fringeassist

PREVAILING WAGE BENEFIT SOLUTIONS FOR LIFE



Special Report

What's Missing From Your Benefit Plan?

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Executive Summary

It's difficult and expensive for contractors to attract the skilled workers they need to be successful in today's economy. To succeed, business owners need a new way to reward and retain their top talent and to distinguish themselves from their competitors.

Today's workers and their families seek financial security. This includes retirement savings, health insurance and life insurance that never expires. Lack of financial security leads to stress, reduced worker productivity, and a whole host of other problems.

Little attention has been paid to how life insurance contributes to financial security. Most companies only provide group term life insurance, which provides a fixed death benefit only for the term of employment. Whole life insurance, however, is the best-known form of permanent insurance and provides a fully portable, permanent, death benefit as well as cash accumulation to enhance financial security, for as long as the employee retains the policy.

For the first time, group whole life insurance, designed specifically for the needs of contractors, is now available. It combines the traditional advantages of whole life plus adds features designed specifically for contractors such as group rates, portable coverage and guaranteed underwriting.

Government contractors can also realize significant payroll burden savings when they add group whole life to their benefits package.

Unlike term insurance, group whole life insurance provides long-term financial security for workers and their families that has been absent from the construction industry. As a result, companies that offer group whole life as an employee benefit are able to retain and attract top talent better than their competitors. This can provide a critical advantage in today's economy.

The Challenge for Today's Contractors

Contractors face many challenges to success in the modern economy. Competitive project bidding scenarios and tight profit margins are just a few.

Today, one of the biggest problems contractors face is **how to maintain the workforce** they need to complete the projects in their inventory…and have the capacity to bid on and incorporate new projects.

The current worker shortage, resulting from the worldwide COVID pandemic, has only made it **more difficult to attract and retain** the skilled workers your company needs.

With tight operating margins, most contractors can't compete for employees **just by offering higher wages**. This could quickly turn your profits into losses.

So, how can you, as a successful contractor, **differentiate your company** from your competitors to maintain and expand your workforce? Is there a "missing ingredient" that could make you stand above your competition? Yes, there is.

To understand the problem, let's consider **three seemingly unrelated scenarios**:

Case #1: End-of-Year Workforce Losses

The holiday season is Dan's least favorite time of year…. but not because he's a Grinch. In fact, he's a great boss who tries to do **what's best for his employees**.



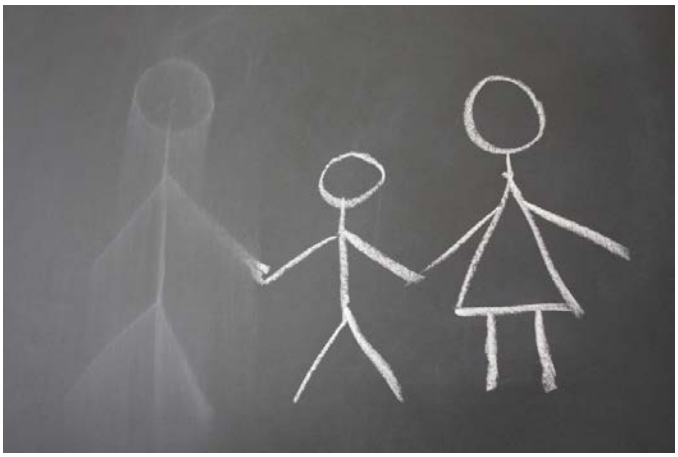
Dan runs a successful electric company in California. Every year, as the holiday season approaches, Dan knows at least **5% of his employees will give him notice**.

Like most contractor employees, many of Dan's employees live from paycheck to paycheck. This is a problem when they need extra cash for holiday giving or other related expenses.

Because they have been living paycheck to paycheck, the only savings they can access are from **their company retirement account**. To do that, they have to quit their jobs. Which means Dan loses a trained, productive employee and he has to incur the high cost of replacing and training a replacement

Case #2: Hard-to Insure Employees

Robert in Ohio owns a successful paving company, but he's **anxious about the future**.



At age 63, he's been living with diabetes and his health is beginning to decline. Robert wants to make sure his wife and their two college-age kids are **taken care of financially** if something happened to him. But there's a problem.

Robert's **company-funded term insurance** is about to expire. Converting it to an individual policy would be prohibitively expensive, even if he can find an insurance company willing to underwrite him given his health situation.

Robert knows that many of his employees **have the same problem**. But if he can't help himself, how can he help them?

Case #3: Unable to Staff Up

It's only 10 AM on Monday but Sarah is already exhausted.

She's the **HR administrator for a construction company** in Georgia. They just won a bid for a big government office building. It's Sarah's job to hire the additional staff they need…but she **can't find anyone qualified** who's interested.



Why? The best laborers already **work for her company's competitors**. With tight profit margins, she **can't afford to offer them a higher salary** than they currently make as an incentive to leave their current employer.

How can Sara **attract the additional employees her company needs**…so they can successfully complete the work they've committed to?

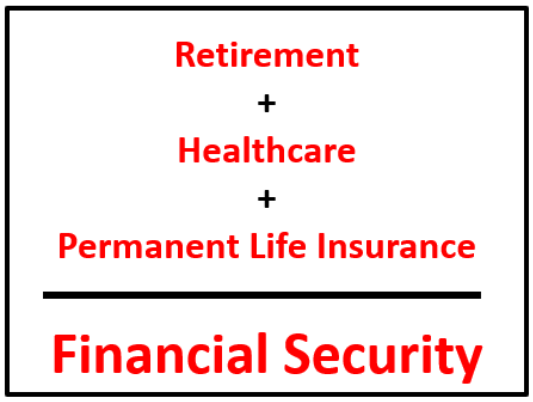
Financial Security is the Key…for Your Workers and Your Company

Like every American, your employees want **financial security**. Not just for today, not just for themselves, but to leave a legacy for their families.

The COVID pandemic reminded us all how fragile and fleeting financial security can be. It's reinforced our natural desire to prepare and plan ahead.

Financial experts believe the foundation for **true financial security** lies in **three factors:**

- Planning for **retirement**
- Paying for **health care** before and during retirement
- Preparing for **the unexpected**



These elements work together to **create financial security** for your employees and their families.

But why, **as a business owner**, should you care whether your employees gain financial security?

Simply put, it's "**the right thing to do**". It demonstrates to your employees that they are important to the future of your company.

But beyond that, helping your employees achieve financial security is **strategically important** to your company's financial success. The reason is simple…**stressed employees, with stressed families, are less productive**.

Personal finances are the leading cause of stress…that stress can make your employees **up to 16% less productive** on the job[1]. In real terms, your company loses $8,000 of value in annual wages for every stressed employee who earns $50,000 a year.

So, it's **in your company's financial interests** to help your employees achieve and maintain financial security. How can you do this?

Retirement savings and healthcare have been hot-button issues for decades. Most companies routinely provide their employees with these benefits.

However, the last component…life insurance…has received relatively little attention although it's just as important. Most Americans don't really understand how life insurance contributes to their family's financial security.

For many people, the only life insurance they ever have is term life coverage through their employer. And while term life may appear adequate, most don't realize that term life has only

temporary value and **doesn't provide them with permanent financial security they and their families need**.

Why Term Life Isn't Enough

When Benjamin Franklin wrote "In this world nothing can be certain except death and taxes"…he was only partly right.

Taxes are predictable. They're due every year on April 15th. But even though we all know we will die at some point, none of us knows exactly when.

That's the problem with term life insurance. It **only provides a benefit if the employee dies** during the covered period (the "term"). It provides a temporary solution to a permanent problem.

Specifically, term insurance has the following limitations:

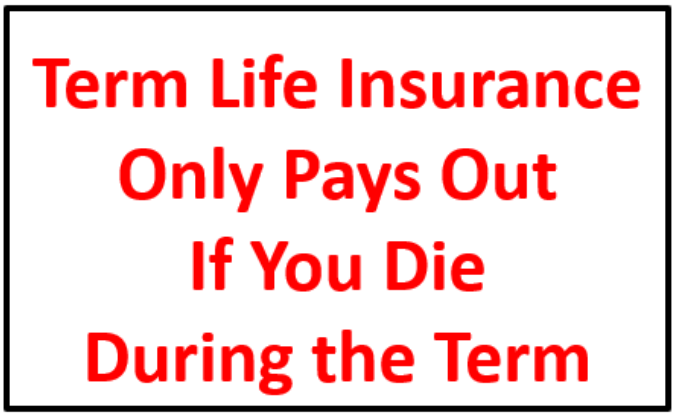
- It **can expire or become extremely expensive** while the worker still needs coverage
- If provided by the employer, it **only provides coverage while the worker is employed**
- It only contributes to the family's financial security **if the employee dies** while covered

Unfortunately, **4 in 10 insured husbands and wives only have employer-provided group term insurance** and have no personally owned life insurance[2]. This leaves them at significant risk when their term coverage expires.

The fact is, **only 2% of term life policies** ever result in a death benefit payout[3].

Term life insurance has a single intent…to pay a specified benefit if the policy holder dies during the term. The policy **doesn't possess or accrue any value** and the benefit doesn't increase over time. By nature, term insurance is static and temporary.

How can you plan for the unexpected when the unexpected has to happen during a specific period of time?



Whole Life: The Better Life Insurance Benefit

Whole life insurance is the most well-known type of permanent life insurance. Like the name suggests, it provides **lifelong coverage regardless of age, affliction, or employment status**.



Like term life, whole life provides a death benefit in the event of premature death. But whole life also includes a number of additional benefits not provided in term life policies.

Chief among these benefits is the cash accumulation component, known as “cash value”. This is guaranteed to increase, tax deferred, over the life of the policy. The policyholder can borrow against this cash value when they need extra money.

Some whole life policies are also eligible to receive dividends. These dividends can be paid in cash, used to pay back loans taken on the policy, deposited to earn interest, or even used to increase the death benefit…at the policyholder’s discretion.

Whole life also offers other features not available with term life policies such as:

- Guaranteed premiums for the life of the policy
- Guaranteed death benefit
- Guaranteed cash value growth

Unlike term life insurance, whole life insurance is much more than a death benefit. It’s a reliable, consistent, permanent financial vehicle designed to protect the employee and their family over and beyond the employee’s lifetime. It helps them prepare for the unexpected while they create a legacy for their loved ones, giving them the additional financial security they need.

Group Whole Life – A Revolutionary New Benefit for Contractors

Contractors in the construction industry, and their workers face **unique financial challenges** when compared to other industries.

Contractors face **tight operating margins** and **competitive bid scenarios**. Future work isn’t guaranteed and construction workers often find it difficult to save for the future.

Plus, construction is inherently a dangerous business. In fact, it accounts for **21% of all worker deaths** but only 4% of total employees. This is just one of the reasons that contractors and their employees have, until now, traditionally had trouble getting life insurance.



Recently the insurance industry created, for the first time, **group whole life insurance aimed specifically at the unique needs of contractors and their employees**. This new group whole life insurance product contains all the features of traditional whole life along with features specifically designed for contractors, including:

- Favorable group rates guaranteed to never increase
- Coverage is portable at the same cost
- Underwriting is guaranteed regardless of occupation, age, or health

This revolutionary new program was designed to provide employees and their families the financial security they need and want. And because so many contractors work in the government space, this program was also designed to **accept fringe dollars for Service Contract Act and Davis-Bacon Act government contractors**. This means these companies can realize **significant payroll burden savings** when they offer group whole life as part of their benefit programs.

Why Is Group Whole Life Insurance Important?

Financial security isn't just something "nice to have" for you and your employees. It's a necessity…for both your employees and their family's security and for the financial health of your company.

The numbers in the construction industry are staggering:

- **41% of construction workers struggle financially**[4]
- Struggling workers **take 25% more sick days** and are **twice as likely to feel distracted** at work[5]



One of the most **pressing challenges** in business today is the ability to **attract and retain top talent**. Workers increasingly recognize the importance of benefits packages as part of their compensation. **Seventy percent** of American workers believe **employer-provided life insurance** is an important benefit[6]. Not only that, but workers who are very or extremely satisfied with their benefits are nine times more likely to stay with their current employer[7].

So, how does adding group whole life to your benefits package make a difference? Let's consider the challenges faced by Dan, Robert and Sara:

Financial Flexibility

Dan lost 5% of his workforce around the holidays every year so they could take an early 401(k) distribution. With group whole life, his **employees can borrow against the cash value of their whole life policy** instead of leaving their jobs. This loan can be paid off through dividends or just deducted from their death benefit. Dan's employees gain **financial flexibility** without having to quit each year, and Dan can look forward to the holiday season.

Guaranteed Coverage

Because of **guaranteed underwriting**, Robert was able to qualify for group whole life coverage through his benefits package despite his Type 2 diabetes and declining health. This gave him and his family **financial protection** if the unthinkable happened. Plus, since the policy belongs to him and not the company, Robert **can take it with him** when he retires so his family remains protected. And he can extend the **same protection to his employees**…regardless of age or health status.

Preferred Employer

And Sarah…who couldn't find the additional workers her company needed for a new project? Group whole life insurance **made her company stand out compared to her competition and allowing her to** attract top talent who wanted greater financial security for their families.

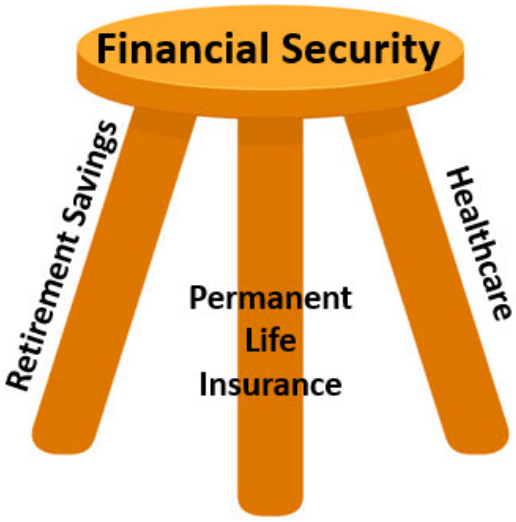
Financial uncertainty and stress keep construction workers from bringing their all to work. This affects their **job performance**, their **co-workers**, their **health** and **job safety**. As a result, the overall profitability of the company can be affected.



Clearly, the construction industry needs permanent…not temporary…life insurance.

Think of **overall financial security** like a three-legged stool. The legs are:

1. **Retirement savings**
2. **Healthcare insurance**
3. **Permanent life insurance**



Employees need all three legs to support their lifetime financial security. **If one is missing…the stool collapses**.

Employers today do a good job building and maintaining the first two…but **without permanent life insurance, the stool** (financial security for their employees) **comes crashing down**.

And without financial security for your employees…**your company is at risk**.

Permanent group whole life insurance provides the missing support for financial security.

Don't leave your company and your employees at risk if disaster strikes. **Add group whole life insurance to your benefits plan** to create **financial security** for your business and your workers.



Sources

[1] Manulife/Ipsos Reid Health and Wellness Study 2014

[2] LIMRA, Life Insurance Awareness and Fact Sheet, 2015

[3] The Jordan Insurance Group 2016

[4] Manulife/Ipsos Reid Health and Wellness Study 2014

[5] Manulife/Ipsos Reid Health and Wellness Study 2014

[6] LIMRA, Life Insurance Awareness Month Fact Sheet, September 2015

[7] 2012 Aflac Workforces Report