

# Employee Benefits Report

## HB Resources Insurance Services

Employee Benefit Planning

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Coronavirus

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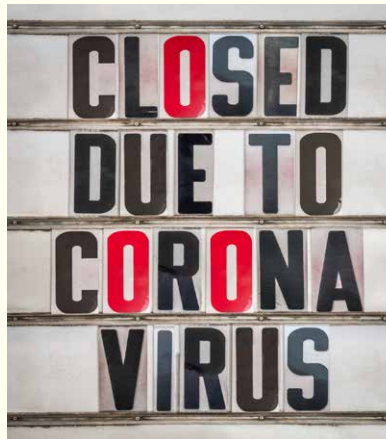
## What We've Learned About Keeping Essential Businesses Operating During a Pandemic

Coronavirus COVID-19 has scared everyone and changed the way businesses operate — including sick leave policies.

**T**he coronavirus, and COVID-19, the disease caused by the virus, can be easily transmitted by people who often are just mildly ill or not showing any symptoms. The virus originated in the Huanan seafood wholesale market in Wuhan, China and has spread across the globe. The World Health Organization reported that despite the fact that COVID-19 has a lower fatality rate

(those who die versus those who survive) than the 2003 outbreak of severe acute respiratory syndrome (SARS) and the Middle East respiratory syndrome (MERS), Covid-19 has resulted in more deaths than both diseases combined.

Signs of infection include fever and respiratory symptoms, including cough, shortness of breath and other breathing issues. The virus can cause pneumonia, acute respiratory syn-



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### Steps to Protect Vision at Work

**I**t's almost impossible to escape technology. A Unum poll found 57 percent of adults spend eight or more hours a day looking at digital devices such as smartphones, tablets, computers and television screens.

Technology often makes life easier or more efficient but the downside is that two or more consecutive hours daily looking at screens can cause eye strain.

It's not a new phenomenon. *BMJ Journal* reports that computer vision syndrome, or digital eye strain, has been recognized as a health problem for more than 20 years.

University of Alabama at Birmingham School of Optometry researchers found that eye strain

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drome and organ failure. Those who are in poor health are most at risk. Standard treatments, such as antiviral drugs, do not work and it will probably take more than a year to develop a vaccine.

The effect on many businesses has been profound. According to the United Nations, the disease will likely cost the global economy \$1 trillion in 2020.

One of the best ways to control the spread of a new disease is through “social distancing”.

A study by the National Institutes of Health Fogarty International Center and Arizona State University found that nationwide 18-day school closures in Mexico during the 2009 H1N1 influenza pandemic contributed to a 29 percent to 37 percent reduction in flu transmission rates.

Cities and states have been issuing “stay at home” and “shelter in place” orders to slow the spread of the disease. Some businesses, however, have been designated as essential and allowed to stay open. Essential businesses range from health care and law enforcement services to grocery stores and infrastructure support.

If your business is one of the businesses allowed to continue operation, here are some sick leave policy rules and regulations you should be aware of during this pandemic.

### Relaxed Sick Leave Policies

Sick leave allows employees to take paid time off for work when they are ill. However, many employees — particularly those who work hourly — are not covered by a paid sick leave policy. There is no federal requirement for employers to provide paid sick leave, even

in the event of a natural disaster, although some states and cities — such as California, Michigan, New Jersey, Washington, San Francisco and New York City — mandate paid sick leave including part-time employees.

However, the Centers for Disease Control and Prevention recommends all employers develop more flexible and generous sick leave policies and encourage employees who are sick or exhibiting symptoms to stay at home.

Keep in mind that some employees may be entitled to unpaid leave under the federal Family and Medical Leave Act if they become seriously ill. Employees also could be eligible for short-term disability benefits depending on their workplace insurance or their state’s requirements. If the illness is work-related, the employee may be entitled to workers’ compensation insurance.

You might want to consider requiring employees who have been traveling abroad to stay home for the coronavirus’s incubation period, which is about 14 days. If you decide to require this, you will need to decide whether you will pay these employees, require they take sick leave or allow them to work from home.

### Mandatory Leave

You can legally ask an employee who just visited an affected area to stay home for two weeks — the COVID-19 incubation period. For instance, Northwell Health, the largest health system in New York, recently asked 16 people to take a two-week paid furlough after visiting China.

Although employers are not required to pay employees who are furloughed due to virus

caused by digital devices can reduce employee performance by 20 percent. However, there are steps employers can take to help reduce eye strain.

- ✦ Provide access to ambient light instead of only bright fluorescent or LED light.
- ✦ Position workspaces so they’re not directly in front of or behind a window to reduce glare.
- ✦ Provide LCD monitors and anti-glare screen protectors.
- ✦ Encourage employees to take breaks from their computer and smartphones.
- ✦ Position computer screens at eye level and 20 to 28 inches away from users.
- ✦ Offer access to vision health coverage and regular eye exams.

concerns, paying employees would encourage them to step forward and share whether they think they’ve been exposed to the virus.

After the incubation period passes, employers can require a medical exam to determine whether that person is well enough to return to work.

### Share Information, Not Names

The Centers for Disease Control and Prevention advises employers to tell employees that they have been exposed to the virus. However, they should not share the infected person’s name. Federal law requires you to maintain the confidentiality of the person who is sick.

The COVID-19 pandemic presents all of us with unique challenges. If you have questions relating to benefits and insurance, please contact us. ■

# Going Beyond Term Insurance Minimums

How to improve life insurance benefits for employees.

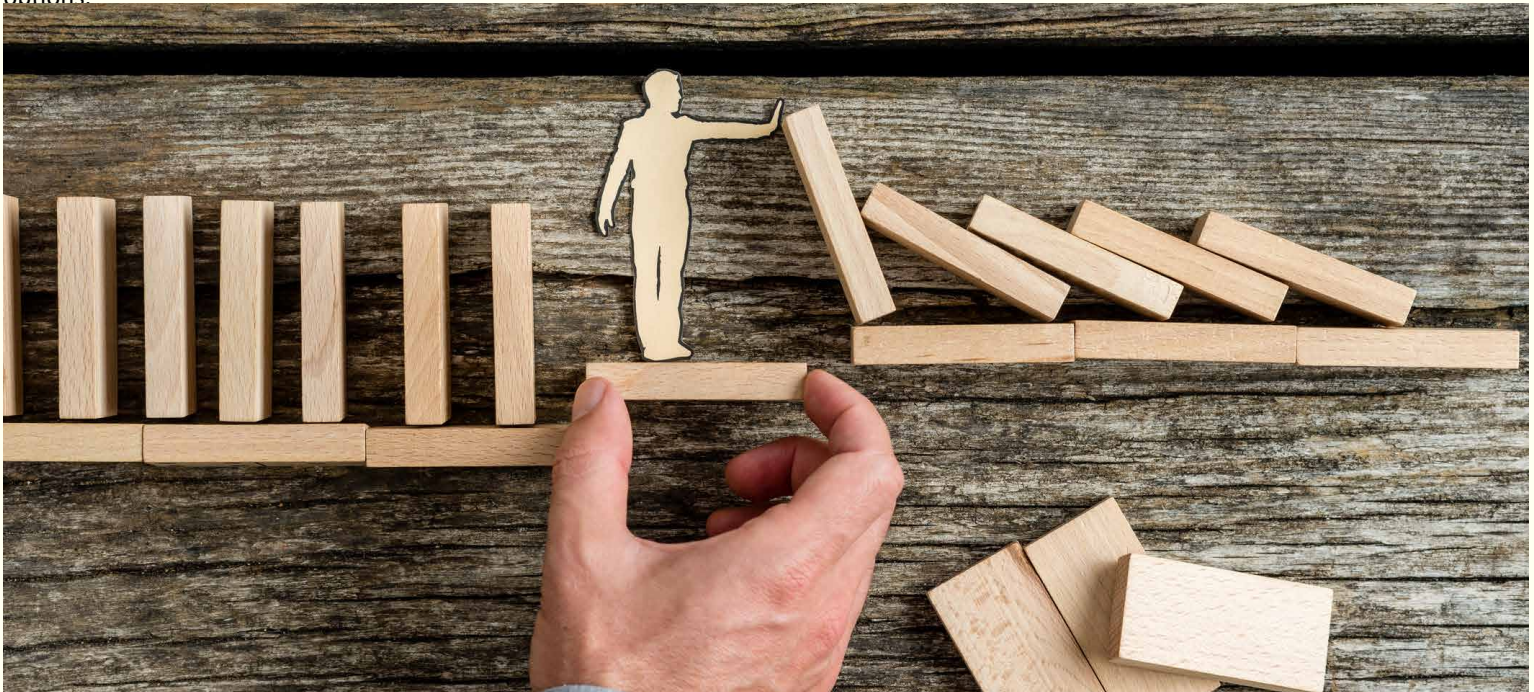
**A**ccording to the U.S. Bureau of Labor Statistics, 60 percent of non-government employees have access to employer-provided life insurance, and 98 percent of employees who have access to plans take advantage of them. The low cost of the coverage for both employers and employees is one reason group life insurance is so popular.

Financial advisors warn, though, that low-cost employer-sponsored life insurance shouldn't be employees' only life insurance coverage. Fortunately, employers can offer additional, affordable coverage options.

## Group life insurance

Most employer-sponsored group insurance is term life and expires when the employee leaves the company. The premium is covered in full or in part by the employer. Most policies offer a set amount of coverage, such as \$10,000 per employee, or a coverage limit based on one, two, or three times the employee's annual salary. A lump sum is paid to the employee's beneficiaries if the employee dies while still employed.

Since the employer subsidizes or pays the full cost, many employ-



ees accept the coverage realizing that some coverage is better than none. Enrollment of ten is automatic.

Employers can take a tax deduction for providing group-term life insurance and the value of up to \$50,000 in insurance is tax-exempt for the employee. To get the tax exemption employers must either have at least 10 full-time employees or provide coverage to all full-time employees.

Group life insurance is guaranteed issue, which means there is no underwriting. Underwriting is the process of assessing the risk associated with providing insurance coverage. For example, the more risk — or the more severe an individual's medical condition — the higher the premiums. When a policy is guarantee issued, employees who are older or who have serious medical conditions will still qualify for coverage because there is no underwriting.

The disadvantage to this type of life insurance is that when employees leave their jobs, they no longer have coverage unless they go to another company that offers coverage. Sometimes a carrier will allow an employee to convert coverage under the group policy to individual life insurance, but the cost could go up significantly.

Another disadvantage is that the coverage might not be as much as the employee needs for their beneficiaries to cover necessary expenses.

### Options for Fuller Benefit Packages

Your employees always can purchase individual life insurance to supplement what you offer if they have substantial life insurance needs, such as many dependents. However,

they will not get the advantages of group purchase rates. Here are few examples of other types of group life insurance you can offer in addition to group-term life:

- ✦ **Supplemental group life:** Employees can buy extra coverage, sometimes up to three or four times their annual salary. Carriers will often offer guarantee issue up to a certain limit of coverage, but employees may need to fill out a health questionnaire or take a physical exam. Sometimes, individual coverage is comparable or slightly higher. If that's the case it's probably better for the employee to purchase their own individual coverage because they will still have the coverage even if they leave their job.
- ✦ **Group accidental death and dismemberment:** Beneficiaries receive a death benefit if the employee dies due to an accident. If an employee loses part of his/her body, such as an arm or leg, they may receive payment of a percentage of the total benefits.
- ✦ **Business travel accident insurance:** Beneficiaries receive a death benefit if the employee dies while traveling on business.
- ✦ **Split-dollar life insurance:** For key employees, both employers and employees pay the premiums. Beneficiaries receive a benefit if the employee dies and the insurance carrier returns the equivalent of the premiums paid to the employer.

Please contact us to get more details on how some of these options might benefit your employees. ■

## Roth 401(k) – The Overlooked Retirement Investment Tool

Only 11 percent of employers take advantage of Roth 401(k) options. Why this is a missed opportunity for employees to maximize their retirement income.

**A** Roth 401(k) can be a great way for employees to save for retirement, but few employees take advantage of the opportunity. According to Fidelity Investments, the largest provider of 401(k) investments, about seven in 10 companies offer a Roth option, but only 11 percent of employees take advantage of this type of retirement plan.

Most people are familiar with the traditional employer-sponsored 401(k) retirement plan. Employees may contribute up to \$19,500 in 2020 through automatic payroll deductions of pre-tax dollars to a 401(k). Employees who are 50 or older may contribute up to \$26,000. Employers usually match contributions up to a certain percent.

A Roth is similar but differs in that employees contribute after-tax dollars. Yes, their contributions are taxed upfront, but they can make withdrawals during retirement tax

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free as long as they are at least 59 ½ years old and have held the account at least five years. This helps them minimize their tax bill when they're older and presumably have less income. For instance, when a retiree takes a dollar out of a Roth account, they keep the entire amount. When they take a dollar out of a traditional 401(k), they keep only the remainder after paying taxes on the distribution.

Both traditional 401(k)s and traditional IRAs require individuals to begin taking required minimum distributions at age 72. However, if your employee isn't ready to take distributions, they can roll the balance directly into a Roth IRA. The Roth IRA also doesn't require minimum distributions.

Roth 401(k) and Roth IRAs are similar, except that there's no income limit regarding who can participate in a Roth 401(k). In addition, there is no required minimum distribution at age 72 (70½ prior to Jan. 1, 2020) with a Roth IRA.

### A Healthy Mix

Many financial advisors recommend taking advantage of both types of retirement savings plans and tap the accounts that allow tax-free withdrawals first — such as Roth accounts and brokerage accounts.

Employees who contribute the maximum allowed to either account each year will yield the same amount of money in retirement. The traditional 401(k) balance would be re-

duced by their tax rate in retirement, and the Roth 401(k) balance would remain whole.

However, one of the biggest reasons employees should choose to contribute to a Roth 401(k) is if their tax rate is low now and they expect it to be higher in retirement. When approached that way, they won't pay taxes at that higher rate when they take qualified distributions in retirement. Since their income and standard of living likely will increase over time — particularly for young employees — they will probably want to draw more money in retirement than they're earning now. However, if their tax rate is higher now than they expect it to be in retirement, then contributions to a 401(k) would likely be the better investment. ■



# Mental Health Tips for the Month of May

- ★ One in five adults in the United States will experience a mental illness during their lifetime.
- ★ Suicide is the second leading cause of death among those age 10 to 34.
- ★ The rate of unemployment is higher among American adults who have mental illness.

Poor mental health also affects an individual's overall health. NAMI statistics show that people with depression have a 40 percent higher risk of developing cardiovascular and metabolic diseases.

To promote mental health in your office, encourage employees to:

### **Take Paid Time Off**

Paid time off (PTO) is not just for illness or vacations. Employees who take a day off for their mental health often come back rested and refreshed.

Some companies have taken PTO a step further by offering unlimited vacation time. Many companies who have adopted this policy have found that they have reduced costs because they don't have to pay employees for unused vacation time.

### **Learn More About Mental Health**

Share news, quizzes, and other fun resources to help educate your employees about mental health. You also can host informative talks about mental health or host a wellness event at your workplace.



To encourage relaxation, some companies offer employees free or low-cost chair massages during the workweek to reduce stress.

### **Not Send Emails on Weekends**

While there may be times employees must conduct business after hours for an emergency, experts recommend that it be the exception, not the rule.

### **Not Eat at Their Desks**

While some employees are tempted to work while they have lunch, studies show that taking breaks throughout the day leads to better productivity. ■

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