


..... MARCH 2006

Wisdom Withdrawal

Savvy Strategies Help Avoid Skill Shortages

THE DEMOGRAPHICS of the nation tell us we are getting more culturally diverse and increasingly older. "Beginning this year, every seven seconds in America, a Boomer turns 60, yet 70 percent of our survey respondents have not yet attempted to identify where business wisdom resides in their organization," says William Arnone of Ernst & Young's human-capital practice. "This means one thing: Corporate America is facing a significant wisdom withdrawal."



According to an exclusive report for the International Foundation of Employee Benefit Plans (IFEBCP), *Becoming*

an Employer of Choice: Strategies for Worker Recruitment and Retention, the skill shortages will begin to emerge when Baby Boomers (workers between the ages of 41 and 60) begin to retire, starting as early as 2006. Anticipated shortages in the domestic labor supply likely will be 5.3 million in 2010 and 14 million by 2020 as the cohorts that follow are just too small to replace the Boomers. "We're rolling into the most severe shortage of skilled workers that this country has ever seen," says Justin Heet, consultant, of Indianapolis' Hudson Institute and author of its white paper, *Beyond Workforce 2020*.

According to the IFEBCP report, skill

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Outliving Their Money

Retirement Security Worries Workforce



OVER THE NEXT DECADE, the aging workforce will transform the way that both employers and employees think about work and retirement, according to Maria R. Morris, executive vice president, Institutional Business. "With increases

in longevity, many workers recognize that they may need to stay in the workforce longer to fund their retirement, which could last 30 years or more."

According to the 2005/2006 MetLife Employee Benefits Trend Study, more than half (58%) of young Baby Boomers (age 41-50) are worried that they will have to work either full- or part-time to live comfortably during retirement, and 61 percent say that "outliving retirement money" is their number one retirement-related fear. Fueling these concerns is the fact that 27 percent of these Boomers admit to being "significantly behind" in their savings, and one in ten hasn't even started saving.

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Voluntary Benefits Movement

Employers Get Creative with Benefit Packages



THE BIG ISSUE FOR both large and small corporations is that the cost of medical care is continuing to increase. Employers across the country say they will absorb only a portion of the 54 percent increases in health benefits projected during the next five years, according to the

Society for Human Resource Management. Consequently, as employers continue to cut back on their core benefit programs, many are offering their employees the ability to purchase voluntary benefit products through their workplace. Nearly 64 percent of U.S. employers offer at least one voluntary benefit product, according to Eastbridge Consulting.

Several factors are fueling the voluntary benefits movement: (1) Encouraging individual responsibility as the employees pay for their choices; (2) Helping to attract and retain a high-performing workforce by tailoring benefits to meet employees' lifestyle needs; (3) Offering new products, such as home and auto insurance, that historically have not been available through work; (4) Introducing the convenience of allowing employees to pay for voluntary benefits via payroll deduction throughout the year, which is especially attractive for high-cost items such as auto insurance; and (5) Saving employees money by paying for some benefits on a pre-tax basis. ■

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shortages create a sellers' market where employers will have to compete aggressively for the services of talented and, especially, technology-savvy workers.

Consequently, human resource management practices must be adapted to the sellers' market conditions. Productivity and profits will fall among firms that can't recruit, reward, and retain highly skilled workers during the coming shortage. According to the report, the general labor shortage will be felt most acutely as a skilled labor gap in the professional, managerial, and technical fields. A firm that figures out how to recruit skilled workers, retain them, and continuously enhance their productivity will become an *employer of choice*.



While there is no concrete formula for becoming an employer of choice, recommendations

commonly offered suggest the following: (1) Continuously "rerecruit" top talent; (2) Give new hires jobs suited to their talents and engage their interest so they can succeed; (3) Promote from within, to the extent possible; (4) Treat highly skilled workers as professionals with control over their work; (5) Avoid layoffs; (6) If you must downsize, cut fat, not muscle; (7) Avoid across-the-board hiring freezes; (8) Overcommunicate with employees; (9) Accommodate employees' desires to achieve work-life balance, to the extent possible; (10) Get great mileage out of low-cost benefits (perks); and (11) Cultivate the future workforce by getting involved with education and training institutions. ■

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Likewise, Elaine Chao, U.S. Secretary of Labor, told public officials and retirement experts who gathered in Washington, D.C. recently for the 2006 National Summit on Retirement Savings that the country is on the verge of a tremendous demographic shift and that retirement issues are front and center on the public policy agenda.

"The number of workers nearing retirement is, quite literally, booming. On the other hand, new entrants to the workforce typically are so far from retirement that they usually don't think about it at all." Similarly, she noted, low-income workers often are so worried about paying bills that "the urgency of today's needs often wins out over saving".

Consequently, employees may need financial education benefits more than employers realize as increasing financial woes are leading to health, productivity, and personal issues for American workers and fiscal and productivity issues for employers. According to the Society for Human Resource Management, only 27 percent of employers provide general financial education for their workers. Yet a 2005 employee poll by EAP provider ComPsych revealed that 28 percent of employees report that they are just one setback away from financial disaster. Another study by E. Thomas Garman finds that one in four employees is suffering from serious financial distress. Of those, between 40 and 50 percent say their health is negatively impacted, and 80 percent admit dealing with their financial issues at work. ■

Bulletin Briefs

◆ *Employers to Send HIPAA Privacy Notice by April 14, 2006, 2007*

Once every three years, health plans and flexible spending account plans must remind participants that their Notice of Privacy Practices (NPP) is available and how to obtain it. Large health plans must do so no later than April 14, 2006; small health plans, by April 14, 2007. Plans may satisfy this requirement by: (1) Sending a copy of the NPP; (2) Mailing a reminder about the availability of the NPP and how to obtain it; or (3) Including it in a plan-produced newsletter or other publication.

◆ *Employers Expect Health Benefit Costs to Slow in 2006*

Employers' average cost for total wages and benefits grew by 12 percent from 1991 to 2005, with increases in benefit costs outpacing wages by 8 percent since 2002, according to a U.S. Government Accountability Office (GAO) report. "The good news from the report is that employers are still covering the same percentage of costs that they always have," says Lisa K. Horn, manager, healthcare, for the Society for Human Resource Management governmental affairs department. "While most companies remain committed to providing healthcare benefits for their workers and families, employers are also providing information and tools to help workers become more educated healthcare consumers," says Helen Darling, president, National Business Group on Health. ■

Voluntary Products to Complement Your Core Package

Find out how Gemini Group can help you implement a voluntary benefits package that will complement your company's core benefits.

Three of the most important objectives for an employer in managing personnel issues are:

- Attracting and retaining loyal workers
- Providing employees choice and security in their benefits package
- Managing the organizations dollars

Voluntary benefits have proven to be important offerings that address each of the three objectives. Selecting the right benefits, communicating them properly and administering them efficiently is the Gemini advantage.

Gemini is licensed with over 20 of the largest voluntary companies in the country thus allowing us to pick the carrier and product to fit your company's needs. We seek to achieve the right balance that ultimately helps your organization better manage costs and attract and retain loyal workers. ■

Do you have part-time or non-eligible employees not covered on your group health plan? Gemini Group, Inc. can help!

Recent changes to Colorado insurance law have made it easier to get these workers health insurance coverage. Gemini Group, Inc. can show you how to best use these changes to your advantage.

Benefits at no cost to the employer- Under the new guidelines, a company can now help workers obtain affordable individual health insurance coverage at no cost to the employer.

Helps eliminate COBRA problems- An employer can now help terminated employees obtain an option to COBRA that usually will cost less and move them off the group plan.

Cover dependants no longer eligible for a group health plan-

When a dependant graduates or reaches an age where they are no longer eligible for a group plan, an employer can help by contacting Gemini Group, Inc. to get them covered on an individual health plan. It's easy to apply for individual health coverage at www.geminigrp.com.

Call Gemini Group, Inc. at (303) 757-1234 to find out how our team of consultants can help find exciting new solutions to all your benefit needs. ■

The HRinsider SM bulletin is brought to you each month courtesy of **Gemini Group Inc.**, a UBA member.

For more information, contact us at info@geminigrp.com

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