



A UNIQUE APPROACH TO SMALL GROUP ANCILLARY BENEFITS

As you know, implementing ancillary benefits such as dental, vision, life, and disability insurance for small employer groups comes with a set of challenges. Meeting participation requirements and satisfying carrier health underwriting requirements are the two big things that come to mind. The third would be maximizing the perceived value of the plans by the covered employees.

In the case of employer-paid plans, all eligible employees will usually qualify for some minimal level of coverage. For instance, employees may qualify for \$10-30K of life insurance if the benefit is employer-paid for all employees. However, once implemented, the employer is now on the hook for this premium and it adds one more subtraction to their bottom line. From a perception standpoint, some employees may appreciate the benefit, others may feel indifferent because they really had no choice in the decision to pick that particular benefit. They may already have plenty of life insurance, and would really have appreciated a vision plan that covers their family instead.

When benefits are voluntary, employees get to pick the plans they perceive to have the most value for their particular needs. They don't just get whatever the employer wants to buy, they get what they want. The value is greater. However, voluntary benefits also have some unique challenges.

In the case of voluntary dental and vision insurance coverage, all eligible employees will qualify automatically from an underwriting standpoint. However, since carriers usually require 50-90% participation from all eligible employees, those employees that do not want or need the coverage become a problem for those that do. So, many times those employees that don't want it are coerced into paying to get it, or conversely those that want it, end up not being able to sign up for it because participation requirements can't be met.

In the case of voluntary life or disability insurance coverage, eligible employees do not automatically qualify for coverage from an underwriting standpoint. Carriers usually require 50-90% of all eligible employees to sign up for the coverage. Additionally, even if participation requirements are met or are waived by the carrier, employees must still qualify for the coverage by meeting health underwriting guidelines for height, weight, and pre-existing health conditions. This means that many times those employees who need the coverage the most due to health concerns, sometimes cannot qualify for the coverage.

What if a plan existed that eliminated these challenges, where employees could get what they wanted regardless of their health status and regardless of group participation requirements?

A Defined Contribution Plan meets the challenges head on and is a brand new concept in benefit planning. It is designed specifically for small employer groups that have 2-99 employees and have a desire to expand their benefits portfolio of offerings at minimal cost to their bottom lines. DC Plans have the following advantages:

- Employers contribute a minimal fixed dollar amount (\$15/month). Employees pay the remainder of the premium, if any, for any plans they pick on a voluntary basis.
- All plans have GUARANTEED-ISSUE underwriting for life, disability, dental, and vision insurance coverages, so no one can be turned down.
- All plans have NO PARTICIPATION REQUIREMENTS for life, disability, dental, or vision coverages, so plans can be issued with only 1-2 participants.
- All employees only pick the benefits they need.
- All plans are paid for through payroll deduction.
- Voluntary life is up to \$100K (employee) / \$50K (spouse) - GUARANTEED ISSUE, and up to \$250K - SIMPLIFIED-ISSUE.
- Voluntary disability is available both short-term and long-term (up to age 65)
- Voluntary dental is open access, but also has a network to maximize benefits. Annual maximums up to \$2,000 are available, as well as \$2,000 per child for orthodontia.
- Voluntary vision is available for exam only or exam/materials. The exam only plan is under \$1.50/month and fills the gap for those major medical plans that do not cover the exam.

**Defined Contribution Plans are marketed by
National MGA Insurance Alliance.**

For more information, please contact us at (956) 982-3998 x 301, or visit us at www.NMGAIA.com.

Agent and marketing level contracts are available.