

# Employee Benefits & Workers' Comp News



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Retirement Planning

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## Changes to 401(k) Plans Under Consideration

Congress is debating possible changes to the 401(k) retirement plans employers offer their employees. Some of the ideas being discussed by Senators and Representatives would favor employees, some would benefit the federal government.

**R**etirement plans are a hot topic for two important reasons, both of which involve money.

Americans are not good at saving for retirement. According to the National Institute on Retirement Security, six out of 10 households do not save enough to maintain their current standard of living in retirement. In addition, Social Security does not have enough money to support future generations' retirement needs. More workers will be using the Social Security funds than are putting money into the plan. Congress also frequently has dipped into the fund to pay for other projects and services.

The other reason is that Congress is looking for ways to raise revenue to offset historic tax



## This Just In...

**T**here's a disparity in how baby boomers learn and how younger generations including Generation X and millennials learn that affects safety in the workplace.

Christina Lincicome of SAIF Corporation, Oregon's state-chartered workers comp insurer, thinks "full classes on safety will become a rarer occurrence because younger generations don't necessarily learn best that way," she told *Business Insurance* magazine.

Lincicome points out that since "millennials are highly intuitive..., safety concerns should be relayed showing the best method quickly and decisively. For boomers, you want to include the entire

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cuts promised by President Donald Trump. Employees currently can contribute up to \$18,000 a year and not pay taxes on those earnings. Employees who are age 50 and older are allowed to save as much as \$24,000 a year to “catch up” on their retirement savings.

Even though retirees eventually pay taxes on the savings, the federal government would like to collect those taxes now rather than later. Thus, Republicans have floated the idea of limiting the amount of tax-free money workers can save for retirement to \$2,400 annually. This change could raise billions over the next 10 years.

However, President Trump told reporters, and wrote on Twitter, that he was not in favor of this change and that he wanted to preserve existing retirement tax breaks, which he believes are very important to the middle class.

Congress is also looking at proposals that would make it easier for employees to save. Most of the ideas revolve around 401(k) retirement plans. Here are a few ideas that could have a positive effect for you and your employees.

### Auto-enrollment

Some employers automatically enroll their employees into their company's 401(k) plan. Employees can opt out, but most stay in the plan and don't miss the money that's taken out.

Proponents of auto-enrollment want Congress to require employers to direct six percent of every employee's salary to a 401(k)

plan. Employees could elect to have more taken out. Another proposed automatic enrollment feature is a requirement to automatically increase contributions by one percent each year to a maximum of 12 percent.

### Qualified Default Investment Alternatives

Investment choices often overwhelm employees and they would prefer someone else to make the decisions. Many employers automatically enroll employees in Qualified Default Investment Alternatives (QDIA). What makes these plans special is that they mix equity and fixed income investments based on an individual's age and retirement date. Proponents of these plans want Congress to require QDIAs.

### Roth 401(k) Contribution

Unlike a 401(k) contribution, any money deposited in a Roth 401(k) is taxed immediately. The current limits are \$5,500, but go up to \$6,500 for those who are age 50 and older. If the contribution limits were raised, in the short term there would be increased tax revenue from Roth contributions. However, the Roth 401(k)s would shelter eligible fund withdrawals or capital gains from taxation in the future.

There is a push to increase limits to both 401(k) and Roth 401(k) plans. Proposed limits for 401(k) pre-tax contributions are \$20,000, plus a maximum of \$20,000 in Roth 401(k) contributions, which would be taxed right away, helping to ease federal budget concerns.

**method and build in time for questions.”**

**Younger generations also want to know how changes are going to impact the workplace. They need to know the why; they're not satisfied just knowing what to do.**

**“Millennials bring intuitive problem-solving approaches while boomers carry the social and institutional knowledge. These two can create new approaches by leveraging the best in each other. Generation X is generally excellent at project management. They have been referred to as the latch-key generation and understand what it is like to work alone. They excel in productivity and creativity when you give them a charge, a deadline, and leave them alone,”** said Ms. Lincicome.

**We saw a cartoon that put the generational disparity this way:**

**Boomer: Tell me quick, I only have five minutes.**

**Millennial: Tell me quick. I only have a few seconds, send me a message on my iPhone.**

### Health Savings Accounts

A Health Savings Account (HSA) is set up by an employer and is a great way for individuals to save tax free for health expenses. The higher the contribution limits, the more employees could potentially save for use during retirement. Currently, contribution limits are \$3,400 for self-only coverage, and \$6,750 for individuals with family coverage. Those who are 50 and older can add an additional \$1,000 annually for catch up contributions.

## Loans

Employees often are tempted to take loans from their 401(k) plans. They have to pay the loans back, but if they leave their job during the loan payback period, they often don't pay the money back. Many human resource departments spend a lot of time keeping track of loan repayments. There's a proposal to eliminate the ability for employees to take out loans, except for hardship reasons.

## Company Stock

Companies can offer company stock as part of a retirement plan, but employees often put too much money in company stock and don't understand when they should pull back. Some experts would like to see companies eliminate company stock as an option or restrict its use.

For more information on 401(k) plan administration or setup, please contact us. ■

# 9 Ways to Improve Your Workers' Comp Program and Save Money

The key is advance planning.

- 1 Make sure your employee classifications are correct.** There are 500 to 600 job classifications to choose from, and getting the best fit possible can mean getting the lowest rate possible. Sometimes employees whose duties are only clerical get included in much more costly job classifications when those are the business's primary classifications. For example, a bookkeeper/administrative assistant in an auto body shop should not be classified as a body shop worker.
- 2 Develop relationships with medical providers who specialize in occupational medicine.** Injured employees will often go to their personal doctor or use a walk-in facility when an injury occurs. When this happens, employees do not get optimal treatment and you incur higher costs. Your agent can help you identify physicians who have the right training and who will get to know your business, the type of work performed and the best treatments for your workers.
- 3 Have a system in place to make sure injured employees get immediate medical care.** In many instances, injured employees are simply sent home or let go for the day so they can go to their own physician or go to an emergency room. Your goal should be to make sure injured employees get immediate medical attention so they can get the care they need and return to the job as soon as possible.
- 4 Use data to control losses.** Review your workers' comp loss runs and OSHA logs regularly with your



broker to assess ways to improve your systems, processes, training and other factors that can reduce future losses. Also, pay attention to data about the kinds of accidents that are typical for your type of business and develop ways to foresee and mitigate claims before they occur. Here are the 10 most common workers' compensation claims:

- ✦ Overexertion (results in pulled muscles or flagging attention)
- ✦ Slips, trips and falls
- ✦ Falls to lower level (such as falling off a ladder or a roof or down a flight of stairs)
- ✦ Bodily reaction (such as a fall avoided that causes injury as a result of the avoidance)
- ✦ Struck by object
- ✦ Struck against an object
- ✦ Highway incident
- ✦ Machinery accidents
- ✦ Repetitive motion (carpal tunnel)

syndrome or tendonitis, for example)

✱ Workplace violence

- 5 **Be prepared for your annual workers' comp premium audit.** To make things go as smooth as possible with your audit, have a list of all employees, their hours, duties, payroll classifications and payroll. You should also list all job descriptions and differentiate clearly between employees and independent contractors. Your agent can help you review and prepare for your audit.
- 6 **Review your company's Annual Unit Statistical Report.** The Unit Statistical Report is the evaluation of losses and other information your insurance company submits to its rating bureau each year. The report will include the premiums you've paid and the paid and reserved losses occurring during the reporting period. It's important to review this data carefully because if the insurance company sets a very high reserve on any of your claims or keeps open claims that should have been closed, your experience modification factor will go up, costing you more in premium.
- 7 **Develop a "light duty" or "recovery at work" program for injured employees.** If an employee returns to work before lost-time wages start, this can create a significant cost savings and reduce the impact on your experience factor. More importantly, injured workers recover faster if they remain working, even if they are doing work that is less critical or demanding than their regular job. The important thing is to keep them engaged in their work. By consulting your company physician, you can design

work activities appropriate for the employee.

- 8 **Check whether a claim might be eligible for second injury funds.** More than 20 states have "second injury funds" that pay benefits to workers when an injury aggravates a pre-existing permanent health condition. Over half of all injured workers have a pre-existing condition, according to one expert. When you have an employee with a permanent impairment who suffers a second injury, you are responsible for compensating only the most recent injury. Many employers fail to realize this, often spending thousands of dollars more than they need to.
 

When a worker with a pre-existing injury or condition files a claim, the employer should make the claims adjuster aware of the pre-existing injury or condition. The adjuster will calculate the settlement value of the claim, and/or file the claim with the second injury fund. Submitting a claim to a second injury fund can help employers with experience-rated workers' compensation policies avoid a big premium increase. It can also make it more appealing to hire former military service persons, many of whom have service-related disabilities
- 9 **Remember to ask your agent for help.** Your agent is your best asset for help implementing any of these loss control and premium saving ideas. Your agent can also help explain anything about your policy or the many intricacies of workers' comp insurance. Your agent is also your advocate and will help you get the best possible coverage and rates from your insurance company. ■

## Your EEOC Responsibilities as an Employer

Employers have a responsibility to protect the rights of employees suffering from a mental health condition.

**D**epression, PTSD & Other Mental Health Conditions in the Workplace: Your Legal Rights" is a summary of an individual's rights under the Americans with Disabilities Act of 1990. The document is published by the U.S. Equal Employment Opportunity Commission (EEOC). A copy of the summary can be found at [www.eeoc.gov/eeoc/publications/mental\\_health.cfm](http://www.eeoc.gov/eeoc/publications/mental_health.cfm).

According to the document's summary, employers are obligated to guarantee an employee's rights to:

### Not be Discriminated Against or Harassed

Employers cannot discriminate against employees based on their mental health conditions. An example of discrimination would be to deny an employee a promotion because of a mental health issue. Employers also are required to address an individual's

complaints about harassment and to keep it from occurring again.

## Request Reasonable Accommodations

An employee may request a reasonable accommodation to do their job any time after they are employed. These accommodations could include requests such as a different work or break schedule, a quiet space or permission to use electronic devices.

As the employer, you can ask the employee to put the request in writing, including an explanation as to how their condition will affect their work. You also can request a letter from their health care provider.

You're not required to provide burdensome accommodations that are expensive or difficult to arrange. However, you're also not allowed to ask the employee to repay any of the costs of accommodation.

If an accommodation isn't enough for the employee to do their job, they may be entitled to unpaid leave if that will help them to eventually resume their duties. An employee who is unable to perform their duties also can be assigned to a different position.

The EEOC summary also added the word "uncomfortable" when explaining that employers must provide reasonable accommodations if the employee's condition makes certain activities "more difficult, uncomfortable, or time consuming to perform." Many human resource experts are uncertain how to define "uncomfortable," which could be subject to various interpretations.



## Privacy

Employees do not have to divulge that they have a mental health condition. At the same time, you are allowed to ask questions about employees' mental health under the following conditions:

- ✱ When the employee asks for an accommodation
- ✱ After an employee is hired, if all employees are asked the same question
- ✱ When you are engaging in affirmative action practices for people with disabilities
- ✱ When you have evidence an employee is unable to do their job adequately or is a safety risk to themselves or others

## Dismissals

You cannot fire an employee for having a mental health condition. However, you don't have to keep an employee who is unable to do their job because of a medical condition or the side effects of the medicine they're taking. And, you don't have to hire a candidate who can't do the job or who may be a threat.

The important thing is not to rely on stereotypes when making a hiring or firing decision. You must have objective evidence that an employee can't perform the job or could be a threat. Objective evidence is information based on facts that can be proved by analysis, measurement and observation.

If you have questions or concerns about your EEOC responsibilities as an employer, please contact us. ■

# Getting the Most Out of Disability Benefits

You spend valuable time and money to offering benefits to your employees. So imagine how frustrating it would be for you and your employees if they were unable to enjoy the benefits they deserve.

**T**his is where employee education pays off — especially when the subject is disability benefits. It's easy to make a mistake in the claim process.

To ensure a carrier will pay the claims of employees who are too injured to work, here's what you and your employees need to do.

## Read your Contract

Check to see if your condition qualifies for disability coverage. If it does, find out if you'll get benefits only for your regular job. You may not get benefits if you are able to do another, different job, even with your injury. Or you might be paid benefits only for a specific time if you're able to do another job.

Make sure you understand all of the questions on the claims form and answer them correctly. Mistakes can cost you coverage.

## Be Prompt

It's important to fill out claim paperwork immediately — even if benefits don't start right away. A late submission could be grounds for the insurance company to deny your benefits. Send your claim by registered mail and request a return receipt. This will ensure that you have proof the insurance company received your claim.

## Be Patient

Every disability policy has an elimination period. This is the time an employee must wait until the disability benefits kick in. Generally, the more expensive the policy, the shorter the elimination period.

## Keep All Documentation

Ask your doctor to explain your disability in writing to the insurance company.

When you talk to the claims adjuster on the phone, follow up with a letter documenting who you spoke with, what they said, and the date and time of the call or meeting. It's easy to forget what was said if you're stressed or not feeling well. If you doubt your note-taking abilities, you can record meetings and phone calls, but you have to alert the people you're recording at the beginning of the conversation.

Please contact us if you have questions about disability insurance.

