



The
Richards Group
FINANCIAL, INSURANCE & HR SOLUTIONS

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Group vs. Individual Markets



Limited market for group-sponsored health insurance for small businesses in VT

Vermont Health Connect Level-funded plans an option for groups with at least 5 enrolled.



Small Group & Individual markets separated in 2021

Premiums on individual plans are 25% higher than group premiums

Group-sponsored Health Plan Requirements

Small businesses who've never offered group health benefits can begin at any time

No minimum participation

- Business owners cannot be the only enrollees

Must offer coverage to anyone working 30 hours per week

Small business pays entire invoice, withholds employee's portion of premium on pre-tax basis

No minimum contribution to premium required

- However, TRG clients asked to contribute at least 50% of premium for bronze

Medicaid recipients are not affected by employer sponsoring group health plan

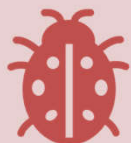


Other considerations



Employees who have access to group-sponsored health insurance are no longer eligible for individual subsidies

Affordability exception – if portion of premium employee must pay for self-only coverage (*based on second lowest cost silver plan*) exceeds 8.39% of employee's household income, the group-sponsored coverage is deemed unaffordable



Federal & State regulations apply

Premium only plan (POP) document
COBRA
Standard compliance notices

2024 Standard Plans & Premiums

Standard Plans	Platinum	Gold (1)	Silver (3) Reflective	Silver CDHP (4) Reflective	Bronze (2)	Bronze CDHP (3)	Bronze W/O Rx MOOP(4)
Medical deductible	\$450/\$900	\$1,400/\$2,800	\$4,000/\$8,000	\$2,100/\$4,200	\$6,450/\$12,900	\$5,800/\$11,600	\$9,400/\$18,800
Rx deductible	-	\$200/\$400	\$500/\$1,000	-	\$1,100/\$2,200	-	-
Medical out of pocket max	\$1,500/\$3,000	\$5,600/\$11,200	\$9,300/\$18,600	\$7,050/\$14,100	\$9,450/\$18,900	\$7,200/\$14,400	\$9,400/\$18,800
Rx out of pocket max	\$1,500/\$3,000	\$1,500/\$3,000	\$1,500/\$3,000	\$1,600/\$3,200	\$1,500/\$3,000	\$1,600/\$3,200	No Maximum
Integrated out of pocket max	No	No	Yes	Yes	Yes	Yes	Yes
Family deductible type	Stacked	Stacked	Stacked	Aggregate, Individual OOPM of \$9,450	Stacked	Aggregate, Individual OOPM of \$9,450	Stacked
Deductible waived for:	-	-	Generic Rx	Wellness Rx \$10/\$50/50%	Generic Rx	Wellness Rx \$12/40%/60%	Generic Rx
Service Category							
Preventive care	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Primary care physician office visit	3 visits per member at no cost share, then \$15	3 visits per member at no cost share, then \$20	3 visits per member at no cost share, then \$40	Deductible, then 15%	Deductible, then \$35	Deductible, then 50%	3 visits per member at no cost share, then \$40
Mental health office visit	\$20	\$35	\$50	Deductible, then 35%	Deductible, then \$45	Deductible, then 50%	\$50
Chiropractic & PT office visit	\$40	\$55	\$90	Deductible, then 35%	Deductible, then \$90	Deductible, then 50%	\$100
Specialist office visit	\$50	\$65	\$100	Deductible, then 35%	Deductible, then \$100	Deductible, then 50%	Deductible, then 0%
Urgent care	\$60	\$75	\$105	Deductible, then 35%	Deductible, then \$100	Deductible, then 50%	Deductible, then 0%
Ambulance	Deductible, then 10%	Deductible, then 30%	Deductible, then 50%	Deductible, then 35%	Deductible, then 50%	Deductible, then 50%	Deductible, then 0%
Durable medical equipment	Deductible, then \$100	Deductible, then \$150	Deductible, then \$500	Deductible, then 35%	Deductible, then 50%	Deductible, then 50%	Deductible, then 0%
Emergency room	Deductible, then 10%	Deductible, then 30%	Deductible, then 50%	Deductible, then 35%	Deductible, then 50%	Deductible, then 50%	Deductible, then 0%
Radiology (MRI, CT, PET)	Deductible, then 10%	Deductible, then 30%	Deductible, then 50%	Deductible, then 35%	Deductible, then 50%	Deductible, then 50%	Deductible, then 0%
Outpatient services	Deductible, then 10%	Deductible, then 30%	Deductible, then 50%	Deductible, then 35%	Deductible, then 50%	Deductible, then 50%	Deductible, then 0%
Inpatient services	Deductible, then 10%	Deductible, then 30%	Deductible, then 50%	Deductible, then 35%	Deductible, then 50%	Deductible, then 50%	Deductible, then 0%
Generic Rx	\$10	\$15	\$20	Deductible, then \$10	\$20	Deductible, then \$12	\$30
Preferred brand Rx	\$50	Deductible, then \$60	Deductible, then \$70	Deductible, then \$40	Deductible, then \$85	Deductible, then 40%	Deductible, then 0%
Non-preferred brand Rx	50%	Deductible, then 50%	Deductible, then 50%	Deductible, then 50%	Deductible, then 60%	Deductible, then 60%	Deductible, then 0%
Pediatric vision exam & materials	\$20	\$20	\$20	Deductible, then \$20	\$20	Deductible, then \$20	Deductible, then \$0
Pediatric dental class I	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pediatric dental class II	Deductible, then 30%	Deductible, then 30%	Deductible, then 30%	Deductible, then 30%	Deductible, then 30%	Deductible, then 30%	Deductible, then 0%
Pediatric dental class III	Deductible, then 50%	Deductible, then 50%	Deductible, then 50%	Deductible, then 50%	Deductible, then 50%	Deductible, then 50%	Deductible, then 0%
BCBS 2024							
Single	\$1,132.59	\$938.54	\$761.82	\$791.64	\$650.77	\$680.95	\$675.95
Two Adults	\$2,265.18	\$1,877.08	\$1,523.64	\$1,583.28	\$1,301.54	\$1,361.90	\$1,351.90
Parent & child(ren)	\$2,185.90	\$1,811.38	\$1,470.31	\$1,527.87	\$1,255.99	\$1,314.23	\$1,304.58
Family	\$3,182.58	\$2,637.30	\$2,140.71	\$2,224.51	\$1,828.66	\$1,913.47	\$1,899.42
MVP 2024							
Single	\$1,094.86	\$912.32	\$720.03	\$733.96	\$631.98	\$641.13	\$653.19
Two Adults	\$2,189.72	\$1,824.64	\$1,440.06	\$1,467.92	\$1,263.96	\$1,282.26	\$1,306.38
Parent & child(ren)	\$2,113.08	\$1,760.78	\$1,389.66	\$1,416.54	\$1,219.72	\$1,237.38	\$1,260.66
Family	\$3,076.56	\$2,563.62	\$2,023.28	\$2,062.43	\$1,775.86	\$1,801.58	\$1,835.46



Health Savings Accounts (HSA)

Employee-owned savings accounts available to people enrolled in an HSA-compliant CDHP

- Money may be contributed by both the employer and employee
- Contributions are not taxed
- Funds must be used for IRS-defined qualified medical expenses to avoid taxes and penalties
- Funds used for non-qualified medical expenses are subject to income tax and a 20% tax penalty
- Funds roll over at the end of the year
- Yearly limits on how much can be placed in an HSA
 - In 2023, \$3,850 for individuals and \$7,750 for families
 - In 2024, \$4,150 for individuals and \$8,300 for families
- No limit on how much the account can hold



Flexible Spending Accounts (FSA)

Arrangements that allow employees to pay for many out-of-pocket qualified medical expenses with tax-free dollars

- Employer-owned
- You do not have to be enrolled in an CDHP to be eligible for a health FSA
- Employees decide how much of their pre-tax wages they want taken out of their paycheck
 - Up to \$3,050 per year or the employer's established limit
- Employer can establish the types of expenses the health FSA's funds can be used for – medical, dental, vision, all section 213D
- Use-it-or-lose-it rules mean unused funds may be forfeited by year's end
 - Employers may allow employees to roll over \$610 of unused funds
 - Employers may allow a grace period of up to 2.5 months to use last year's funds

Dependent Care Accounts (DCA)

Arrangements that allow employees to pay for childcare and elder care

- 100% employee funded
- Employees decide how much of their pre-tax wages they want taken out of their paycheck
 - Up to \$5,000 per year/per household
- Use-it-or-lose-it rules mean unused funds may be forfeited by year's end
 - Employers may allow employees to roll over \$570 of unused funds
 - Employees only have access to money in the account as it's contributed throughout the year.



Employer-funded accounts from which employees are reimbursed tax-free for qualified medical expenses

- Employer-owned
- Employer determines the amount of money available in the account, the coverage period and the types of expenses the funds can be used for
- HRA funds can only be spent towards qualified medical expenses, which may include dental and vision
- Unused amounts may be rolled over to the next year, if employer permits year-to-year rollovers
- Can be paired with any Exchange plan



Health Reimbursement Arrangements (HRA) – in lieu of group health plan



Individual Coverage Health Reimbursement Arrangement (ICHRA)

Reimburses employees a fixed amount of month for health insurance premium and out of pocket expenses if they purchase their own individual health plan.

Employees are not eligible for individual subsidies with an ICHRA



Qualified Small Employer Health Reimbursement Arrangement (QSEHRA)

Reimburses employees a fixed amount of month for out of pocket expenses.

Employees are not eligible for individual subsidies with an QSEHRA, unless deemed unaffordable



Group Sponsored Dental & Vision

Plans offered on
contributory or
voluntary basis

- Dental premiums range from \$27 - \$56
- Vision premiums range from \$3.66 - \$15

Flexibility in plan
design options
offer range of lean
to rich plans

- Copays/Deductibles
- Networks
- Optional coverages - Orthodontia
- Materials Allowances/Exclusions

Most carriers have
participation
requirements

- Owners can be only enrollees

Group Sponsored Life & Disability

Life and AD&D

- Employer or employee paid (portable)
- Guaranteed issue

Short Term Disability

- Offers income replacement for injury/illness
- Typically pays 66.7% of weekly salary
- Lasts up to 10 or 12 weeks

Long Term Disability

- Offers income replacement for lengthy periods of disability (usually 6 months or more)
- Typically pays 60% of monthly salary
- Can last indefinitely

Premiums for group life and disability benefits are based on census of employee demographics



Voluntary Benefits



100% Employee-funded

Dental (reimbursement plan)
Life insurance
Disability Insurance
Accident Insurance
Cancer & Critical Illness Insurance



Premiums are paid either through payroll deduction or direct billing with employee



Policies are portable



Premiums are based on employee's unique demographics (age, salary)



Retirement Benefits



SEP IRA – Small Employer Plan



SIMPLE IRA



403(b)/401(k) – 403(b) for not-for profits



Individual options – Traditional & Roth IRA's

Retirement Benefits



Buy SEP's and SIMPLE's direct on-line/phone



Individual options – direct purchase
Traditional & Roth IRAs



Understand fees & commissions -
"there ain't no free"



403(b)/401(k) – Advisor/Administrator help



3 Options

	SEP IRA	SIMPLE IRA	401(k)/403(b)
Employer Contribution Required?	No, Discretionary up to 25% of Comp or \$66,000 ER % Contribution must be the same for all employees	Yes: \$ for \$ match up to 3% <u>or</u> 2% for all	No, can have a “discretionary” match and/or annual contribution
Roth/After Tax Contrib.	Yes, starting in 2023	Yes, starting in 2023	Yes
Employee Deferrals?	No	Yes, up to \$15,500 or \$19,000 if over age 50 (b/c of \$3,500 Catch-Up)	Yes, up to \$22,500 or \$30,000 if over age 50 (b/c of \$7,500 Catch-Up)
Vesting of Employer Contributions	Immediate 100%	Immediate 100%	Graded vesting schedules or Safe Harbor 100%

		3 Options	
	SEP IRA	SIMPLE IRA	401(k)/403(b)
Testing & Compliance	415 & Top Heavy (>60% of plan assets held by key ee's)	n/a	Yes, TPA needed
Investment Options	Single fund family only	Single fund family only	Broad range or Open architecture
Profit Sharing Contributions	No	No	Yes, with salary deferrals up to \$66k or \$73.5k if over 50 & supported by comp level
PS Allocation Can Favor Owners	n/a	n/a	Yes: New Comparability
New Hire Recruitment			Candidates look for a 401(k)/403(b)

SIMPLE / SEP IRA's

- **The SIMPLE IRA probably the best “starter plan”**
- **They run on a calendar year, can include/exclude folks making <\$5,000**
- **Use Form 5305-SIMPLE: Use only one(1) designated vendor**
- **Self-service solution: very minimal costs, no advisor needed, you do need to submit regular contributions and add/term employees, on-line enrollment**
- **\$ for \$ match to 3% is reasonable. Run the match 3% of gross payroll if everyone participates, worst case budget hit**
- **Graduate to a 403(b)/401(k) when you are ready based on center size, can switch only for January 1.**
- **T. Rowe Price lowest cost 403(b)/401(k) solution when transitioning from a SIMPLE IRA. Already have a 403(b)/401(k)? happy to review it for you**



SIMPLE / SEP IRA's

You can research on-line but seriously consider picking up the phone and calling:

T Rowe Price (800) 492-7670

[Small Business and Self-Employed Retirement Plans | T. Rowe Price](#)
troweprice.com

Fidelity (800) 544-5373

[Small-business retirement plans | Compare plans | Fidelity](#)

Vanguard (855) 835-3952

[Small business retirement plans | Vanguard](#)

Department of labor SIMPLE IRA Brochure:

[Publication 4334 \(Rev. 11-2020\) \(irs.gov\)](#)



