employees straightforward, day-one coverage in return for the monthly premiums employers and their employees are investing in.

Look for feedback

We've all received emails from companies and service providers asking to review their products or take a satisfaction survey. Unfortunately, in the healthcare industry, that desire for consumer feedback is few and far-between, and even then, mostly

focused on service quality rather than product design. Even more rare are providers that actually create or change their health benefits options in response to consumers' preferences. COVID-19 and its effects fundamentally changed what employees want and need from their

employers – and health benefits are no exception. Now, more than ever, our industry needs to determine what employers and employees want and identify solutions that meet those needs.

Brokers who want to retain and impress their clients need to carve out time to send surveys and ask for feedback on health benefits – and not just about the service quality, and not only during enrollment season. Learning about their consumers' needs throughout the year provides brokers and their employer clients with the information needed to research the latest and greatest benefit options available and be as well-prepared as possible for open enrollment conversations. Whether it's better online care, maternity programs or more modern fitness perks, taking the time to send out surveys and ask for feedback on health benefits is critical to creating health benefit plans that put consumers

first and provide noticeable value.

In addition to getting direct feedback from clients, it's also worth looking into the type of data your benefits partners are gathering to ensure you're offering solutions that reflect those behaviors. At Gravie, by observing the patterns of medical services utilization, and noting the barriers members faced when accessing care, we were able to identify the shortcomings of traditional deductible plan designs and create Comfort – a health plan that provides 100% coverage on most common healthcare services. Your benefit providers are already seeing which services individuals are using the most, and leaning into their data is an easy way to ensure you're providing clients with solutions that will improve their population's health outcomes.

Consumer-centric industries like retail can provide us with a valuable blueprint for how to re-shape the health benefits space to better serve customers. Providing convenient payment options, making the value of benefits solutions obvious and routinely asking for customer feedback are just a few retail practices we can mimic to better serve our customers. When we look at retail and embrace what is working for consumers, we can better understand our own customer expectations and drive strategic innovation that will hit the mark. **CB**



MAREK CIOLKO is co-founder and CEO at Gravie where he is responsible for delivering on the company's mission – to improve the way people purchase and access healthcare –

and leading the team to design and deliver innovative, consumer-focused health benefit solutions.

To learn more about Marek and Gravie, visit **gravie.com**.

Contact Info: **info@gravie.com**



How Voluntary Benefits Like Legal Can Help Steer Employees to Financial Well-being in 2022

BY DENNIS HEALY

CONGRATS! We made it through 2021 — and what a year it was (insert deep breath here)! But as we dive into 2022, employees are not out of the woods yet. Many still face challenges — chief among them, ongoing financial hardship. Prices have increased at record rates for everything from groceries and housing to energy costs and vital healthcare services.

The bottom line is throughout the events of the past year, a substantial share of households across the U.S. have not been adequately protected from financial problems. Let's take a closer look at some of the causes of these money woes — and how you can provide employers with competitive, cost-effective voluntary benefits programs that help their employees better navigate these matters heading into the new year.

Employees and employers alike dealt a triple whammy

As a nation, we can't seem to catch a break on getting ahead. First,

just when it seemed that companies could return to work in some fashion, the COVID-19 Delta variant swept in to disrupt those plans. Then, the alarming "Great Resignation" phenomenon, where a reported 4.4 million employees left their jobs last September, dramatically altered workplace demographics. To top things off, an inflation-induced financial hangover is expected to linger into the second half of this year, weighing on employees' minds as they struggle to pay the bills while remaining focused on their jobs.

The impact of inflation

To learn more about the impact of inflation on employees' lives and finances, I touched base with Cynthia Campbell, Chief Experience Officer at BALANCE. BALANCE is an ARAG® partner and organization based in Concord, California, that provides comprehensive financial counseling and education services.

While the economy has struggled to re-emerge from the shadows of the

pandemic, Campbell notes that many Americans are using their credit limit as their safety net. "As those limits reached their maximum, the payments were growing larger and becoming harder to pay because of reduced household incomes." She adds, "For those who have found employment again, they are able to pay the current month's bills; however, because they were off work and/or sick, they fell behind on some things. Trying to find the 'extra' to make up on the past due amounts is challenging."

Campbell's advice for clients facing these types of financial challenges? She outlines three key areas of focus to help improve your financial wellness, especially in times of inflation:

Start by building up your savings

While most Americans (75%) did report they saved either the same amount or more in 2021 than they did in 2020, today's workers safety net is still being stretched thin. For example, only 39% of Americans have

The bottom line is throughout the events of the past year, a substantial share of households across the U.S. have not been adequately protected from financial problems.

reported being able to afford a \$1,000 emergency expense. During an inflated market, try to “pause” consumption. For example, if you can wait to update the living room furniture until next year, maybe you will not need to pay the 11.2% inflated price on furniture this year.

- Work to improve your credit score. Did it take a hit during the pandemic? Did the balances creep up? Did you get in the habit of only paying the minimum? As you are getting back on your feet, be sure to pay more than the minimum balance – on time – and avoid taking on any additional debt.

- Scrutinize your household budget – as it is right now, not as it was before the pandemic, nor how you hope it will be in the future. That’s another great step to getting back on track.

The struggle is real: retaining and recruiting employees

Meanwhile, medical concerns, rising unemployment and economic uncertainty have culminated into an almost two-year roller coaster ride for employers, with retention ups and downs, swings in recruitment and remote-working stops and starts. According to a recent Willis Towers Watson survey, roughly 73% of employers have reported difficulty attracting workers, and over 60% expected their retention problems to extend into 2022.

Offer voluntary benefits and financial solutions that deliver real value

More and more employers are recognizing the need for employees to take control of their personal finances and the impact on their overall well-being. As a broker, you have a “just-in-time” opportunity to help your clients bolster their voluntary benefits program by offering employees more pathways for increased financial wellness. You can start with these steps

• Discover What’s Hidden in Your Current Benefit Offerings

Part of your solution to help employees improve their financial wellness may be right in front of you. The Consumer Financial Protection Bureau suggests reviewing your clients’ existing human resources programs and employee benefit resources that can be leveraged as part of your financial wellness program. For example, your organization’s financial, banking or life insurance partners may have tools, programs or websites designed for your employees that you may not be fully promoting.

• But Also, Think Outside the Box

Consider what benefits could supplement your existing programs – and help employees get a leg up on the financial wellness ladder. This could include offering benefits like a student loan repayment plan that can help employees eventually break free from college loan debt and focus more on savings goals. An unfortunate reality is that nearly 15 million millennials carry student debt, more than any other generation, meaning employer-sponsored loan assistance is greatly appreciated.

For employees dealing with significant debt or financial issues, a legal insurance plan could also be a valuable asset, providing affordable access to legal counsel that helps them understand their options as well as the short- and long-term implications of their financial decisions. Legal insurance members can also contact a financial counselor for one-on-one advice and take advantage of online financial educational tools and webinars.

• Find Flexible Solutions and Hidden Gems that Support Caregivers

It’s no secret that playing the dual role of employee and caregiver can be taxing

physically, mentally and financially. In fact, 62% of working caregivers sometimes feel overwhelmed by financial stress. And nearly three quarters (72%) of them say they wish their employer offered more flexibility to support caregivers.

This is an opportunity to sit down with your clients for a benefit review to uncover any gaps in their program that may not be adequately addressing caregivers’ needs. Again, look for features and services within a current benefit employers may not be fully promoting to their team. This could include a telehealth option in their medical coverage, financial education opportunities through a retirement plan or a caregiving referral service offered through a legal insurance plan.

By examining these new (and existing) avenues of voluntary benefits, you’ll increase the overall value of your clients’ offerings, which in turn will compel existing employees to seek out more help – and increase their overall satisfaction with their employer. It could also attract potential employees because these essential offerings can help distinguish your clients from competing employers. **CB**



DENNIS HEALY is a member of the ARAG® executive team. Dennis is a passionate advocate for legal insurance because he has seen firsthand how it helps people receive the protection and legal

help they need. He has nearly 30 years of insurance industry experience, with a primary focus on the sale of group voluntary benefit products to employer groups of all sizes through the brokers and consultant community.

PARSING THE ISSUE OF ESG FUNDS IN A 401k

Sustainable investment options are drawing interest, especially from millennials

BY ROBERT C. LAWTON



MANY 401(K) PLAN SPONSORS are considering whether ESG mutual fund investment options belong in their 401(k) plans. The following discussion takes a look at the factors to consider in deciding whether to add ESG funds to a plan.

Are plan sponsors allowed to offer ESG funds?

Many plan sponsors are confused about whether it is even legal to offer ESG funds in their 401(k) plans. A Department of Labor (DoL) ruling late in the Trump presidency appeared to discourage 401(k) plan sponsors from offering funds that considered ESG criteria.

In March of this year, President Joe Biden's Department of Labor advised that it would not enforce the Trump era ESG rule cited above and would eventually issue additional guidance.

Currently, there is no prohibition against offering 401(k) investment options that include ESG elements. The general consensus about the Trump DoL ruling is that it was completely out of touch with what is happening in the marketplace. The feeling is that the Biden DoL will issue guidance that is accepting of ESG investing.

What do ESG, SRI and "sustainable investing" mean?

These terms can be confusing. There are a number of abbreviations that are used to describe investing with a social conscience.

ESG is an abbreviation for environmental, social and governance, the major sustainable investing criteria.

The overall approach of investing with a social conscience is referred to as sustainable investing. The concept of sustainable investing includes a full spectrum of socially responsible investing, or SRI approaches.

The most basic sustainable investing strategy is exclusionary, which seeks to avoid investment in things like tobacco. A middle of the road approach is the inclusion

Studies show that **90%** of millennials want to align their investments with their values.

of ESG factors in the analysis of investment options. The most committed sustainable investing approach is impact investing which seeks to generate a measurable social or environmental impact along with a financial return.

The terms socially responsible investing and sustainable investing are often used interchangeably. They basically mean the same thing: investing with a social conscience. Sustainable investing is the current phrase used most often to describe investing with a social conscience.

Where should my plan start with sustainable investing?

Plan sponsors who wish to wait for the guidance on ESG investing that the Biden DoL will provide don't have to ignore sustainable investing in their 401(k) plans.

An easy way for employers to start discussing sustainable investing with employees is to begin to report the Morningstar Sustainability Rating for each of the mutual funds in their 401(k) plan. Discussion about these ratings can easily be added to your employee education sessions as well. As an advisor, you can obtain the ratings for the funds and provide these for your client.

Three reasons to include ESG funds

I am not going to tell you that your clients or their management teams will become better people by adding ESG funds to their 401(k) plan. Nor will I say that it is the right thing to do or that we all should have a more elevated social conscience. These are the reasons why anyone should consider adding ESG funds:

1. Better performance

That's right, funds that are constructed using ESG criteria have been shown to outperform. These studies have shattered the long-held belief that in order to invest with a social conscience you must sacrifice investment performance. Not true, not anymore.

It's reasonable to ask where the outperformance is coming from. The main ESG factor contributing to outperformance is governance. Those companies that score high on governance end up being better managed and, logically, the best-run companies in any industry generate higher profits.

2. The workforce believes in sustainable investing

Do your clients have any millennials working for them? Studies show that 90% of millennials want to align their investments with their values. In addition, 87% of millennials will analyze an investment's ESG factors before investing in it, while 76% of older millennials believe climate change is a serious threat.

Believe it or not, 77% of millennials say ESG criteria are their top investing priority when considering an investment. And, if a plan offers ESG investments, 90% of plan participants say they will invest in them, according to a recent study.

If a company employs a lot of millennials, it has a workforce that believes in sustainable investing. Offering ESG funds in a 401(k) may not make anyone a better person, but it will result in a workforce placing a higher value on a 401(k) plan.

3. Everyone is doing it

Nobody should manage their lives or their 401(k) plans based upon what everyone else is doing, but you can't ignore what is happening with sustainable investing. Many large corporations have developed social responsibility statements and goals. This is not a trend that is going to fade away.

Anyone who adds ESG funds to a 401(k) plan right now is not an early adopter. If a client waits, their plan may lag the market in terms of plan design. To maintain a leading-edge 401(k) plan, employers should at least begin talking about sustainable investing with employees. **CB**



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Welcome to the Jungle...

Get ready for 2022

BY DAWN M^cFARLAND

I love how this is the song often played to get fans motivated at sporting events. Is it stuck in your head now?
Well, there are worse tunes...

HAPPY NEW YEAR everyone, we survived! The last couple of years have been such a time warp, and 2022 in California will kick off no differently. Legislators come back Jan. 3 and we will see what is next for AB 1400, the current California Single Payer Bill. (BTW – are you a member of CAHU? (cahu.org) Worth every penny of your \$2/day membership fee!)

As I write this in the beginning of December, I can tell you that the CAHU Legislative Team has been diligently working to supply solutions to those investigating a “unified financing” system, AND we are looking forward to sharing some great news with you on January 20 at our Annual Legislative Update Webinar. Members have free access and this time we are allowing NON-members to join us for \$25. Register at www.cahu.org, under the ‘events’ tab.

Before we continue to talk about 2022 year planning, let’s recap 2021. Frankly it felt like 4th Q 2019 never ended and we are in perpetual enrollment/change periods. Let’s take a look...

AEP 2021 – Don’t even get me started on the commercials that have our seniors questioning everything. And this was a tough enough year with the WellCare consolidation, and Anthem PDP migration. Add in the fact that the first two weeks of AEP it’s tough to get an accurate quote because the systems all need to get ‘caught up’. It’s kind of like the first few days after a new haircut – things don’t lay exactly right. Then there was a major carrier quoting foul up that caused many agents to need to re-analyze a large portion of their book. And the big zinger, “Medicare’s Part B monthly premium for 2022 will increase by \$21.60, the largest dollar increase in the health insurance program’s history, the Centers for Medicare & Medicaid Services (CMS) announced on Nov. 12. Standard monthly premiums for Part B will cost \$170.10 in 2022, up from \$148.50 in 2021.”

IFP (Individual and Family Plans) – We have been in “open enrollment” the entire year through Covered CA. American Rescue Plan Act of 2021 (ARPA) increased access to subsidies for higher income earners and this has led to many more people getting help paying their health insurance premiums. That and the 8.5% affordability have also confused many because the “family glitch” still exists – if a spouse in the household has an affordable offering from the employer for them alone, and the family is able to enroll (at full price) they are NOT ELIGIBLE for a subsidy. Hard part there is that they may not find out until tax time 2-3 years down the road and have to pay back the subsidy they received.

In 2021, anyone that received even ONE unemployment check had access to more cost sharing and a monthly premium as low as \$1 for a silver level plan. This ended on December 31, 2021 so be sure your client is paying the new adjusted premium beginning Jan. 1!

Something to note, with the increased income levels eligible for subsidies, employee benefit brokers may see an increased curiosity about Individual Coverage Health Reimbursement Arrangements (ICHRAs) – just another tool

to stay ahead of the game. And that is the perfect transition to...


Employee Benefits – Virgin groups are coming in HOT! Vaccination mandates are yet another thing agents are consulting on. Speaking of vaccines, hybrid workplaces are the new trend. I’ve seen articles that say 86% of workers want to continue working from home. Oh, and let’s not forget the implementation of Broker Commission Disclosure for any group where you earn more than \$1,000 in commission, written after 12/27/2021.

Pro Tip – NAHU used its legal team to create a template form that members can use. Check it out at NAHU.org.

Thanking my lucky stars that IFP commission is reported by the carrier to the client! Aside from the administrative burden, I think this is actually a great way for clients to really learn the value you bring – I’m hearing that the groups are quite surprised that agents don’t make more. But we already knew that right?

If you want to be a part of positive change in our industry, check out the NAHU and CAHU 2022 calendar below and join us when you can. It’s also a good idea to check out your local chapter events calendars too!

- **JANUARY 20TH** – CAHU Legislative Webinar and State Update (ZOOM)
- **FEBRUARY 27- MARCH 2ND** - NAHU Capitol Conference in Washington D.C, with a virtual option.
- **MAY 9 – MAY 11TH** – CAHU Capitol Summit in Sacramento
- **JUNE 25-JUNE 28TH** – NAHU Convention in Austin, TX
- **NAHU Power Hour** – every 4th Wednesday @3:30 pm PST – open to all at no charge, great place to check out one of my favorite member benefits – camaraderie!

As we move from 2021 into 2022 I want to acknowledge the human loss and devastation of the last two years and send wishes that as we move forward we cherish the moments and learn from the behaviors so we can have a positive impact on those around us, which will in turn create a ripple effect. Life is a journey, not a competition. #BeKindToEachOther 



DAWN MCFARLAND

is VP of legislation for CAHU and president of M&M Benefits Solutions in Los Angeles.

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3

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