

Business Solutions

Take care of top talent.
Protect your bottom line.

Michelle Tish, CLU, ChFC
Regional VP Life Distribution



Where connections make a **difference.**

unitelinsurance.com

How do your business priorities and reality compare to those of your peers?

We asked some of your peers recently¹ about their financial priorities. The realities show some planning is still needed to achieve their goals.

Top 5 priorities vs. realities



It's the No. 1 priority since 2010, yet only half have solutions in place.



Of the owners who provide benefits, 33% offer an employee assistance program (EAP), and 27% offer emotional and wellness programs.



It's been a top 3 priority since 2010, yet only 42% own an individual disability income insurance policy.



Of those with a plan, 32% haven't reviewed it in more than two years.

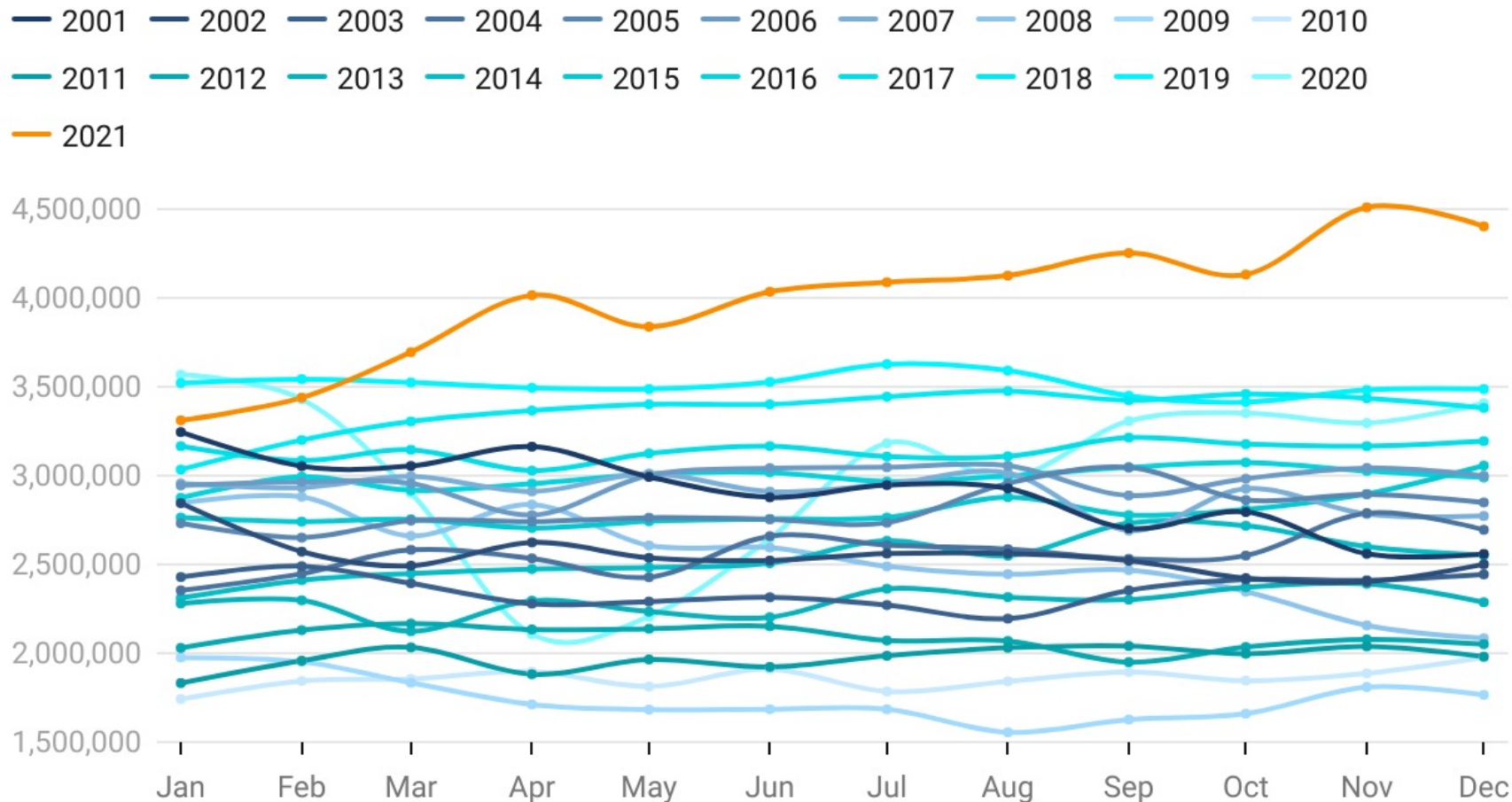


While 401(k) plans remain the most popular, employee stock ownership plans (ESOP) show significant growth.

What keeps business owners up at night?

Quitter's Market

Many factors have led to the historic quits levels—the ongoing pandemic, vaccine mandates and a strong candidate's market are just some considerations that may be leading more workers to put in their notice. The last 10 months of 2021—since March—saw the largest exodus of employees on record. **Hover over each line to see more details about the year and how many workers quit each month.**



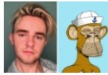
Most Popular



If Ukraine keeps up resistance, expect Putin to make nuclear threats against the West



PAID CONTENT Why green cities are critical for fighting climate change FROM SALESFORCE



Meet a 25-year-old NFT collector who earned \$75,000 the day of the ApeCoin airdrop—before the Bored Ape token surged 90%



Nestlé CEO accused of aiding the killing of 'defenseless children and mothers' by refusing to stop doing business in Russia

CAREERS • GREAT RESIGNATION

Over 4 million Americans have quit their jobs for 6 months in a row as the Great Resignation rages on

BY MEGAN LEONHARDT
February 1, 2022 9:58 AM CST



SIGN IN NPR SHOP

NEWS CULTURE MUSIC PODCASTS & SHOWS SEARCH



Planet Money THE ECONOMY EXPLAINED



SUBSCRIBE

NEWSLETTER

The Great Resignation? More like The Great Renegotiation

January 25, 2022 · 6:30 AM ET



MARKETS BUSINESS INVESTING TECH POLITICS CNBC TV INVESTING CLUB PRO

Search quotes, ne

Caring for someone with Alzheimer's isn't always easy. Reaching us is.

24/7 helpline: 1.800.272.3900

VISIT ALZ.ORG >

alzheimer's association



ECONOMY

A record 4.5 million workers quit their jobs in November

PUBLISHED TUE, JAN 4 2022-10:28 AM EST | UPDATED TUE, JAN 4 2022-8:21 PM EST

Who are your difference makers?

- ▶ Employees whose departure would most impact your:
- ▶ Operations
- ▶ Customer relations
- ▶ Profitability
- ▶ Recovery time

**Take care of top talent.
Protect your bottom line.**



Protect your business from the loss of top talent



Solutions

Key person Insurance

Funding options and considerations

- **Life insurance** provides immediate benefit when the person dies
- **Cash flows** can fluctuate greatly
- **Sinking funds** need time to accumulate



Key person replacement Insurance

- **Key person replacement insurance** provides immediate benefit at disability
- **Cash flows** can fluctuate greatly
- **Sinking funds** need time to accumulate



- Bonus plans
- Deferred compensation plans

- **Life insurance** cash values may allow tax-advantaged access
- **Cash flows** can fluctuate greatly
- **Sinking funds** need time to accumulate

How can you recruit them, retain them, and help protect your business?



Key employee
benefits



Key person
insurance

**Take care of top talent.
Protect your bottom line.**

The right key employee benefits can make all the difference

Recruit

Attract top talent with a competitive benefits package

Reward

Provide performance-based contributions to achieve organizational objectives

Retain

Encourage loyalty by helping secure financial futures

Retire

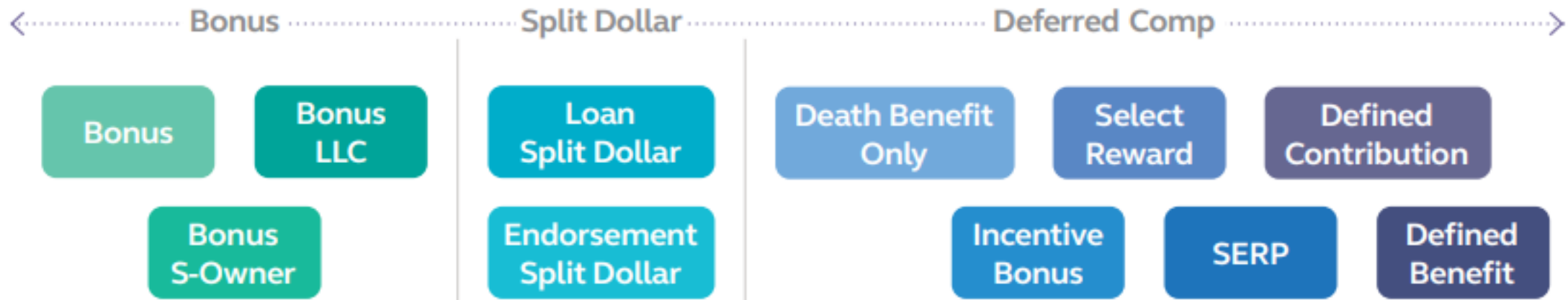
Offer additional retirement savings and long-term income diversification options

For financial professional only. Not for use with consumers or the public.

Key employee benefit solutions

Deduct now,
less employer control

Deduct later,
more employer control



For financial professional use only. Not for distribution to the public.

Key Employee Benefits

Plans are:

- ▶ Selective
- ▶ Benefits may vary
- ▶ You establish vesting
- ▶ Designed to meet YOUR needs



Retention Sales Story

- ▶ **Situation** – Best Company concerned with losing several key employees as the competition has been calling on them.
- ▶ **Discussion** – The business was willing to provide a significant future benefit if the employees stayed for 15 years. The business wanted significant control.
- ▶ **Solution** – Best Company promised to give the key employees a bonus in year 16 (targeted at \$500,000) if the employees stayed. If they left, the employees got nothing. Best Company purchased a life insurance policy on each key employee and funded it to achieve a \$500,000 value in year 16. The business had a retention tool, key person coverage and an asset on the books.



For financial professional use only. Not for use with consumers or the public.

Select Reward Plan

Key Executive
Male, Age: 50 Preferred Nontobacco
State of Issue: Iowa

Initial Death Benefit: \$309,261
Initial Annual Premium: \$25,000.00
Initial Death Benefit Option: 2 (Face + Accumulated Value)

▶ Employer

- Employee Stays
- Employee Dies
- Employee Leaves

▶ Employee

- Makes up lost group life
- Makes up QRP limits
- Feel Valued

Year	End of Year Age	Current (Non Guaranteed) based on premium allocation and interest rate tables									
		Employer Net After-Tax Outlay	Employer Net Surrender Value	Employer Net Accumulated Value	Employer Net Death Benefit	Bonus Received	Employee Tax on Bonus	Economic Benefit Cost	Employee Net After-Tax Outlay	Employee Net Surrender Value	Employee Net Death Benefit
1	51	25,000	25,000	20,476	250,000	0	0	70	21	0	79,737
2	52	25,000	50,000	42,064	250,000	0	0	94	28	0	101,325
3	53	25,000	75,000	64,832	250,000	0	0	123	37	0	124,093
4	54	25,000	100,000	88,877	250,000	0	0	156	47	0	148,138
5	55	25,000	125,000	114,293	250,000	0	0	198	59	0	173,554
6	56	25,000	148,232	141,158	250,000	0	0	247	74	0	200,419
7	57	25,000	172,822	169,554	250,000	0	0	311	93	0	228,815
8	58	25,000	200,375	200,626	250,000	0	0	387	116	0	259,887
9	59	25,000	231,775	233,469	250,000	0	0	477	143	0	292,730
10	60	25,000	268,184	268,184	250,000	0	0	576	173	0	327,445
		250,000				0	0	2,639	792		
11	61	25,000	308,765	308,765	250,000	0	0	703	211	0	368,026
12	62	25,000	351,981	351,981	250,000	0	0	847	254	0	411,242
13	63	25,000	397,972	397,972	250,000	0	0	1,020	306	0	457,233
14	64	25,000	446,910	446,910	250,000	0	0	1,240	372	0	506,171
15	65	25,000	499,070	499,070	250,000	0	0	1,382	415	0	506,171
16	66	-93,750	0	0	0	499,070	149,721	0	-33,334	335,367	573,116
17	67	0	0	0	0	0	0	0	-33,334	320,469	539,782
18	68	0	0	0	0	0	0	0	-33,334	304,586	506,448
19	69	0	0	0	0	0	0	0	-33,334	287,654	473,114
20	70	0	0	0	0	0	0	0	-33,334	269,607	439,780
		281,250				499,070	149,721	7,831	-164,318		
21	71	0	0	0	0	0	0	0	-33,334	250,379	406,446
22	72	0	0	0	0	0	0	0	-33,334	229,875	373,112
23	73	0	0	0	0	0	0	0	-33,334	208,012	339,778
24	74	0	0	0	0	0	0	0	-33,334	184,700	306,444
25	75	0	0	0	0	0	0	0	-33,334	159,837	273,110
26	76	0	0	0	0	0	0	0	-33,334	133,307	239,430
27	77	0	0	0	0	0	0	0	-33,334	104,986	205,076
28	78	0	0	0	0	0	0	0	-33,334	74,740	170,036
29	79	0	0	0	0	0	0	0	-33,334	42,422	134,294
30	80	0	0	0	0	0	0	0	-33,334	1	7,964
		281,250				499,070	149,721	7,831	-497,654		

Recap: Solutions to your key employee challenges



Key
employee
benefits



Key
person
insurance

Questions?

Michelle Tish, CLU, ChFC
Regional VP Life Distribution

THANK YOU

Insurance issued by Principal National Life Insurance Co. (except in NY) and Principal Life Insurance Co. Plan administrative services offered by Principal Life. Securities offered through Principal Securities, Inc., 800-247-9988, Member SIPC, and/or independent broker/dealers. Principal National, Principal Life and Principal Securities are members of the Principal Financial Group®, Des Moines, IA 50392.

No part of this presentation may be reproduced or used in any form or by any means, electronic or mechanical, including photocopying or recording, or by any information storage and retrieval system, without prior written permission from the Principal Financial Group®.

Principal, Principal and symbol design and Principal Financial Group, are trademarks and service marks of Principal Financial Services, Inc., a member of the Principal Financial Group.

Not FDIC or NCUA insured

**May lose value • Not a deposit • No bank or credit union guarantee
Not insured by any Federal government agency**

BB11400-04 | 01/2020 | 1037535-122019 | © 2020 Principal Financial Services, Inc.

Trends in financing medical insurance

▶ Traditional Financing Options

- Fully insured
 - PPO's, HSA, HRA's
- Level Funding
- Self Funding
- Captive

Trends in financing medical insurance

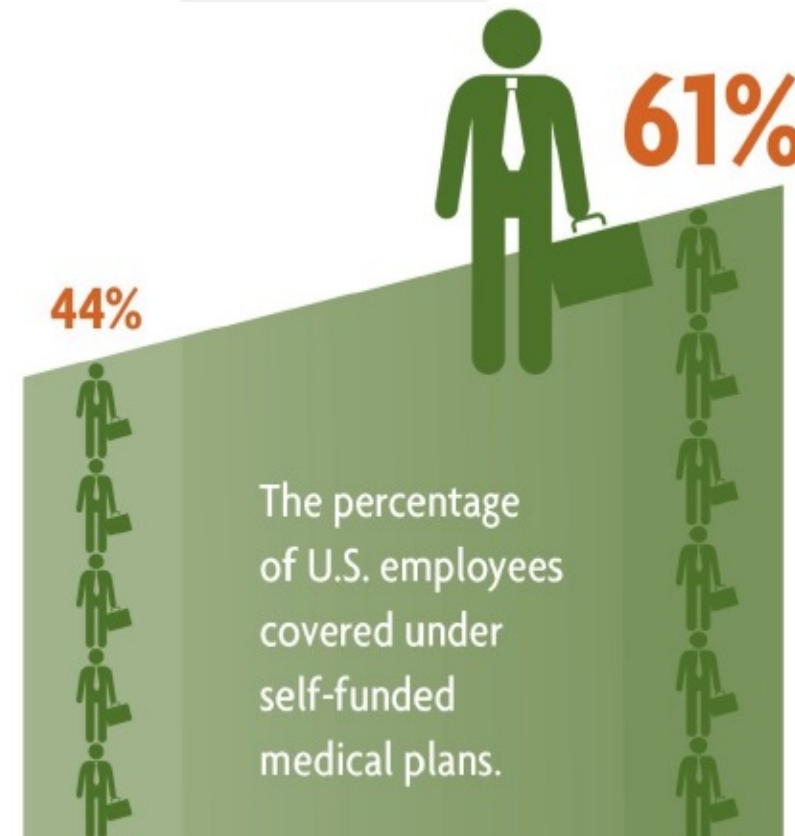
- ▶ Traditional Budgeting Options
 - Employee cost share
 - Trending higher to offset annual increases
 - Higher deductibles
 - Trending higher to offset annual increases
 - Higher out of pocket maximums
 - Trending higher to offset annual increases
- ▶ Impact to employee
- ▶ Is there a better PROCESS



Self Funding 101

Growth of Self Funding

- ▶ In 1967 there were 2,500 self-funded Plans
- ▶ As of 1999, 50 million workers and their dependents receive benefits through self-insured group health plans sponsored by their employers
- ▶ Today over **100 million workers and dependents** receive benefits through a self insured group health plan



Self Funding 101

IF YOU CAN ONLY HAVE 3%, WHICH BOWL WOULD YOU CHOOSE?

“**The Affordable Care Act** kept profit margins in check by requiring companies to use at least 80% of the premiums for medical care...Let’s say administrative expenses eat up about 17% of each premium dollar and around 3% is profit. Making a 3% profit is better if the [insurance] company spends more.”

- **National Public Radio 2018**



Self Funding 101

Taxes:	HIT and State Premium Tax	2.9% – 3.3%
Cash Flow:	No prepayment of claims	1.5% - 3%
Mandated Benefits:	Essential Health Benefits Mandate Age pricing compression Single risk pool standards	1% - 3%
Administration:	TPA vs Insurance Carrier	5% - 10%
Cost Control:	Transparency, RX Rebates, Wellness, Plan Incentives, etc.	8% - 15%
Savings Potential:	Total	18.4% - 34.3%

Self Funding 101

What do the most successful plans have in common?

- ▶ Quarterly reporting reviews – plan decisions based on data from your population
- ▶ Strategic approach to population health
- ▶ Proactive and forward thinking leadership
- ▶ Plan designs that reward engaged individuals
- ▶ Put employees at center of health care strategy
- ▶ Partner with carrier/administrator to create a strong relationship
- ▶ Incentivize employees to receive high value care

Self Funding 101

Who Should Consider Self Funding?

- ▶ Employers who:
 - Want long-term stability and want to achieve long term goals in their health plans
 - Want to be in control of their plan (more meaning than ever)
 - Want to save money (more meaning than ever)
 - Don't want to pay for services before they are provided
 - Are able to look at the big picture
 - Value quality service to employees
 - Believe in population health, transparency, and employee engagement

Examples of Transparency

- ▶ Did you know there is a difference in price?

Average Allowable: Hip Replacement			
Hospital A	Hospital B	Hospital C	Hospital D
\$34,205.76	\$35,406.25	\$53,933.34	\$45,668.20

Hospital A is the best value

- ▶ Did you know there is a difference in quality?

National Percentile Rank (100% being the best) Hip Replacement			
Hospital A	Hospital B	Hospital C	Hospital D
91.23%	79.06%	17.64%	22.35%

Hospital D is the most utilized provider

Self Funding 101

Healthcare Cost Comparison

Fully-Insured

Insurance premium, used to pay for claims (no chance for savings on good years)

On years with low claims, costs are higher than claims incurred and the surplus doesn't return to the employer

Fixed costs (admin fees + carrier profits + reserve funds)

Higher fixed costs go towards carrier's operating expenses

Self-Insured

Risk for maximum liability

On years with high claims, employers risk spending more to cover the claims themselves

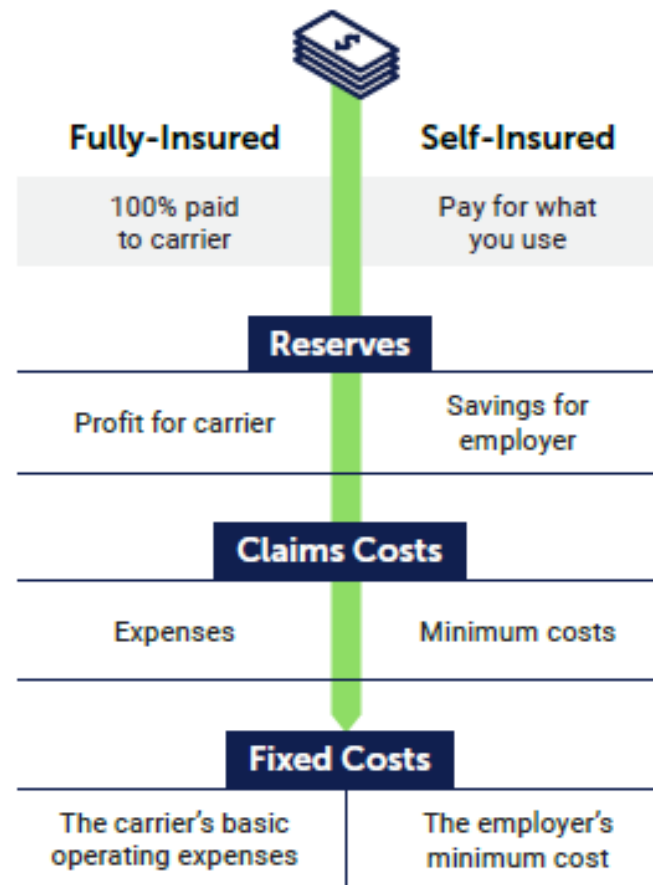
Opportunity to save each month

But they also stand to save the most on years with low claims

Employer pays for claims as incurred

Fixed costs

Where Does the Employer's Money Go?



Real Results

▶ Claims Trend

- Over the last three years, Auxiant clients have significantly outperformed industry averages, experiencing decreases in claims spend
 - **-4.1% Medical PEPM since 2018**

▶ PEPY numbers far below industry averages

-4.10%

Decrease since
2018

-\$3,000 PEPY

Lower Cost Per Employee on
Average with Auxiant

Self Funding 101

