

Using A Plan Administrator Checklist To Tackle Industry Issues

BY: ROBIN BAILEY

After 23 years in the industry, employers like myself tend to face the same types of issues. The experience of running a business can be simultaneously rewarding yet complicated at times. This is especially true as the workforce grows and as an employee benefits program is added. As a business owner, I know first-hand that letting things go unchecked can lead to bigger issues down the road. As advisors, part of our role is to shed light on these issues before they ever pose a problem.

Upon taking over an existing case, it is easy to assume that the plan is set up correctly, however, that is not always the case. For example, does the party paying for the long-term disability coverage match the schedule that is set out in the employee booklet? Further, why was the plan set up in this way? Sometimes it is discovered that the plan design is linked to some historical event that is no longer relevant to the business objectives.

Plan Participation

From a liability perspective, we often identify issues regarding plan participation. Each carrier has different rules respecting participation limits that often depend upon the size of the group. At first it is simple, but participation limits are affected throughout the year as employees join and leave the organization. This

gets difficult for the plan administrator to track and manage. As such, our recommendation is to ensure that the employee benefits program is mandatory for all employees. The primary reason an organization sets up an employee benefits program is to set corporate policy and transfer risk to the insurance company. So doesn't it make sense to treat everyone equally?

Another issue arising is in relation to the amount beyond the carrier's NEM (non-evidence maximum). The NEM is the amount that the insurance carrier is

willing to offer each employee (based on their income) without requiring the employee to provide any medical evidence of insurability. Often however, employees do, in fact, qualify for coverage amounts beyond the NEM. It is the plan administrator's responsibility to ensure each plan member is aware of their qualifications and to assist with applying for the additional coverage. All too often, we find that plan members believe they are covered for what is indicated in their employee booklet, whereas in reality, their coverage could be significantly less!

Industry coverage is mostly concerned with privacy and confidentiality, which in my opinion is an area that has been covered well by employers. However, we do occasionally run into someone that is retaining copies of receipts and claim forms submitted on behalf of employees. Obviously, this is something that needs to be addressed immediately.

Group insurance can be a complex product and acting as a plan administrator can be a daunting experience, nevertheless there are ways to protect yourself. New clients and prospects will firstly be asked if they have plan administrator liability insurance in place through their general insurance policy. Unfortunately, I frequently find out that this coverage is not in place. For most employers, this is a very good place to start and is

Benefits Administrator Checklist

- Privacy & Confidentiality*
- NEM*
- Out-of-country*
- Changes in status*
- LTD coverage*
- Participation limits*

easily solved with a quick phone call to your general insurance broker.

A good plan administration relies on a good relationship with the broker, the carrier, or preferably both. Any changes in salary, family status, or coverage should be communicated in a timely manner.

Plan administrators can also offer useful tips to employees such as reminding them to take their out-of-country emergency travel information for trips. Plan members should also communicate the location of the documentation to any travel companions, so that it can be accessed in case of an emergency. This goes a long way to ensure a better plan experience for both the plan administrator as well as the employee.

Communication of the employee benefits program is an area where many employers' struggle. Too often the scenario is typically an employee meeting at the inception of the plan and then nothing further. The challenge here is to ensure that new employees joining your company receive the same experience. Holding a

refresher meeting at least once a year is a good way to ensure that employees understand the coverage. We advise clients to communicate with plan members any time that there is any change to the plan. This can also be a great time to survey what your team values regarding the program.

Terminating Employee

There are a few HR procedures to consider when an employee is terminated or they are simply moving on to another opportunity. When terminating an employee from the benefit plan, the plan member needs to be advised of their options within 30 days to convert their life insurance as well as the health and dental to an individual policy. Further, when making offers of severance, a client should approach the carrier in advance for approval in relation to any extension of benefits offered to the terminated plan member.

Administering an employee benefits plan can often seem like a challenging ex-

perience, but it does not have to be. Many of my colleagues in the industry do a stellar job and take great pride in looking out for their client's best interest. Tools like the plan administrator checklist that our firm uses just adds another layer of protection for employers.

My advice to any company looking for an employee benefits advisor is to interview several brokers to find the right fit. In an ideal world, that person will come with a high level of experience and trust. This will provide you with the comfort of knowing they'll help you dot the Is and cross the Ts, making your employee benefit experience a positive one. **BPM**



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Mawer Investment Management Ltd.
appoints Rob Broley as
Director of Institutional
Client Management.

Mr. Broley will lead the firm's institutional client service, consultant relations, and business development teams. He will be based in Toronto, and reports to Craig Senyk, President and Vice Chairman of Mawer Investment Management.

Mr. Broley joins Mawer from Brookfield Asset Management, where he was responsible for the Canadian distribution of the public securities group's investment management business.

Mr. Broley holds a Bachelor of Arts with honours from the University of Western Ontario and an MBA from McGill University. He has over twenty years of work experience in the asset management industry.

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