

The View from Level VII™

EXECUTIVE BENEFITS

“COLI Best Practices Act of 2005”— Update

On May 11, Representatives Tom Reynolds and Earl Pomeroy introduced bipartisan legislation to codify current industry “best practices” on business uses of life insurance. The proposed legislation mirrors the language approved by the Senate Finance Committee in 2004. The COLI proposal is included in the “NESTEG” pension reform bill this year.

The proposal has significant bipartisan and bicameral support which aides its chances of addition. Possibilities for inclusion of the proposal are the reconciliation legislation used to advance extensions of current tax cuts as well as legislation that has to be considered to fix the formula companies use to calculate obligations held by pensions. By codifying the industry’s best practices as they relate to business uses of life insurance, the act would:

- Limit coverage to directors and “highly-compensated employees” (earning at least \$90,000/year or the top 35%).
- Require employers to obtain informed consent of any employee before enrollment in a COLI plan.
- Establish disclosure and record keeping requirements for businesses holding COLI policies.

Industry organizations In support of the enactment of this legislation include: AALU, ACLI, NAIFA and Issues Alliance partners.

Weir Financial Resources, a financial advisory firm uniquely dedicated to providing solutions for Executive Benefits, Business Continuity and Private Wealth Planning, stands ready to assist your company with such important planning matters.

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EXECUTIVE COMPENSATION

Executive Relations

I was recently asked by the owner of a private company as to how to best try to ensure the President of the company could be retained. In this particular case, there was: 1) not an alternative offer; 2) no threat of resigning; or 3) no stated dissatisfaction, however the owner wanted to reduce the possibility of the President being enticed to leave because of another opportunity, or became concerned about certain employment elements.

Before delving into a check list of compensation items, we first discussed the overall basic tenet about having excellent two-way communications between the owner and the President. This should give the parties an ample opportunity to freely and openly discuss both business and personal issues. Hopefully this (open) dialogue would give the owner a “heads up” if there are problems to be resolved.

In this ever increasingly competitive market for high-performing executives the following check list was suggested to the owner: Employment Agreement (or Contract); Change in Contract Agreement (“Golden Parachute”); as well as participation in well designed Annual Incentives/Bonus Plan, Long-Term Incentives Plan, Deferred Compensation Plan, Supplemental Executive Retirement Plan (“SERP”), Executive perquisites (eg) automobile (or allowance), clubs, etc.

These plans/agreements would be in addition to basic participation in programs for (usually) all executive employees such as: 401(k) Savings Plan, Life, Disability Insurance, Health/Medical insurance – although incremental coverage would be recommended for the President. More comments will be made on these suggestions in the next newsletter.

Harman & Associates with its fortune 500 background and extensive national and international experience in executive compensation planning stands ready to assist in developing a plan that deals with the complex tax rules and establishes mutual benefit for all parties involved.

Ray Harman
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In this and/or future issues you will find short, yet meaningful articles on:

- Human Resources
- Risk Management
- Executive Compensation
- Executive Benefits
- Employee Benefits
- Private Wealth Planning



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EMPLOYEE BENEFITS

PRESCRIPTION DRUG DISCOUNTS – LibertyCareRx

The LibertyCareRx program was originally developed for the residents of a downstate New York county by Arxcel; a national pharmacy benefits administrator based in Hamburg, NY. The plan is now available on a voluntary basis for employer-sponsored groups.

This discount card program includes a retail network of providers, a mail / online network, and an option to use a *Canadian Pharmacy*. The program is separate from existing medical and prescription benefits, and does not need to be tied to any specific medical benefits plan. Employees with high prescription co-pays for brand name drugs may find that their discounted LibertyCareRx fee is less than their co-pay amount. Employees without any prescription drug coverage would see the greatest benefit. **Each participating employee would order the LibertyCareRx card directly, and the employer would not see any billing statements or need to track any enrollments.** The current cost for the discount card is a one-time, lifetime fee of \$20 for a single plan, or \$32 for a family plan.

We have worked with Arxcel for a number of years as a pharmacy benefit administrator, and we feel this new program could be of value to many Western NY employers. Please contact us if you would like to receive more information on LibertyCareRx.

Benefits Advantage provides consulting and insurance brokerage services for all types of employee benefits programs. Emphasizing *personal service, creative ideas, and positive results*; Benefits Advantage Inc. has 30 years of industry experience in working with clients.

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HUMAN RESOURCES

YOU DON'T NEED A NEW I-9 FORM!

Some of you may have been receiving mail that states that the Form I-9 that you are currently using for employment and identity verification purposes has been revised and that you MUST obtain a new form in order to comply with the law. Some of you may know that we've been waiting for a revised form for years so when you receive one of these mailings you must think that this is finally it. Wrong again!!!

In a press release from the U.S. Citizenship and Immigration Services (formerly the INS) we learned they have rebranded the form. This means that they have removed references to the former Immigration and Naturalization Service and added references to the new U.S. Citizenship and Immigration Services. Aside from replacing outdated references to the Department of Justice and the former INS with references to DHS and its components, the current edition of Form I-9 is identical to the one you should be using with a revision date of 11/21/91.

So don't be fooled by those snake oil salesmen trying to sell you a lifetime supply of a "new" form. There isn't one. In the meantime, if you wish to use the "rebranded" I-9, download it for free and print it out from the USCIS website: <http://uscis.gov/graphics/formsfree/files/i-9.pdf>.

We're glad we could save you a few bucks. Please feel free to contact us with questions related to this, or any other related Human Resource matter. **HR Professional Consultants** provides outsourcing and project based Human Resources consulting services for companies of all types and sizes.

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