

CALIFORNIA BROKER



VOLUME 38, NUMBER 1

SERVING CALIFORNIA'S LIFE/HEALTH PROFESSIONALS FINANCIAL PLANNERS

OCTOBER 2019

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- Business written through partnering General Agencies qualifies.
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For a complete list of the program rules go to: rebrand.ly/AgentIncentive2020

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Q4

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2020 Changes to Medicare Medigap Supplement Insurance

By **BONNIE BURNS**

Congress passed a law in 2015 to prevent Medicare beneficiaries from buying Medigap plans that cover the Medicare Part B deductible. The Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) was signed into law on April 16, 2015, with an effective date of January 1, 2020. This change in federal law, prohibiting coverage for the Part B deductible, was to encourage Medicare beneficiaries to have “more skin in the game” and “feel” more of the cost of Medicare covered services to prevent overutilization that increases costs to the Medicare program.

Members of Congress have long believed that people with full Medigap coverage seek excessive amounts of Medicare covered services and disproportionately drive up the cost of Medicare. Therefore, for years they have sought to limit the scale of Medigap coverage or prohibit “first dollar coverage”.

California Health Advocates (CHA) has for decades represented consumers in national discussions on this and other Medigap issues. We have consistently opposed the idea of beneficiaries needing “more skin in the game.” While there is some evidence that people with Medigap may have higher medical expenses as a group, that position ignores other evidence pointing to the reasons why people either stay in Original Medicare with a Medigap or switch from Medicare Advantage plans when they develop a serious illness or medical condition. Beneficiaries are often frustrated by plan limitations and restrictions when seeking care tailored to their own medical condition and needs. In addition, out of pocket expenses may exceed the annual cost of a Medigap that offers a budgeted monthly expense in return for no surprise medical bills or out of pocket costs.

Despite decades of advocacy on this issue on the part of CHA and other consumer groups, MACRA was passed and the prohibition of coverage for the Part B deductible takes effect on January 1, 2020. As a result of this change in federal law the National Association of Insurance Commissioners (NAIC) incorporated the federal changes into the NAIC Model Regulation for Medicare Supplement Insurance (Medigap) to assist states in making changes to their laws or rules to comply with MACRA. States that fail to change their laws or rules will lose regulatory authority over the Medigaps sold in their state.

While many agents and producers are aware of this change in federal law, there is much confusion and misinformation about how this change will work and how it will be implemented.

Spreading the word

The change itself is relatively simple, yet it raised a host of technical issues for states, companies, and brokers. Those issues had to be addressed in the NAIC Model Regulation that is subsequently used to help each state modify its rules. To help clarify the implementation of these changes for states, the NAIC created an FAQ, a bulletin for consumers, and a bulletin for agents and brokers to explain the implementation of the federal law and to ensure that agents and brokers have correct information and are aware of penalties for errors in explaining these changes.

Simple, but confusing

The change is a simple one; people who have their 65th birthday, or who otherwise become eligible for Medicare on or after January 1, 2020, can't buy existing Medigap plans C, F or high deductible F, because each of those plans pays benefits for the Part B deductible. Thus, beginning in 2020, individuals who have their 65th birthday, or who qualify for Medicare because of disability or disease, are defined as a “newly eligible” regardless of whether that individual enrolled in Medicare at the time of their initial eligibility or later. Newly eligible beneficiaries in 2020 can buy Medigap plans D, G, or high deductible G instead of plans C, F, or high deductible F because none of those Medigap plans pay benefits for expenses applied to the Part B deductible.

Beginning in 2020, the bright line for those who are subject to this prohibition is based solely on the date of their 65th birthday, or the date of their Medicare eligibility due to disease or disability.

Who can buy what

Anyone who was previously eligible for Medicare because their 65th birthday occurred before 1/1/20 can still buy Medigap plans C, F or high deductible F whenever they are eligible to

make that choice; either during their initial enrollment or following any guaranteed issue event under federal or state law.

65 or Older and Delayed Enrollment in Medicare:

1) An individual whose 65th birthday is on December 31, 2019 or earlier is NOT a newly eligible beneficiary; regardless of whether they enroll in Medicare or delay enrollment while covered under an employer sponsored health plan. This individual can buy Medigap Plans C, F or high deductible F, along with any other Medigap available during their Initial Enrollment Period (IEP) when they sign up for Medicare Part B or during any guaranteed issue period described in federal or state law.

2) An individual whose 65th birthday is on or after January 1, 2020 is a newly eligible beneficiary and can't ever buy Medigap plans C, F, or high deductible F, regardless of when they subsequently enroll in Medicare. Their choices can include any available Medigap plans except plans C, F, and high deductible F during their Initial Enrollment Period (IEP), or during any guaranteed issue period described in federal or state law.

Federal law does not require companies to provide Medigap coverage to Medicare beneficiaries who are younger than 65 years old. However, more than 30 states, including California, have enacted laws that require availability of at least one Medigap when a younger beneficiary becomes eligible for Medicare. Each state has different rules for issuing coverage to these younger beneficiaries. Some states include younger beneficiaries with renal failure, or end stage renal disease (ESRD), while others like California exclude them from a right to buy a Medigap. Some states may restrict premiums that can be charged to younger beneficiaries, others may not. California, for instance, allows companies to create different premium rates for younger beneficiaries.

Delayed Notice of Eligibility for Medicare:

1) When an individual is approved for Social Security Disability Income (SSDI), they may be awarded retroactive SSDI benefits and become immediately eligible for Medicare, depending on the length of the retroactive date of eligibility for SSDI. If an individual's Medicare eligibility begins no later than December 31, 2019, then that individual will NOT be a newly eligible beneficiary and can potentially buy Medigap Plans C, F, or high deductible F if state law allows, along with any other Medigap they may be entitled to buy under state law.

2) When an individual is approved for Social Security Disability Income and is awarded retroactive SSDI benefits, and their Medicare eligibility date begins on or after January 1,

2020, that individual IS a newly eligible beneficiary and can't ever buy Medigap Plans C, F, or high deductible F. Instead they might be able to buy Medigap plans D, G, or high deductible G if state law allows; or any other Medigap they may be entitled to buy under state law.

In California for instance, a younger beneficiary first signing up for Part B can buy A, B, C, F, high deductible F, or M or N, or K or L if an insurer offers those plans. Beginning in 2020, C, F, and high deductible F will be replaced by D, G, and high deductible G for those beneficiaries who are newly eligible on or after January 1, 2020.

Federal law requires companies actively selling Medigap in a state to make Medigap plans C or F available. That federal requirement has not changed. Anyone whose 65th birthday, or whose Medicare eligibility occurred prior to 1/1/20, can still buy Medigap plan C or F if they are otherwise eligible to do so, during their Initial Enrollment Period (IEP), or as a result of any guaranteed issue event under federal or state law.

Beware of false statements about withdrawing plans

Because newly eligible beneficiaries can't ever buy C, F, or high deductible F beginning in 2020, there is speculation that companies will stop selling these plans. Since the requirement to make plans C or F available didn't change in federal law, and some beneficiaries remain eligible to buy them, those plans can't be withdrawn from the marketplace and insurers can't close those blocks of business. The NAIC Producer Bulletin makes clear that it is a false statement to suggest that these plans will be withdrawn from the marketplace, and a clear violation of existing laws.

It's too early to predict how this federal change will affect premium rates over time. The NAIC Producer Bulletin makes clear that making misleading statements, or speculating about death spirals and/or rapidly increasing premiums due to the federal change are clear violations of Medicare Supplement insurance laws, and actionable under state laws.

Agents and producers are encouraged to carefully review the three NAIC documents mentioned below to make certain they understand the rules related to this federal change. Agents and brokers are expected to know the rules in all the states where they market and sell Medigap to Medicare beneficiaries of any age. Request copies from NAIC.

Bonnie Burns is a training and policy specialist consultant for California Health Advocates, a nonprofit organization working on education and advocacy efforts on behalf of Medicare beneficiaries and the pre-retirement population in California. Burns is a consumer advocate with more than two decades of experience working with county and state counseling programs. She assists seniors with Medicare, Medicare supplemental insurance and long-term care insurance. She can be reached at: bburns@cahealthadvocates.org.



Dickerson's Tony Lee Receives the National African American Insurance Association 2019 Agent/Broker Leadership Award

Congrats goes to Tony Lee, managing partner for L.A.'s Dickerson Insurance Services, an Alera Group Company. Lee was selected by the Board of the National African American Insurance Association (NAAIA) to receive the 2019 Agent/Broker Leadership Award.

The Agent/Broker Leadership Excellence Award recognizes an African-American insurance agent or broker who has demonstrated business success, significant and positive impact upon the industry and the community served.

Lee has been with Dickerson Insurance Services since 1997. Before its acquisition by Alera Group, Dickerson was the largest African-American owned brokerage firm in the U.S. Serving as CEO since 2004, Lee, with his partners Carl Dickerson and Michael Wolff grew the firm from \$10 million to more than \$30 million.

Ease Partners with The Standard

Ease, an HR and benefits software provider for small businesses, insurance brokers and insurance carriers, announced a new partnership with The Standard. The partnership aims to make it easier for brokers and employers to offer and manage The Standard's dental, vision, disability, life, AD&D and supplemental plans. With this connection, The Standard will become Ease's newest EaseConnect+ partner, allowing brokers to safely and securely submit enrollment data directly to The Standard. Additionally, Ease will fully setup and maintain this connection for brokers.

L.A. Care, Blue Shield Team Up

Some L.A. communities will be happy to hear this news: L.A. Care Health Plan and Blue Shield of California Promise Health Plan announced this week that they will jointly operate 14 new and existing community resource centers throughout Los Angeles county. The joint operation is part of a \$146 million investment from both insurers over a five-year period with each group investing \$73 million. A collab between competitors is seen as unique, but it also makes sense: Blue Shield Promise contracts with L.A. Care to offer Medi-Cal in the state.

CVS-Aetna Clears Last Hurdle, Not Without Critics

We forgive you if you thought this was already a done deal, but nope it wasn't. And now it is: the CVS-Aetna union is official. A federal judge last week formally approved CVS Health's nearly \$70 billion takeover of Aetna. This was the last hurdle, folks. U.S. District Judge Richard Leon approved the merger and said in his ruling that those challenging the union weren't able to demonstrate that the merger would result in CVS gaining the ability to steer patients away from their current providers. The American Medical Association, one of the groups opposing the merger, had harsh words for the merger. AMA President Patricia Harris said the decision fails patients and will likely raise prices, lower quality, reduce choice and stifle innovation.

MA Plans Delivered on Care Despite Payment Decreases

Before the Affordable Care Act, Medicare Advantage plans received payments of up to 114 percent traditional Medicare spending. The ACA reduced payments. In 2019, Medicare payments to Medicare Advantage plans (including bonus payments) are roughly equal to the per capita costs in traditional Medicare, 100.4 percent, on average, according to the Medicare Payment Advisory Commission. Contrary to the negative predictions because of the ACA-inspired reductions, Medicare Advantage beneficiaries' access to care and health plan affordability did not change between 2009 to 2017. That's according to a recent study published in the American Journal of Managed Care. In fact, researchers found that MA plans reduced costs without diminishing healthcare access or affordability for enrollees. In California, about 40 percent of Medicare enrollees have an MA plan. Nationwide, UnitedHealthcare and Humana together account for 44% of enrollment in 2019.

BETA Summit Illuminates Benefits Industry Tech

BY LEILA MORRIS LAVIZADEH

Brokers from all over California converged on Irvine recently to experience the first-ever BETA Health Benefits and Technology Summit. A fluorescent green hologram, hovering above the registration desk, was the first hint that BETA was no ordinary insurance conference. The hall teemed with brokers, carrier representatives and tech pros.

Meanwhile, just around the corner, live interviews took place in front of an oversized neon sign that read, "Coffee with Carriers" (LISI's A-list carrier video interview series). A camera crew captured video and audio excerpts from BETA first-timers.

Although totally exciting, BETA had a serious tone—technology is coming for this marketplace and brokers must unite to shape the future of the industry. A wide array of speakers presented broker-friendly solutions to help compete against the growing market of tech-centric competitors.

Here's What You Missed

Ernie Harris, founder & consultant, Interesting Blazer said, "If you are not offering our 2-50 segment onboarding, online enrollment, and a mobile app...every other broker out there is signing up these guys." The good news: tech is everywhere, and it's getting cheaper every day.

"There is immense urgency to be fully digital...Competitors are trained to convince your clients that you cannot compete with Ease's integrated technology," warned Robert Chamberlain, senior manager, GA channel sales & alliance, Ease. "Formidable competition is coming from payroll companies and PEOs. The next five years will bring a dramatic shift in how benefits are managed." Chamberlain also noted that the Ease integration with Heartland Payroll and the LISI partnership provides brokers with a distinctive advantage and a completely integrated solution.

Lisa Collins, director of PrimePay's broker concierge services said, "Brokers must get involved with technology to remain relevant...For those who have been resistant to adopt technology, your number one competition is yourself with inaction and not letting go of old habits."

During his time on the carrier panel, Jack Lyons, regional vice president, sales, Anthem Blue Cross said that it wasn't long ago when Anthem was a 100% paper-driven organization, but the ACA demanded change in the market. Today, 80% to 85% of Anthem's new membership eligibility is done through API. Brokers can now track groups when and where they are in the application and approval process. "That technology would not have made its way to the market without the partnership of LISI. They were one of the first to bring resources and time together. For a clean complete case, we can review it and activate it in 24 hours."

Lyons also previewed Anthem's digital-first benefit plan design that will be available in the coming months. Members will have access to the following through their devices:

- An AI-driven symptom checker
- A transparent healthcare marketplace with upfront pricing
- A provider finder and scheduler
- Real-time provider payment capabilities

Tim Rhatigan, senior vice president of UnitedHealthcare and Tom Marshall, area vice president of Blue Shield of California both said that their companies have made and are making major investments in technology to improve access to care and bring down costs.

Adam Mathis, senior vice president, benefits division, AmWins Group Inc. said the acquisition of LISI and CoPower will offer GA services that include an expanded array of products including stop-loss insurance for self-funded groups. He assured brokers that the existing Regional Sales Managers and leadership are an integral part of the AmWINS benefits vision "LISI and CoPower leaders are working every single day to support you and your clients' needs. That is not going to change...We will continue to build out our support and infrastructure in this space...We are investing heavily in technology across our national GA footprint to help you compete... Our core belief is that brokers and consultants are here to serve the insurance distribution channel and provide consulting to their employer groups. Those are things that Zenefits, Gusto, and Namely can't do," he said.

Broker Marketing Strategies

Brokers also got useful tips on digital marketing from Jeff Grocky, LISI Marketing Director:

Three strategies to create your best marketing mix:

1. Outbound marketing pushes products and services on customers. It promotes brand awareness but is not always trackable or reliable
2. Inbound marketing involves creating content to earn people's interest. It reaches a larger audience and offers better brand recognition
3. Account-based marketing precisely targets a smaller group of high value leads and can deliver the best ROI for a niche market like health benefits or property and casualty insurance

When it comes to search engine marketing (SEM), the fundamental goal is to provide relevant and engaging content –it's the only way to future-proof your marketing strategy.

Make your social media content more visible by using hashtags and linking to relevant content on your site. It's important to stay true to your keyword strategy across all of your digital efforts.

Denise Colón, LISI director of carrier & sales re-

lations, and Cristian Pelligrini, senior director of software engineering, demonstrated how brokers can use DASH to submit their cases and track them through every phase of the application and approval process.

The consensus of the presenters is that brokers can protect their business and thrive, but only if they act soon to embrace technology that improves the benefits experience for employers and members.

Leila Morris Lavizadeh is marketing copywriter for LISI. She was formerly senior editor of California Broker Magazine. For more information, visit lisibroker.com.

It's Colombia!

In the Sept. issue of Cal Broker we ran a story about kidnap and ransom insurance that mentioned a South American country. Thank you Robert Marciales, an agent for more than 25 years and a native of that country: Colombia. Robert pointed out that we misspelled the country's name. It's NOT Columbia (as in District of or British). Of course, it's Colombia! We love careful readers. Thank you again, Robert.

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Student Loan Repayment

Why repayment assistance is an essential benefit

By DENNIS CASH

There is one thing we know for sure: More and more employees are entering the workforce with student loan debt. The Federal Reserve reports that more than 44 million American adults owe \$1.5 trillion in student loans. Another \$1.27 trillion in new student loans will be added by 2028.

Employees are looking for employers who will help them pay off their debt. In return, they're willing to commit to their employer for several years. So this makes student loan repayment an essential benefit.

The facts about student loan debt In business surveys, employers report that helping employees repay student loan debt is not a priority or an issue of significant concern to workers. But national statistics and news reports tell another story. Consider these five facts:

1. Millennials, on average, owe \$35,000 in student loans.
2. Three in 10 millennials have less than \$1,000 in personal savings; 24% have no personal savings.
3. By 2025, millennials will comprise 75% of the workforce.
4. Among 2018 college graduates, 69% had student loans.
5. Employees ages 40 and older also have extensive student loan debts. And workers into their 60s owe nearly \$229 billion for college loans, or about \$33,000 each. They've taken out loans to pursue graduate degrees, get additional training, or to assist kids and grandkids in earning college degrees.

Helping employees pay off debt has definite advantages for employers and employees.

Compete for top talent with loan repayment programs

Every employer wants the best, most talented employees they can hire. But the competition for employees is fierce, especially for younger professionals who want jobs that fit their life and professional goals.

Employers need an innovative strategy to be competitive in attracting and keeping great workers. But it doesn't have to be complicated. Employers need to know what employees want and offer the benefits and perks they value the most.

Employees want medical and voluntary dental and vision insurance. But they also want a benefit that few employers offer: help to repay their student loans.

One study showed that 52% of employees were attracted to a job if the employer offered to assist them in repaying their student loans. Prospective workers said this benefit was more important than many other traditional benefits and perks.

Loan programs encourage loyalty. Research shows that 86% of employees with student loan debts would commit to a company for five years if their employer provided repayment assistance. Many will stay longer because paying off student loans can take employees 20 years or longer.

In most industries, the employee turnover rate is 12 to 15%. However, in specialized fields, the turnover rate can exceed 20%. When employees leave, recruitment experts say it costs employers 33% of the worker's annual salary to hire a replacement. On average, that's about \$15,000 per person for an employee earning a median salary of \$45,000 a year.

Employers who spend less money

replacing employees can invest in employee development and also contribute more toward helping employees repay student loans.

Increases diversity

Prospective job applicants with student loans are actively looking for employers who provide student loan repayment assistance. And employers offering this benefit are finding that they attract an increased pool of talented, diversified workers. Few other employee benefits provide such strong interest in open positions. It's especially valuable for businesses seeking workers for specific skilled positions. For example, many critical positions in the healthcare industry require certifications, licenses and/or degrees.

Enhances productivity

Employees are anxious about finances. They spend hours during the workday, wondering how to meet financial commitments. Over 40% of people who earned bachelor's degrees report having high or very high emotional and financial stress.

Workers with student loans say that getting help repaying their loans would ease their stress so they can focus on their job. And employees who are satisfied at work tend to become more engaged and involved in the success of the business.

Keeps employees from defaulting on loans

Nationally, the default rate on student loans is increasing. Last year the student loan delinquencies were over \$166 billion.

Missed payments can affect people's credit scores for years. And

(CONTINUED ON PAGE 39)

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LIFE

Life Settlements: An Effective Tool for Longevity Planning

By **SCOTT THOMAS AND JEFF HALLMAN**

Seniors in the early years of retirement are faced with a new reality: They may actually live longer than they had expected thanks to advances in health care and medical treatment. While living longer is good news for most seniors, many worry whether they can make their retirement savings last for more years than they spent working.

Insurance and financial advisors are taking note of their clients' angst regarding longevity planning. In some instances, advisors are recommending life settlements as part of the solution to help their clients leverage their financial resources for maximum impact.

Financial goals change as clients age

The pace at which clients are advancing into their retirement years is forcing some advisors to modify their thinking. With one American turning 73 every seven seconds, coaching clients in this age bracket requires deep insight into their changing financial priorities and current state of mind.

Today, a client in their 70's may be primarily concerned with planning for their long-term care to avoid becoming a burden on loved ones. But 20 years earlier, that same client's financial priority might have been to carry large amounts of life insurance coverage to maintain financial stability for family members in the event of his death.

As circumstances change and the senior's financial planning objectives shift from providing for others to providing for themselves, more seniors recognize that selling obsolete policies makes economic sense.

As circumstances change and the senior's financial planning objectives shift from providing for others to providing for themselves, more seniors recognize that selling obsolete policies makes economic sense.

Life settlement transactions provide insight

For agents and advisors who are looking to evolve their coaching strategies to meet the financial longevity challenges of aging clients, it helps to have unique insight into the financial objectives that motivate seniors to sell obsolete policies.

Based on a recent review of the life settlement cases brokered by Asset Life Settlements, many retired seniors were motivated to sell their life insurance policies in order to achieve the following priorities:

- Fund long-term care and medical expenses
- Enhance retirement lifestyle
- Pay off debt
- Purchase an annuity
- Provide a cash legacy for loved ones or charitable causes
- Maximize current assets/investments; grow existing wealth
- Reduce or eliminate unnecessary expenses

As noted above, the top reasons seniors sell policies are to pay for long-term care and medical expenses. Also cited as top priorities are enhancing lifestyle, paying off debt, purchasing annuities, and providing cash legacies.

Case in point: Life settlement for early stage Alzheimer's

Advisors recognize that longevity also means the potential for a client to develop a degenerative illness such as dementia which typically incurs higher costs in the form of residential care.

We recently brokered a life settlement for a 65 year old woman who had been diagnosed with early stage Alzheimer's. Her financial advisor contacted us and explained that the family's financial objective was to identify an immediate source of funds

for her possible future treatment in a quality memory care unit because her condition was advancing rapidly.

In the process of reviewing her financial resources, the advisor noted that she owned a \$400,000 term life insurance policy that was no longer needed. Although she and her husband had been planning to let the policy expire at the end of its term, the advisor recommended converting it to a Universal Life policy and then selling the policy in the secondary market. The proceeds could then be used to supplement her existing cash assets to pay for her future residential care.

We submitted the case to 11 secondary market buyers and received only three offers. The case presented a challenge to buyers due to the insured's young age and life expectancy. But in the end, the family agreed to accept an offer for \$80,000. Considering that the alternative was to let the policy expire at the end of its term and receive zero cash, the family was grateful to have an additional source of funds to help pay for her future care. While the financial advisor who handled the case received a commission on the term life conversion, he refused to accept any commission on the life settlement so he could maximize the cash proceeds that went to his client.

Maximizing current assets is critical to longevity planning

Aside from selling policies to pay for medical expenses, long-term care and the other reasons listed above, some seniors have cited more unique factors – such as using the proceeds from a life settlement to maximize current portfolio assets, purchase new investments, and reduce monthly expenses.

Financial advisors recognize that a senior client's greatest fear is outliving his/her retirement savings. Their clients are looking to them to maximize and grow their existing assets.

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Rather than allow costly premiums to drain the liquidity in the senior's estate or letting the policy lapse, it makes sense to optimize and monetize the asset value of the policy by selling it in the secondary market for the highest possible amount.

A recent study by a major financial services firm revealed that 44% of advisors expect that longer client life spans will significantly impact their businesses over the next decade.

Helping senior clients achieve their fiscal fitness goals sometimes requires thinking outside the box. Maximizing the value of the policy often requires selling the dormant asset in the secondary market and repurposing the cash proceeds in a manner that can generate more wealth and provide greater financial leverage.

For seniors burdened by premium payments for policies they no longer need, their unwanted life insurance policy has ceased to be an asset and has instead become a liability. Rather than allow costly premiums to drain the liquidity in the senior's estate or letting the policy lapse, it makes sense to optimize and monetize the asset value of the policy by selling it in the secondary market for the highest possible amount.

Depending on the size of the death benefit and the insured's life expectancy, the proceeds from a life settlement can result in a substantial cash windfall for the senior and provide additional liquidity to create financial leverage.

Recent market data indicates the average face value of policies sold in the secondary market is approximately \$1 million, and that the average settlement value (lump sum payment to the seller) is approximately \$250,000. Other market data describes the average paid to sellers based on the amount beyond the policy's cash surrender value. According to the Life Insurance Settlement Association (LISA) and a survey conducted by the U.S. Government Accountability Office (GAO), policy owners in the U.S. received 4-8 times more than the policy cash surrender values from life settlements during the period from 2006-2009.

Irrespective of the methods used to calculate the average amount paid out to policy sellers in a life settlement, the message is clear and powerful. Selling an unwanted life

insurance policy and investing the proceeds can be a smart financial move when the circumstances fit.

Some wealthier seniors who already have sufficient financial resources to meet their financial goals are using the proceeds from life settlements in more creative and speculative ways. For example, one of our senior clients used the cash windfall from his life settlement to purchase investments in digital currencies.

Reducing expenses is an important longevity goal for many seniors

For many seniors, maintaining a policy that has outlived its relevance makes little sense. Once the children are grown or the business is sold and the income protection is no longer needed, many policy owners discover that they are better off selling an unwanted policy and using the proceeds in ways that are more relevant to their current needs.

The added consequence of selling an unwanted policy is the fact that it helps the senior "reduce expenses" by eliminating costly premiums that have become a drain on the insured's budget. This is especially true for those owning Universal Life policies where recently their annual premiums spiked dramatically due to increases in the cost of insurance (COI).

But selling the policy does not always mean foregoing death benefit coverage altogether. Some seniors achieve their goal to reduce their premium expenses by selling only a portion of the policy. This type of life settlement transaction is known as a "life settlement with retained death benefit" (RDB).

We've negotiated many RDB life settlement transactions where the policy sellers have maintained a more appropriate (reduced) level of death benefit coverage while also eliminating annual premium payments altogether. In some cases, the seniors were able to (1) free themselves



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It's important for seniors and their advisors to know that selling a policy for the highest possible amount in the secondary market requires a broker.

of costly premiums, (2) retain a more appropriate level of coverage without any future premiums, and (3) also walk away with a cash windfall.

Selling with confidence: Using a broker is essential

The GAO report mentioned above cited a number of challenges that need to be addressed as the industry moves forward. One of those challenges involves knowing how to receive the highest possible value when selling a policy. According to the following excerpt from the GAO report: "Life settlements can provide policy owners with a valuable option ...but policy owners can face challenges in assessing whether they are being offered a fair price for their policy."

It's important for seniors and their advisors to know that selling a policy for the highest possible amount in the secondary market requires a broker. While providers (buyers of policies) may offer to purchase a policy from the senior in a direct transaction, the downside is that the policy seller (senior) will never know whether the amount offered by that one provider is the highest possible value the market (other buyers) will offer. That's why it's important to use a licensed experienced life settlement broker, such as Asset Life Settlements, who negotiates with the industry's top funding sources to receive multiple offers from buyers competing for the purchase of a policy.

One final note about why using a broker is essential. Many policy sellers may not know that a life settlement broker has a fiduciary duty by law to represent the policy seller in negotiating with providers (policy buyers) for the highest possible offer for the seller's policy. On the other hand, providers are not required to demonstrate a fiduciary duty to the seller. Their primary mission is to purchase policies for as little as possible.

Advisors create value for their senior clients

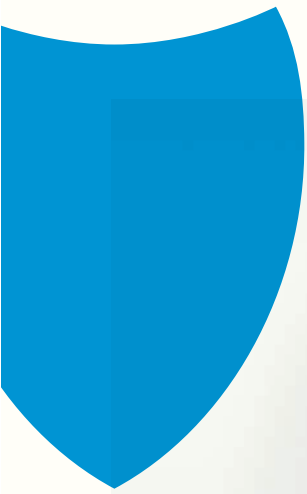
Broadening awareness is key to helping our aging population uncover a hidden solution to achieving financial wellness as they live longer. Unfortunately, many seniors are still not aware of the existence of the secondary market for unwanted policies and each year life insurance lapses by seniors over the age of 65 total more than \$100 billion face value.

The good news is that a growing number of financial professionals, estate attorneys and CPAs are creating value for their senior clients by recommending life settlements when it appears to be in the client's best interests. In addition, some states have begun enacting consumer disclosure laws requiring carriers to inform policy owners who may be planning to surrender or lapse a policy about their options, including selling an unwanted policy in the secondary market.

We are happy to be a resource to advisors and/or their clients for any questions you might have about life settlements.

Scott Thomas is co-founder and managing partner of Asset Life Settlements, LLC. As one of the industry's most experienced life settlement professionals, Scott is sought after for his ability to handle complex life settlement transactions and his collaborative approach in helping estate attorneys, CPAs and financial advisors achieve their clients' financial objectives. He can be reached at 407-413-8661 or by email at sthomas@alsettlements.com.

Jeff Hallman is co-founder and managing partner of Asset Life Settlements, LLC. With more than 20 years experience in the industry, Jeff is known for his negotiating skills and his ability to leverage the working relationships that he has built over the years with the industry's top institutional funding sources to obtain the highest offer for each client's case. He can be reached at 407-413-8660, or by email at jhallman@alsettlements.com.



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¹ Plan F Extra will only be available to applicants who attain age 65 or first become eligible for Medicare benefits due to disability before January 1, 2020.

² Blue Shield of California actuarial estimate of extra benefits assuming maximum coverage over the course of 2020 for Blue Shield Medicare Supplement Plan G Extra.

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AHU'S SIXTH ANNUAL SENIOR SUMMIT

Attracts Nearly 1,000 Visitors

By LINDA HUBBARD LALANDE



Cal Broker raffle winner, Cathy Montoya of RH Benefits Insurance Services, was really happy about the win since she was the last to enter the raffle.

On August 28 and 29 nearly a thousand health insurance professionals attended the Association of Health Underwriters (AHU) sixth Annual Senior Summit at Pechanga Resort in Temecula, Calif. The largest gathering of its type in Southern California, the annual summit is hosted by local chapters of Inland Empire, Orange County and San Diego. It was well attended by major carriers, agents, brokers and other industry experts. It's the biggest gathering of Medicare agents and agencies in California. From getting certification hours, to learning about new product rollouts, this is a one-stop shop to get the latest information on Medicare and the Senior market in 2020.



Darius Neilly, project manager Medicare Marketing and Sales Support, AGA hosts a booth for the largest Medicare-focused field marketing organization (FMO) in the nation. "We are here to bend the ear of major carriers to get them to work with us to help their agents," said Neilly. "This conference attracts our target audience. We get time to put a face to a name, one on one, and discuss how we can help."



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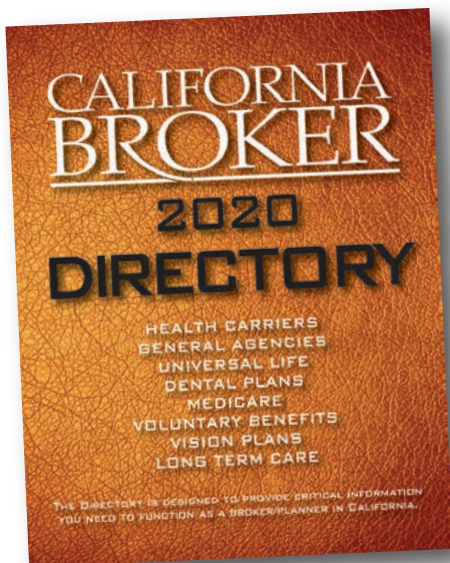
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BACK TO BASICS
PREPARING FOR THE FUTURE



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BECOME AN ENROLLMENT HERO

*Using Technology,
Targeted Communications and
Smart Personalization*

By MICHAEL ESTEP

The digital age of benefits has arrived. Employees now look to their employers to provide an enrollment experience that mirrors their daily consumer habits. With companies exposed to more human capital management technology than ever before, employers are adopting HR technology to meet the needs of their employees who seek a more personalized and easier-to-navigate interaction with their employee benefits. This is especially relevant during annual enrollment periods when the employees' experience can directly impact overall satisfaction with a company. For example, a recent Guardian study found that 75% of employees who had a very positive enrollment experience were more likely to stay with their current employer for at least five years compared to those with a negative enrollment experience.

To meet the needs of today's workforce, many employers are allocating more of their budget to benefits technology, and they are turning to their brokers for insights and guidance. Brokers now play a key role in advising clients on the use of benefits technology, which requires them to stay up-to-date on the latest offerings, as well as counseling employers on how to personalize their benefit offerings.

Digital technology consultant

Today's workforce wants an employee benefits 'shopping' experience that mirrors how they make online purchases, and employers are responding. According to the Fifth Annual Guardian Workplace Benefits Study, Game-Changer: The Digitalization of Employee Benefits Delivery, more than 40% of all employers say expanding their use of technology will be among their top benefits strategies in the next five years. This

There is a tremendous opportunity for brokers to not only talk to their existing and potential clients about the value of benefits technology but to establish themselves as a trusted professional on the topic.

has led a majority of employers to increase their spending on benefits-related technology, with about 50% of businesses anticipating further increases in the next three years.

While the rapid expansion of benefits technology allows employers to meet their employees' needs, it can also lead to confusion about which vendors and capabilities are the best fit for a company. There is a tremendous opportunity for brokers to not only talk to their existing and potential clients about the value of benefits technology but to establish themselves as a trusted professional on the topic. Employers that use their broker more strategically tend to place a greater emphasis on improving employee well-being and incorporate more technology solutions.

Smart personalization and relevant communications can lead to 'noiseless' enrollment

While competitive pay certainly still influences an employee's decision to join and stay with a company, Guardian's "What Employees Want" study reports that 70% of respondents say they're more likely to be loyal to a company that offers employee benefits that are personalized to their needs. Employers are responding by providing their employees with tailored benefits that include a suite of voluntary benefits, student loan debt support and mental health benefits, among others. The study also found that employees are looking for an omni-channel approach to benefits communications through expert advice, digital support on mobile apps, decisioning tools, one-on-one expert guidance and short educational videos.

Providing employees with mobile tools and personalized advice has helped many companies experience a "noiseless enrollment," meaning a significant reduction in employee



questions about the enrollment process and their benefits options. It's no secret that benefits are complex, so the majority of questions from employees are driven by not fully understanding what benefits are available to them and how they can help bridge financial gaps. In fact, recent surveys indicate most employees do not fully understand the benefits offered to them. The average score on Guardian's 2019 Employee Benefits I.Q. Quiz was 68%. Among millennials, scores were lowest, with 1 in 4 failing the quiz.

Simplified communications

Poor understanding of their benefits can become overwhelming for many and lead to frustration and confusion during open enrollment. In a recent Guardian study, when asked what would help the most when learning about and enrolling in their company's employee benefits, workers' top suggestions were:

- Less insurance jargon and simpler explanations about how their benefits work and what needs they address
- Personalized information and recommendations tailored for their specific age, life stage, lifestyle or financial situation
- Access to expert guidance, such as an adviser or benefits specialist, to answer questions and validate decisions during the employee benefits selection process
- Online support including tools, navigation, and interactive media to more effectively educate and engage employees throughout the enrollment process.

At Guardian, we took these market insights and created highly tailored tools designed to make enrollment easier to understand and empower employees to make informed benefit choices. We deliver these resources to brokers, who

work directly with their clients on the best way to make these available to their workforce during open enrollment. These tools are designed to unburden the broker from developing tailored communications and provide employees with recommended voluntary benefits that best fit their individual needs. A data-driven pre-enrollment analysis helps identify the best benefit recommendations based on each individual's personal needs. These recommendations are delivered via real-time chat, email, etc., so by the time an employee is able to make their enrollment selections, they feel educated about their options.

Job satisfaction = loyalty

Listening to and addressing employee needs helps drive greater job satisfaction. When an employee is satisfied with their job, they are likely to stay at a company longer. These are exciting times in our industry. With new technology options and an abundance of consumer data and insights, brokers have a wealth of information to be the "enrollment hero" their clients need. Annual enrollment has become an important aspect to an employee's overall satisfaction with their company, and it can be one of the factors in determining if they want to stay long-term or seek employment elsewhere.

The enrollment experience can be a vital opportunity for brokers to partner with their clients to help employees make important, informed decisions that could improve employee morale and impact their immediate and long-term future with the company.

Michael Estep is vice president group products and worksite leader at The Guardian Life Insurance Company of America.

JUST FOR FUN: HERE'S WHAT THE STARS HOLD

By GAHL EDEN SASSON

A recent story in FastCompany concluded that astrology has officially entered the workforce. Apparently it's the new rage!? Well, all we can say is that the stars must've aligned because we connected with renowned astrologer Gahl Eden Sasson. We thought you might be interested in what Sasson says the industry should watch for in the near future.

Mercury Retrograde—The Trickster Oct 31-Nov 20

Mercury is the trickster. Even when he is cruising direct through the heavens, he likes to pull practical jokes. I always thought that this was his compensation for delivering messages. When Mercury is retrograde, his tricks and ruses go to the next level. Of course, Mercury does not really retrograde, but from an earthly vantage point, Mercury does look as if he is going backwards three or four times a year for about three weeks.

Mercury, the messenger of the gods and goddesses, represents the archetype of communication, connections, computers, emails, texts, messages, directions, information, data, cables, Wi-Fi, the nervous system, and breathing. During Mercury retrograde, all these aspects of life are reversed, malfunctioning. Error messages, delays, accidents, mishaps, misspelling and glitches plague the earth.

During Mercury retrograde, it is not recommended to start new long-term projects, sign documents, make large purchases, get married, start marketing campaigns, publish, inaugurate locations or homes, or release new products. Communications of all sorts are slower and more challenging. Computers crash; stock markets turn volatile; flights are delayed; traffic is worse than usual; accidents occur more often; and Murphy's Law takes hold of all aspects of our lives. If you need to fly during Mercury retrograde, make sure you do your online check-in and allow more time to reach the airport. Try to avoid overscheduling yourself or being overly critical and demanding. Also pay attention to your diet and food intake.

If you must start a new project, be as mindful as you can. Pay attention to small details and read in-between the lines if you must sign a document. Rewrite your emails; edit your texts; and think before you speak or post. In fact, it is better if you spend more time listening than talking. Life does not come to a halt during Mercury retrograde. You can still achieve a great deal during his retrograde. It is like going on a vacation in Sweden in the winter: It can still be fun, just make sure you take a coat. However, Mercury retrograde is a great time to edit, redo, reexamine yourself and your path, revisit old projects, and find lost objects. Try to focus on activities that have the prefix re—reevaluate, reedit, redo, reexamine, reconnect, regenerate, revisit, re-imagine, etc.

The last Mercury Retrograde for 2019 takes place in Scorpio (the sign of insurance, taxes, investments) between Halloween (Oct 31) to Nov 20. So yes, for the insurance industry it will be a chaotic time. There will be many back and forths, misunderstandings, mistakes, changes of heart/mind, confusion and glitches with web sites and enrollment. Please do as much coordination and preparations beforehand to limit the damage that Mercury Retrograde can cause. It is not hopeless, since as you read before, it is a good time to redo, reevaluate, and change existing strategies, marketing, forms of communication, promotions and Insurance plans.

Gahl E. Sasson is a leading astrologer and public speaker. His book on Kabbalah was endorsed by HH the 14th Dalai Lama. His three books on Astrology were dubbed the GPS of the soul and translated to various languages. He teaches seminars and workshops around the world on mythology, nships, storytelling and symbolism. He currently lives in Los Angeles. Gahl can be reached at www.CosmicNavigator.com



LOOKING TO BOOST PRODUCTIVITY?

Don't Overlook Vision Benefits

By **KEN STELLMACHER**

The search by employers for the right array of offerings to help maximize employee productivity continues. From ergonomic assessments and standing desks, to gourmet coffee, healthy snacks and high-tech office air purifiers, employers continue to invest in more comfortable work environments to drive productivity. These investments may indeed make the daily office grind for employees a bit more enjoyable and enhance productivity, but there is another area that employers should consider addressing: the connection between eye health and workplace productivity.

For most workers, seeing clearly is essential to performing well on the job. For the employer, having a comprehensive healthcare package—especially one that includes vision—is a surefire way to attract top candidates and to improve employee satisfaction and retention. It is a win-win for both the employer and employee.

Digital eye strain

The average office worker spends around six-to-seven hours of each workday looking at some type of computer screen. That number grows to 11-12 hours if you include screen time outside of work. Laptops, smart phones and tablets are everywhere. These devices emit blue light, a high-energy range of light, that is linked to digital eye strain and is unavoidable in a digitally connected world.

According to Vision Council research, digital eye strain has surpassed carpal tunnel syndrome and tendonitis as

the leading computer-related repetitive strain injury for American workers. One study found that eye-focusing problems, which can be caused by digital eye strain, can cause employees to lose up to 15 minutes of working time per day, translating into an approximate loss of more than \$2,000 per year per employee.

Thankfully, the productivity lost to digital eye strain can be addressed—and it starts with a trip to the eye doctor for an annual comprehensive exam. Unfortunately, a majority (68.5 percent) of Americans do not discuss their use of digital technology with their eye doctor. But talking about your lifestyle and visual needs with your eye doctor is a must—as there are solutions they can provide to conditions like digital eye strain. Anti-reflective coatings for your lenses, like TechShield® Blue, reduce blue light exposure and combat digital eye strain. It's imperative that employers and HR benefit managers encourage employees to see their eye doctor every year to ensure healthy eyes, but comfortable vision as well.

Preventive care

Most Americans also don't know that eye exams can play a key role in detecting signs of chronic conditions. In fact, according to a recent study, half the people in the U.S. are skipping annual eye exams despite the fact that nine out of 10 agree on the importance of healthy eyes. This disconnect occurs because people don't understand the importance of annual eye exams and the connection to overall health.

Comprehensive eye exams provide


the only possible non-invasive view of blood vessels and the optic nerve. As a result, an eye exam can help detect underlying conditions and health problems, such as diabetes, high cholesterol and certain types of cancer.

The value of vision coverage

To have the greatest impact, employers should move beyond a one-size-fits-most approach to offer more personalized benefits, including vision benefits that offer flexibility and choice. After all, employees value more personalized benefits that cater to their individual circumstances and unique needs. By offering a more personalized vision benefits plan, employers better meet employee needs while also helping increase workplace productivity in the process.

Given the many benefits of annual comprehensive eye exams, personalized vision coverage should be a cornerstone of any benefits package. From detecting early signs of chronic conditions like diabetes and high blood pressure, to reducing the daily impact of digital eye strain on the eyes, offering vision benefits and encouraging employees to use them is an easy and powerful investment for employers.

Ken Stellmacher is the senior vice president and general manager for VSP® Vision Care overseeing the development and growth of the company's business unit serving small and medium market commercial business. An entrepreneur at heart, with a passion for building and growing effective teams and businesses, Stellmacher's expertise includes business development, leading growth strategies, brand marketing and operations management.



Thankfully, the productivity lost to digital eye strain can be addressed—and it starts with a trip to the eye doctor for an annual comprehensive exam.

FIND YOUR SUCCESSOR...

By **DANNIEL WEXLER AND PHIL CALHOUN**

How do I keep and protect what I have built? How do I create value that someone would purchase? How do I sell or transfer my business when I am ready? Brokers who build a book of business need to think like any business owner and consider these questions. We found the answer: “Find your successor, please!”

We came to this conclusion when a few years back we set out to listen to broker’s questions and concerns about protecting their commissions. From the results of ongoing California Broker Magazine surveys, from our continuing education programs on succession planning, and from numerous discussions with carrier and general agency representatives, the clear and consistent planning message we hear is: brokers want control of their commissions while they are active in the business. The unfortunate fact is most brokers fall short when planning how to protect their commissions in all life events, namely death, disability and retirement.

In this article, we outline best practices to protect commissions and explain why a successor is required. We also cover how adding a purchase agreement with a commission protec-

tion plan is the ideal model for a comprehensive plan.

What brokers told us

From our research we found 90% of brokers want to keep control of their commissions when doing any planning.

In order to develop and implement a commission protection or succession plan, commissions need to stay with the broker as usual during the time a broker is active. However, brokers also report they perceive the cost is high to complete a commission protection plan. Further they see the time needed to find an acceptable successor and complete a written agreement as a burden.

Surveys show the majority of brokers surveyed have not completed a written plan to protect their commissions. This is a prime example that failing to plan leads to a plan to fail. These results are not surprising especially when brokers share how common it is to feel paralyzed about doing planning work. Complicating the planning process is the fact that even when a broker begins to work on their plan they seldom complete the process. Mostly this failure to finish is due to starting and stopping the process over and over.

Business owners particularly fall

short when it comes to planning business succession. Health brokers and other business owners procrastinate about exit planning and instead tend to rely on hope: hope that a relative will join them; hope they stay healthy and active until they choose to stop working; and hope that carriers will step in and pay their loved ones. Hope is not a plan to count on—it is actually a plan to fail.

The best practice is to work with trusted advisors who can help with the planning process. Brokers who work with a professional are able to get started in the right direction and keep progressing so they can complete and then update their plan annually.

Your plan should focus on:

1. Controlling commission
2. Protecting commission in all life events
3. Making the book of business as valuable as possible to a future buyer

Still not motivated? These facts should persuade you

Fact: To keep commissions coming in, brokers at the least need to stay alive and healthy, renew their license, and recertify annually with carriers and America’s Health Insurance Plans (AHIP).

“We outline best practices to protect commissions and explain why a successor is required. We also cover how adding a purchase agreement with a commission protection plan is the ideal model for a comprehensive plan.”

—Danniel Wexler

...Please!

Reality: Brokers who wait too long can lose it all, leaving loved ones with the double grief of dealing with their feelings of losing YOU and the fact that no income will be transferred from your book of business to their bank account. All of this can be avoided.

Solution: Find Your Successor: Brokers, especially solo brokers, need to understand the role a successor plays in commission protection. A successor is an individual or agency who agrees to help the broker continue to receive their commission payments when the broker experiences a life event that threatens the loss or lapse of commissions.

Our research shows the most common concern is how to find a successor agent or agency.

Fact: The chief concern of brokers is loss of control of their commissions. The truth is, failure to complete a commission protection plan can result in losing most if not all commissions by acting too late.

For many brokers the only plan they have is to keep working as long as possible. Some think they will get around to commission protection planning someday. Failing to have a plan to

protect commissions is to plan to fail. Failure to plan is 100% guaranteed to lose 100% of your commissions. (Mike - This is another pull quote indicated by author)

Action Plan: To complete a commission protection plan, you need a successor broker or agency that you or your loved ones can transfer commissions to upon your death or in the case of a disability. A successor is someone who is licensed, can be trusted, matches your financial and client service style, is contracted with the carriers you received commissions from and if necessary is certified with AHIP and the carriers. You and your successor will need to complete a written agreement that you update annually.

Succession Plan Best Practices Given all our research, a best practice plan would include the following:

Retain your commissions. Brokers should retain their commission while active. Moving commission to another agency is a non-starter and should only be triggered after a life event like a disability or death. Build a solid client retention program that will push retention to the highest level possible.

Chose commission protection that

suits you. Your plan should be based on your independent nature and give you control over when you change from Active to Inactive. Define whether you want to choose to sell all or any of your book of business and detail needed protection in an unexpected life event. Define clearly what is a mandatory event and what that event triggers. Avoid a “one plan fits all” approach.

Establish terms of payment. A commission protection plan has details and terms outlined in a legal agreement that includes a provision to continue commissions paid to the broker when a life event occurs, while they are alive, as well as providing a consistent payment stream to loved ones after death.

Include a buyout option

See below for details on why this is critical.

Find a legal and affordable way to execute your plan. A complete commission protection agreement will include commission protection as well as a buyout option where you or a designated person control the timing along with clear terms on how much is paid, for how long and to whom. The agreement needs to be legal, affordable, and brief and include a list

Find trusted advisors. Look for flexibility and affordability in your planning options. Find someone with experience who can tailor a plan for your needs.

of your clients and carriers along with commission transfer instructions.

Find trusted advisors. Look for flexibility and affordability in your planning options. Find someone with experience who can tailor a plan for your needs. Brokers need a plan that addresses their number one concern—control.

Stay in control. You need a written agreement with your successor that clearly spells out how your commissions will be paid in all life events. Since a life event is more than the death of a broker, the agreement needs to address disability or any reason the broker is no longer able to stay licensed and certified. The agreement needs to include a buyout, with specific terms defined such as how the price will be set and the payout period in years.

Determine if you need Limited Liability Company (LLC). While LLCs or S-Corps are popular they are more expensive and complicated than a sole proprietorship and in many cases cannot substitute as a successor since many carriers require a licensed person receive commission transfers. Also many Medicare Advantage carriers require a certified and licensed person as a must for commissions transfer so a successor can only be a human.

David Ethington of Lambda Insurance Services developed a Successor TIP Sheet to follow when selecting a successor, which you can obtain by emailing phil@commission.solutions.

Think twice about forming an LLC

If you are thinking about an LLC and have identified a trusted broker part-

ner, you may decide to wait or not start an LLC.

Many brokers find an LLC:

1. Difficult and costly to start
2. Fail to actually define the planning role of a successor agency
3. Time consuming and costly to manage annually
4. Complex and very expensive when you decide to exit or just you want out.

Why a buyout option is critical

From our discussions and research we have found most brokers know their commissions have value and can be sold or transferred but only while they are alive.

Why is a buyout agreement a key piece to add to your commission protection? Unfortunately it is common to hear that a broker has passed away with no buyout plan. This is a sad but preventable story. The impact of lost commissions on grieving loved ones is too hard to describe. This tragedy is compounded for those of us who know how much work and time is spent building a book of business, adding clients and commissions only lose it all when a commission protection plan falls short.

Solution—Add a buyout plan as part of planning with your successor. All buyout terms need to state how your successor will pay you and your loved ones an agreed amount for an agreed period of time. Once in place, the decision to start the buyout process should be on your terms only.

Closing points

“Our goal is to educate brokers on the importance of having a plan to protect their commissions. Let’s make

commission protection part of the discussion. Ask your local health benefits colleagues about their commission protection planning, attend CE courses, look for articles and other information, and find speakers who have experience with this topic who can give you unbiased information,” suggests Ethington.

We authored “The Health Broker’s Commission Protection and Purchase Guide” to address key commission protection points and how to build the value of a book of business. We include key points of our 3-page commission succession and purchase agreement as well. The guide is available by calling 1(800)-500-9799.

The Tip Sheet: “How to Pick a Successor Broker” is also available via email to phil@commission.solutions.



Phil Calhoun, MBA, a Cal Broker editorial advisory board member, has built, sold and acquired insurance agencies and books of business. He is the managing member of Lambda Insurance Services an elite broker education and planning agency, author of The Health Broker’s Commission Protection and Purchase Guide and Phil enjoys educating brokers on how to protect their commissions in all life events. Find him at phil@commission.solutions 1(800)-500-9799.



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Student Loan Repayment (CONTINUED FROM PAGE 14)

employment options may be limited as some employers are checking employees' credit scores before offering a position.

But if employees receive student loan repayment assistance from employers, they are more likely to pay their monthly debt. And they won't have to deal with a poor credit rating.

Encourages saving for retirement and unexpected expenses

The majority of employees face a complex problem: Pay off debt or save for retirement. Only two-thirds of American adults are saving for retirement, but often they're not saving enough. About 56% of Americans have only \$10,000 saved for retirement. And 33% have not put any money away for future expenses.

Many employees with student loans make monthly debt payments of about \$350. They have to stretch the rest of their paycheck to cover monthly living expenses. Most have nothing left to put toward retirement or save for future needs. People with student loans tend to put off buying a home or starting a family.

How employers can help

Employers can offer a student loan repayment benefit that lets employees choose to use some of their 401(k) employer matching funds to help pay off student loans. Employees can pay off debt and save for retirement at the same time. And employers don't have to add to their budgets to offer student loan repayment.

Plan for the future

Employers can offer Employee Choice, a student loan repayment benefit exclusively offered by BenefitEd through a joint venture of Ameritas and Nelnet. It's designed to use funds employers already have set aside for 401(k) matching contributions.

The Employee Choice plan allows employers to stretch their benefits budgets because they don't have to adjust the budget they've already set aside for matching contributions. Employees can apply unused matching dollars to help repay their student loans. Or, they can split the matching funds to make a payment to their student loan debt and save the other part for retirement.

A student loan assistance benefit, like Employee Choice, also provides a competitive edge for employers.

- An American Student Assistance survey found that 92% of employees would take advantage of a match for student loan repayment.
- Research also shows that half of the workers with student loans would prefer a repayment benefit over extra time off.

Dennis Cash, director, strategic initiatives at Ameritas, oversees the development and management of strategic initiatives for Ameritas Group Division, headquartered in Lincoln, NE. Cash can be reached at 402-309-2448.

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		Average No. Copies Each Issue During Preceding 12 Months	No. Copies of Single Issue Published Nearest to Filing Date
a. Total Number of Copies (Net press run)		25425	25100
b. Paid Circulation (By Mail and Outside the Mail)	(1) Mailed Outside-County Paid Subscriptions Stated on PS Form 3541 (include paid distribution above nominal rate, advertiser's proof copies, and exchange copies)	18326	18351
	(2) Mailed In-County Paid Subscriptions Stated on PS Form 3541 (include paid distribution above nominal rate, advertiser's proof copies, and exchange copies)	6666	6647
	(3) Paid Distribution Outside the Mails Including Sales Through Dealers and Carriers, Street Vendors, Counter Sales, and Other Paid Distribution Outside USPS®	0	0
	(4) Paid Distribution by Other Classes of Mail Through the USPS (e.g., First-Class Mail®)	50	75
c. Total Paid Distribution (Sum of 15b (1), (2), (3), and (4))		25042	25073
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	(3) Free or Nominal Rate Copies Mailed at Other Classes Through the USPS (e.g., First-Class Mail)	0	0
	(4) Free or Nominal Rate Distribution Outside the Mail (Carriers or other means)	273	25
e. Total Free or Nominal Rate Distribution (Sum of 15d (1), (2), (3) and (4))		273	25
f. Total Distribution (Sum of 15c and 15e)		25315	25098
g. Copies not Distributed (See instructions to Publishers #4 (page #3))		110	2
h. Total (Sum of 15f and g)		25425	25100
i. Percent Paid (15c divided by 15f times 100)		99%	100%

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 16. Electronic Copy Circulation

	Average No. Copies Each Issue During Preceding 12 Months	No. Copies of Single Issue Published Nearest to Filing Date
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FDA REGULATION OF CBD OPENS EXPLORATION

By JASON MITCHELL

The cannabis plant has been cultivated for centuries. Our ancestors used its fibrous stalk called hemp for many products. Hemp is still used in the production of fabric, oil, paper, ink, paint, cosmetics, food and much more.

On December 20, 2018, the president signed into law the 2018 Farm Bill, which categorizes hemp as an agricultural crop and removes hemp from the Controlled Substance Act ("CSA"). The legislation defines "hemp" as "the plant *Cannabis sativa* L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis." It also removes the trace levels of THC found in the hemp from the CSA.

The 2018 Farm Bill therefore confirms that hemp and hemp-derived ingredients such as CBD that meet this definition are not controlled substances subject to Drug Enforcement Adminis-

tration ("DEA") jurisdiction. Thus, by clarifying that the entire hemp plant and all derivatives—including CBD specifically—are not under the CSA, the 2018 Farm Bill has led to further interest and growth of the hemp and CBD market.

CBD problematic health claims

CBD is a non-intoxicating ingredient found in the cannabis plant; it provides all of the benefits of marijuana, but without the high. The 2018 Farm Bill did not alter the FDA's authority over hemp and CBD-containing products within its jurisdiction. FDA currently takes the position that CBD is NOT a legal food or dietary supplement ingredient due to provisions in the Federal Food, Drug, and Cosmetic Act ("FD&C Act") that restrict the use of substances that have been studied or approved as a new drug, referred to as the "IND Preclusion." These provisions also permit the Secretary of Health and Human Services (through the FDA) to issue a regulation that would allow the use of an article that would otherwise be prohibited under the IND Preclusion.

The FDA has yet to issue such a regulation on CBD, which has created a space for companies to make unsubstantiated claims on the benefits of CBD. Although the FDA has clarified that it is not exercising enforcement discretion with respect to food and dietary supplements containing CBD. However, the agency has focused its enforcement activity primarily on dietary supplements making serious disease claims. Since 2015, the FDA issued numerous warning letters to firms marketing CBD-containing dietary supplements, cosmetics and pet products, with the majority issued to dietary supplement marketers. While these letters cite the FDA's position regarding CBD as an impermissible ingredient, it is important to note that all of the products at issue in the warning letters included claims that they could cure, mitigate, treat, or prevent diseases such as cancer, Alzheimer's disease and diabetes. This caused the products to be categorized as unapproved new drugs. Individual states have set rules in place to govern CBD; however, without proper FDA over-



Businesses are only allowed to make substantiated claims that are supported by scientific studies.

Unethical businesses making unsubstantiated claims such as “CBD reduces anxiety or pain” are not acting in good faith. The lack of federal CBD regulations does not make it okay to make unsupported medical claims...

sight, an unregulated CBD supplement and food market may be problematic to public health and safety.

CBD is everywhere

CBD products have been popping up everywhere: your local grocery store, gas station, pharmacy, coffee shop, bakery and makeup store. Under FDA rules, businesses are not able to market their products for medically defined diseases. Businesses are only allowed to make substantiated claims that are supported by scientific studies. Unethical businesses making unsubstantiated claims such as “CBD reduces anxiety or pain” are not acting in good faith. Rules governing supplements, food and beverages have been updated periodically since 1994; the lack of federal CBD regulations does not make it okay to make unsupported medical claims.

The FDA has set rules and regulations that companies must follow when they take a constituent of an herb (i.e., hemp) and add it to dietary supplements, foods or beverages. The Dietary Supplement Health and Education Act of 1994 (DSHEA) and the Food and Drug Cosmetic Act laid out the rules for developing and marketing these products. These were put in place to protect consumers from false, unsubstantiated claims, hazardous consumption and toxicity levels. Many companies selling CBD products entered the market, assuming the FDA’s rules governing supplements, food, and beverages did not apply to the CBD market. Regardless of what is in a supplement, food or beverage, the FDA rules apply. In the absence of specific rules implemented by the FDA federal-

ly, states have taken matters into their own hands by establishing rules such as registration requirements, QR codes and labeling requirements. States realize that the goal should not be to make CBD products illegal but to implement rules of engagement to properly manage this budding industry (pun intended). So they acted quickly in order to protect public health and interest.

Dosing challenges

The FDA is currently evaluating the safe and correct serving size of CBD and whether or not it should be classified as a drug or supplement. The FDA rules on dietary supplements state that no two products can be sold as both a supplement and drug, if the drug predated the supplement. GW Pharmaceuticals applied for an investigational drug filing in 2006 and was granted a New Drug Application for the development of Epidiolex, a CBD treatment for epilepsy. I believe the challenge with this rule is that hemp-derived CBD had been marketed prior to 2006. Taking away CBD and other cannabinoids from the market would be ill advised given the high demand for products. In response, the FDA has assembled a task force to address this issue.

The main concern for properly regulating CBD is human safety. For a substance to become “Generally Recognized As Safe” (GRAS) for food use, the company must either self-affirm its safety by performing all necessary safety studies, or submit a GRAS notification to the FDA for their evaluation and determination. The GRAS process involves examining the substance’s safety. The safety studies get peer-

reviewed to see if the data collection and interpretation is accurate. The cost of conducting a GRAS evaluation especially with toxicity studies is very expensive and generally can take 12-18 months to complete. For dietary supplements, businesses must submit a “New Dietary Ingredient Notification” (NDIN) or be exempt from the NDIN process because their ingredient is GRAS and is in the food supply.

With 25 years of experience working in the dietary supplement industry, we project—based on our knowledge and experience—that the FDA will require CBD manufacturers to submit NDI notification and/or complete the GRAS process. At HempFusion, we worked together with our supplier to commence the necessary GRAS analysis and are nearing the completion of this process. Our initiatives to conduct a GRAS examination of our CBD containing raw material may not be necessary at this point, however, our experience in the industry leads us to believe that it may be mandated by the FDA sooner or later. Believing that human safety is of high importance to us as a company we made sure that GRAS process was the goal regardless of if this becomes a requirement or not. Our commitment to protecting public safety has driven us to produce honest products that do not mislead or make unsubstantiated claims.

Clearer regulations soon to come

At this point, the FDA’s regulations on CBD are non-existent, but from experience, we can expect that they will establish them soon. We expect the manufacturing of CBD will need to comply under the “Current Good

CBD is projected to make one of the biggest impacts in the supplement industry for decades to come ... but we cannot make unsubstantiated claims.

Manufacturing Practice" (CGMP) and prove that the product is safe. The FDA may also establish serving size parameters to determine the allowed maximum amount of CBD in consumable products in order to differentiate supplements and drugs. The FDA has a responsibility to set regulations in place for a budding multi-billion dollar industry. We believe that the industry must also eliminate "bad actors." All companies manufacturing and distributing CBD have a responsibility to follow the rules around claims, marketing, and substantiation. If the FDA does set new regulations for the CBD market, we expect there to be a grace period for companies to comply. We anticipate that the FDA will use the rules already in place that govern the supplement market and apply it to CBD. The projected enforcement of regulations will create investment opportunities for businesses who are looking to buy out their competitors. We may also see a percentage of bad actors pack up and close up shop. The major players within the industry will make sure they embark on compliance regulations for the longevity of their business.

The CBD industry is not slowing down; rather, the number of players are going to get smaller as the industry becomes better regulated. The FDA will soon be left with no choice but to establish clear regulations on the CBD industry as concerns over banking, merchant services and marketing avenues grow. CBD is projected to make one of the biggest impacts in the supplement industry for decades to come, but until we conduct proper

scientific studies, we cannot make unsubstantiated claims. Misrepresentation of products and unproven benefits of CBD risks harm to public health and safety.

Jason Mitchell N.D., co-founder and president, HempFusion, is a Naturopathic doctor board certified by the American Naturopathic Medical Certification Board. He has more than two decades experience working in the

natural products industry. Jason is also a member of the American Naturopathic Medical Association and Certified Natural Health Professionals. He received his bachelor's degree in supply chain management/operations from Arizona State University and his Doctorate in Naturopathic Medicine from Trinity College of Natural Health. Over the course of his career, Jason has successfully launched more than 300 new products, many of which have become retail top sellers.



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HEALTHIER WORKSITES IMPROVE EMPLOYEE WELL-BEING

By STEVE CAIN

Throughout my career, I've learned from employers and employees about worksite hurdles – those issues or hassles that prevent employees from being engaged, successful and happy at their jobs. To help encourage employees to be satisfied and more productive, an increasing number of employers are looking to employee well-being programs for answers.

According to a survey from Fidelity Investments® and the National Business Group on Health®, more than two-thirds (67%) of companies plan to expand their well-being programs over the next few years. UnitedHealthcare's 2019 Wellness Check Up Survey revealed that more than half (57%) of employees with access to an employer-sponsored well-being program say the initiative has had a positive effect on their health.

Although many companies see value and results from their well-being programs, other companies struggle. Now presents an opportunity for employers to reexamine their employee well-being programs and ensure their worksites are aligned with their programs.

Here are a few ideas to share with employers about how to help align worksites committed to employee engagement, health and well-being.

Encourage staying active

Having a meeting? Put on your walking shoes and have a "walk-and-talk" meeting. Employees whose jobs require them to sit at a desk all day may appreciate the change, and it is good for their health. Also, onsite yoga can have numerous physical and emotional benefits. Additional ideas to consider: onsite walking trails, fitness equipment and classes, treadmill conference rooms, and stand-up desks.

Reduce employee stress

Use available office space to create a low-lit "relaxation room" to help employees recharge and lower their stress levels. Also consider offering employees a mindfulness program that fills the workplace with positive energy, where working relationships are optimized and distractions give way to focus and self-awareness.

Additional ideas to consider: a 5-minute stretching routine, paid time off for volunteer work and behavioral health counseling.

Healthy food options

Ensure healthy food options are available in vending machines and cafeterias, and at company events. Also, consider putting healthier options at eye-level within those vending machines and denoting those options with stickers.

Additional ideas to consider: a free onsite salad bar, onsite cooking demonstrations, a fruit sampling day, or even onsite gardens to help increase teamwork.

Prioritize employee health

Consider banning all forms of tobacco (and vaping/e-cigarettes) from company premises, at company events and within company vehicles. Also, consider dedicating a private room for telehealth virtual visit appointments and allow employees to connect to a telehealth care provider as needed during the work day.

Additional ideas to consider: onsite biometric screenings and flu shots, find a wellness champion for the office and offer financial well-being programs.

Steve Cain is CEO, Northern California, UnitedHealthcare of California. For more information about well-being programs, visit UHC.com.



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