



GMS INSURANCE

Employee Benefits
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Benefits for the Generations

Each time a generation becomes of working age, reports and studies are published that help those outside the generation understand that cohort's collective psyche. Generation Y is no exception. This is the generation that is now entering the workforce in droves. Described by demographer, David K. Foot, as those born between 1980 and 1995, these are the children of the Baby Boomers and are 70 million strong in North America.

Generation Y (A.K.A. the Echo Boomers) has been raised on technology. They don't know a world without computers, Internet, PDAs, cell phones – it's digital *everything*. And while technologically savvy, this is the group that mirrors the values of their grandparents. They follow a high moral and ethical doctrine and want to make a difference in this world. At work, they are looking for a strong work-life balance and will make sacrifices previous generations wouldn't in order to achieve it. In a Benefits Canada study, 69% of 30-year-olds said that they would take one extra week of vacation over an extra week of pay.

A lot of ink has been devoted in various business publications about how to cater to this

group. After all, they are the ones who will be filling all the empty spaces left by their boomer parents. While it is important to look to and plan for the future, you must not overlook the other generations that you employ. They too have a lot to offer and Gen Y won't be able to fill all the expected job vacancies alone.

Gaining a sense of what is important to your employees is key to designing a successful benefit program. However, an employee survey will likely return results that are all over the map. What is important to a 45-year-old dealing with the demands of 2 children and an elderly parent is quite different from that of a single 30-year-old.

So do you design a plan that is considered mediocre by all groups or do you design a plan that makes the majority happy? The answer falls somewhere in the middle of these two options and can be found in the form of an optional flexible health spending account. It allows employers to offer a basic benefit plan but then allows employees to "top it up" based on their needs.

We're not talking about a flexible benefit plan. Such plans can be administratively onerous and not as flexible as employees first thought. The health spending account (HSA)

1550 Enterprise Road, Suite 215, Mississauga, ON L4W 4P4

Toll Free: 1-877-685-2515

25 Irvin Street, Kitchener, ON N2H 1K6

Toll Free: 1-866-536-0389

www.gmsinsurance.com

is much more flexible and administratively simple. It is an account set aside for the employee to use to pay for medical services that are not covered by the basic plan.

For example, company XYZ provides an 80% drug and 100% basic dental package. An HSA is set up for each employee for \$500 per year. Now, Joanne, who has two children needing orthodontic work, can use her \$500 HSA money to help with the costs. Meanwhile, Tim, a young single person who has no need for orthodontic coverage, can use his \$500 to get rid of his eye glasses for good with laser vision correction. Both employees have the foundation of a good benefit plan but each is able to tailor it to meet their own needs.

Flexible HSAs offer the added benefit of growing with employees. In 10-15 years time, Tim may be the one with the children needing orthodontic work and Joanne may be the one who doesn't have children relying on her anymore for medical benefits. Their roles have switched, but their benefit plans are still individually relevant.

From an employer's perspective, you have been able to offer a benefit program that spans all generations and meets the needs of each. Further, because HSA's are separate from the traditional health and dental plan, claims paid through the HSA are not used in your

renewal analysis. Essentially, the HSA costs are fixed. Now you have a well-designed, highly valued benefit plan that doesn't cause your plan costs to spiral out of control.

Your GMS Insurance representative would be pleased to review the full details of optional flexible HSAs with you. Please give us a call.

Sources:

http://www.benefitscanada.com/news/article.jsp?content=20070628_181234_5372

<http://www.hrpaio.org/HRPAIO/HRResourceCentre/KnowledgeCentre/newscluster3/Why+and+How+Managing+Different+Generations+in+the+Workplace.htm?print=true>

Ian Harvey, "Generation Y turns tables on employers" in *Business Edge* Vol. 4 No. 2 (January 25, 2008) p. 20-21.

Quiz Corner

Put your mental mettle to the test and a \$50 prize in your pocket!

Unscramble the topic and the list. Topic: RUNSSMITTEN

LOCEL
BULGE
AIRGUT
CLIPCOO
NARTICLE
BEMORTON
MARCHIANO

Answers can be sent to: info@gmsinsurance.com or by fax to 905-670-4146. We will draw a winner from the correct answers

Reminder: Update Salaries

Some benefits, such as life and disability insurance, are based on earnings so it is imperative that they are kept current. T4 season is over so now is a great time to update employee earnings. Check your group contract to review what is included in "earnings".