

Azimuth 360 Newsletter

Benefits Edition

September 2009



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Inside this issue:

Cobra Premium Subsidy 1

Benefits Costs 1

MyBenefitsCount Communication tool 2

Will the COBRA premium subsidy be taxable income for the individual?

The premium subsidy is not included in the individual's income. However, there is a phase-out of eligibility for the subsidy, which will increase some high-income individuals' tax liability if they receive the subsidy. The phase-out impacts individuals whose modified adjusted gross income exceeds \$125,000 (\$250,000 for those filing joint returns.) Tax liability is increased, to achieve repayment of a portion of the subsidy,

for those taxpayers whose modified adjusted gross income is between \$125,000 and \$145,000 (or \$250,000 and \$290,000 for those filing joint returns.) If a taxpayer's modified adjusted gross income exceeds \$145,000 (\$290,000 for those filing jointly), the full amount of the subsidy must be repaid as an additional tax. There is no additional tax for individuals with modified adjusted gross income less than these income levels.

Is the 65% subsidy subject to state income tax?

The premium subsidy is not included in income for federal tax purposes. However, its treatment for state income tax purposes is determined under state law and depends on the tax law of that particular state.

Source: IRS

Benefit Costs – New Ways to Save

Looking for some ways to save on your benefit plan costs? Try these ideas:

- Offer voluntary benefits as a way to help employees,

even though your budget may be tight. Since group rates are often less expensive than individual policy coverage, this may be

- just the ticket for employees who want specialized coverage.
- Offer a high-deductible health plan

BENEFIT Solutions PLUS TEAM

David Purinai, President

Email: dpurinai@mshins.com

Brian Trebenski, VP & General Manager

Email: btrebenski@mshins.com

Takyla W Smith, Employee Benefits Consultant

Email: twsmith@mshins.com

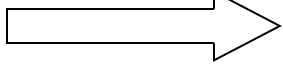
Benefits Communication Tool

Is your day spent answering benefit questions and providing claim forms? We find employers are increasingly seeking ways to shift the duties of HR employees from administration to advice. The power of a company intranet which contains your companies benefit information with 24/7 access by employees is the preferred method of accomplishing this goal. But creation, set up and hosting costs can be prohibitive for companies with staff between 50-100, especially during tough economic times. MyBenefitsCount is a turn -key web based application that combines communication tools and information in one easy to use tool. You and your employees will love how easy the tabbed pages are to navigate.

Organizational tool— assists with recruitment and retention of the best employees by providing a professional employee benefits website

Communication—improves access to benefit information through a unique aggregation of benefits and compensation information in a easy to navigate tabbed layout

Knowledge—assists with employee knowledge of your companies benefit package, understanding of benefit plans and communicates the “hidden” paycheck



Brian Trebenski VP and General Manager
Office (800) 849-2484
Email: btrebenski@mshins.com



WoodStone Office Park
72 Azimuth Court
Rocky Mount, NC
27804

Phone: (800) 849-2484
Fax: (866) 454-0305
E-mail: info@mshins.com

Protecting Your Path to Success

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«Zip»

New Ways to Save cont...

- (HDHP) in conjunction with a wellness program. Make the incentives of the program link with the health plan, and encourage those with chronic conditions to participate in wellness initiatives.
- Make your employees more accountable for their work performance by assessing what drives them and then focus on improvement with incentives focusing on those drivers.
- Show your employees how much healthcare costs you by providing information about how much you pay. Cost transparency can lead to employees making smarter, more economical decisions about their health.
- Show your employees that you care about their health and well-being. This will spur engagement (which may increase your profits), and may also encourage employees to get healthier because you are concerned.
- Upper management should get health assessments and screenings first to show other employees how important preventive care is in reducing costs. Also, challenging your employees to be healthier may inspire them to take you up on the offer!
- your employees to use generic medications versus brand. Also promote low-cost health screenings, fairs and on-site clinic care.