



RICHMOND CHAPTER

International Society of Certified Employee Benefit Specialists

March 2006

RICHMOND CHAPTER

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President's Message

The first luncheon of 2006 was a great success with over 35 attendees at our February session at Westwood Club. Thomas Parry, PhD, spoke on the topic of "Making the Business Case for Managing Health and Productivity." I know that all who attended found the presentation informative and thought-provoking. His approach to the concept of productivity and wellness, as it relates to total benefits and organizational costs, is clearly a thing that we should all consider.

Our next session will take place at the Westwood Club on April 27th at 8:00 a.m. In this breakfast format, Tim Reuling, Vice President and Regional Manager for Wachovia Retirement Services, will present a Roth 401(k) overview. This topic is definitely timely with the introduction of this approach having begun just last January. Tim will provide us with an overview of the concept, rules, and regulations that impact these plans; general advantages and disadvantages to this approach; and things to consider if you are evaluating these plans. This program should provide a solid foundation to understanding this new retirement vehicle.

Please mark your calendars for two future events relating to health care. On June 15th, we will sponsor a half-day session which will be conducted from 8:00 a.m. to 12:00 p.m. This program will be a panel discussion entitled "Benefits Legislation Update: Its Impact on the Marketplace." Also, on September 28th we will hold a full-day session, "The Fundamentals of Health and Welfare Programs." This session is intended to provide a solid understanding of general health and welfare topics. Both of these events will be held at the Westwood Club. We intend to file for continuing education credits for these sessions to be used for insurance licensing requirements. I hope you will mark these dates on your calendars and plan to attend.

We continue to recruit new members to the local chapter. However, I would like to remind any members that have not paid their national and local dues to do so as soon as possible so we can continue our strong membership levels. Also, if you are aware of any student members that have interest in taking advantage of what we have to offer locally, please have them contact Cathy Kercheval, our Membership Committee Chair, so we can get them involved. The involvement of student members is critical to our overall long-term growth and success.

I look forward to seeing you at one of our upcoming events. If you ever have any questions relating to any of our activities, have any comment on how we can improve our offerings, or wish to assist us in any way, please do not hesitate to contact me or any other Board Member.

Membership Message

Still Time to Join for 2006

We are coming to the end of our annual membership drive for the Richmond Chapter of ISCEBS. There is still time to submit your renewal and dues to the national ISCEBS office. Our membership dues are the main source of income for the Richmond Chapter and are only \$40 a year! What a bargain for belonging to an organization that keeps their members up to date on the most important benefit trends and issues.

Please remember that CEBS graduates must also join the national ISCEBS in addition to our local chapter. You can renew your membership online, by mailing your application directly to the ISCEBS office in Brookfield, Wisconsin, or by faxing it (www.iscebs.org/forms; Fax to: 262-786-8650).



Or mail to :
ISCEBS
P.O. Box 209
Brookfield, WI 53008-0209

If you know of anyone who may be interested in joining or learning more about the ISCEBS Program, please let me know and we will be more than happy to contact them.

Cathy Kercheval
Membership Chair
ckercheval@mcvh-vcu.edu
804-628-3724

Educational Event

Please Join Us for the April 27, 2006 Breakfast Presentation

Presentation: Roth 401(k) Overview

Speaker: Tim Reuling, Vice President, Regional Managing Consultant, Wachovia Retirement Services

Date and Time: Thursday, April 27, 2006 (Breakfast), 8:00-9:30 a.m.

Location: Westwood Racquet Club
6200 West Club Lane
(804) 288-6028

Cost: \$25 (\$15 for members of the Richmond Chapter of ISCEBS)

Please RSVP: By April 24, 2006

Make checks payable and mail to:
Richmond Chapter-ISCEBS
P.O. Box 6513
Richmond, VA 23230

Or e-mail reservations to Kevin Barger (Kevin.barger@Anthem.com).

Note: Meeting fees are non-refundable unless cancellation is received before April 24, 2006. **Unpaid no-shows will be billed.**

Future Events

Mark Your Calendar Now For Other Upcoming Chapter Events

June 15, 2006 – 8:00 a.m. to 12 noon*

Panel discussion entitled: "Benefits Legislation Update: Its Impact on the Marketplace," Westwood Club.

September 28, 2006 – 8:00 a.m. to 5:00 p.m.*

"The Fundamentals of Health and Welfare Programs," Westwood Club

- The Richmond Chapter intends to file for continuing education credits for both sessions to be applied towards insurance licensing requirements.

The following is a reprint from an Aon Consulting FORUM dated March 2, 2006:

FORUM: "Putting Employees in Control of Their Benefits"

Since the introduction of cafeteria plans and defined contribution retirement programs, employee benefits have been making a slow but persistent progression towards employee self-directed benefits. A self-directed benefits philosophy encourages employees to take control of their health, financial, and personal wealth benefits through self-education, monitoring, and management—from benefits selection through utilization and payment.

Rising health costs and the launch of consumer-driven health plans, disease management programs, and wellness benefits have increased the level of employee involvement in their health care. Likewise, pension plan terminations and freezes have shifted more of the burden of retirement income planning to employees.

There is no question that the time is ripe for changes to the way employees and employers approach benefits. But, is the American workforce ready to be given the wheel when it comes to managing their benefits? And, what can an employer expect in return for the investment in developing programs that prepare their workforce for these changes?

Where Employees Are Today

Employees have been participating in medical plan decision-making since cafeteria and flexible choice benefit plans began several decades ago. Historically, employee cost and provider access were the primary drivers in health plan elections. Tax-advantaged flexible spending accounts (FSAs) created more incentives for participants to become involved. To get the most from these accounts, participants must ascertain their annual reimbursable expenses and manage the process of getting reimbursed, including monitoring account balances. However, the unpredictability of forecasting eligible expenses, cash flow concerns, and the "use it or lose it" rule have outweighed the financial advantages in the minds of many employees. As a result, participation in these accounts remains low (below 20 percent), according to a recent Kaiser Family Foundation study.

Similarly, employee involvement is key with defined contribution retirement plans, such as 401(k) and 403(b). Employees make the decision to participate, how much to contribute, and how to invest their contributions and any employer contributions. Yet, study after study shows that employees do not know the amount of income they will need at retirement and often make poor or uninformed decisions about

investments. For example, according to a 2005 EBRI (Employee Benefit Research Institute) report, only 42 percent of workers have taken the time to perform a retirement needs calculation. And, the research shows that the methods used to make these calculations are suspect and may yield less than accurate results.

Benefits Are No Longer Event-Oriented

The evolution of the employment relationship from benefits “entitlement” to “partnership” is a long-term initiative requiring sustained communication and education.



Most employers are diligent and conscientious communicators when introducing a new benefit or conveying a benefit change. The annual benefits enrollment period often sparks the distribution of detailed information, aimed at shaping a specific behavior, such as enrollment, or creating awareness of increased employee cost-sharing. However, signing up for a new medical plan, such as consumer-driven health (CDH), is only one

step in becoming a more prudent medical benefit consumer. Participants need to understand that the plan is about more than cost control—it is also about quality outcomes and successful health care management. But, without a sustained communication and education program, participants may miss the point and view the new CDH plan as simply another high deductible indemnity plan with a fancy reimbursement account.

In other words, to have a workforce that is engaged and actively involved in their benefits, employers may need to change their own perceptions. Once viewed as an “event,” benefits are now year-round initiatives that require ongoing and strategic employee education and promotional programs.

What Is in It for You?

To effectively manage costs and improve outcomes—whether it is in retirement, wealth management, or health care—employees need to become their own advocates and activists. Providing them with the “know how” and tools to do this successfully will be the responsibility of employers. If this sounds like a lot of work—it can be. But, it is necessary and worth the effort. And, the potential return on investment is enormous for both employer and employee.