

What's Inside

- 1 New Way Of Thinking About Health Care
- 3 Something Else to Worry About
- 4 Discrimination in the Cafeteria?
- 5 It's Out in the Open

In Every Issue

- 1 Dorn's Corner
- 2 Client of the Quarter
- 3 What's Happenin'
- 4 FAQ

Published By

Swerdlin & Company

Actuaries and Employee Benefit Consultants

5901 Peachtree Dunwoody Road
Building B ■ Suite 170
Atlanta, GA 30328

770.396.6601

770.396.0067

info@swerdlin.net

www.swerdlin.net

Committee

Chairman:

Carol Friend

Committee Members:

Donna Martin, Dorn Swerdlin,
Joanne Swerdlin and Ricky Cox

Layout & Design:

Stephanie Anderson

Editorial Assistance:

Dee Robbins

Additional Contributors:

Cynthia Navan-Clark and
Dell Kubler

New Way Of Thinking About Health Care

In the last Swerdlin Quarterly, we discussed how group health insurance evolved over the years.

Now is the time to change your view of healthcare benefits and we are taking a different approach in assisting our clients. Swerdlin Benefits Company helps companies focus on the front of the health care process by providing education and support for the well and chronically ill. When we can help change employees' behavior to minimize how often they are sick and how severely ill they become, we can begin to dramatically impact the cost of employer health care. The only way to actually decrease claims is to change behavior. We now have an opportunity to lower the impact of catastrophic health care costs through a culture of wellness and daily management of chronic issues.

The total cost of benefits is too often hidden from employees. They usually see only the increase in

their cost. Employees need to understand the rising costs to the employer so they realize how staying healthy and preventing illness directly impacts them.

When employees are actively included in the conversation, they understand and appreciate this message. Our current health care system simply does not promote this type of thinking. Providing benefits should no longer be considered an entitlement to employees. Helping your employees make better health care



continued on page 4

Dorn's Corner



I had an experience this summer that I want to share with you.

I went to California to study a meditation called Primordial Sound Meditation. We try not to use the acronym PSM because

people tend to confuse it with PMS and the two are quite different.

One of the benefits of this meditation technique is that it results in lowering stress. As an employer and consultant, I see how releasing stress can result in employees who are:

- happier at work and everywhere else,
- healthier,
- more creative,

- more productive, and
- more intuitive.

When an organization uses people with these qualities, the obvious results include an enhanced culture, significantly reduced medical costs, and more profits.

So how does reduced stress lead to all these great benefits? We all have stress and our world seems to be more stressful every day. This meditation technique embraces the school of thought that attributes stress as the primary, and maybe even the only, cause of disease.

You may have heard of the "fight-or-flight" response. This response is hard wired in our

continued on page 6

Client of the Quarter



We are pleased to present Controlled Blasting, Inc. (CBI) as our Client of the Quarter. CBI is a 100% employee-owned company - their Employee Stock Ownership Plan (ESOP) was adopted in 1999. We have assisted them in the administration of their ESOP since 2006.

Controlled Blasting, Inc. is the largest construction, rock drilling and blasting contractor in Georgia. With offices in Atlanta, GA and Louisville, KY, CBI provides services for Georgia, Kentucky, Alabama, South Carolina, North Carolina, Tennessee, Ohio, Indiana, and Northern Florida. CBI employees work on sites ranging from small residential house lots to highways, airports, bridges, landmark buildings, subdivisions, and shopping malls.

CBI's blasting personnel are licensed for each of their states of operation, and they are a federal and multi-state licensed blasting contractor. They incorporate state-of-the-art drills, drilling techniques, and blasting methods. Their employees are professionally trained on the most up-to-date equipment available.

In addition to the extensive blasting liability insurance carried by CBI, all of their drivers are Hazmat qualified. All of the explosive haul trucks are equipped with specialized boxes for explosive storage required by OSHA and DOT.

CBI is proud of their experience which includes site preparation and foundation work for these Atlanta trademark buildings and organizations:

- Coca-Cola International Headquarters Building
- I.B.M. Building (now Atlantic Center)
- Cobb County Civic Center
- Georgia Pacific Complex
- Hewlett-Packard Headquarters Building
- Many MARTA (Rapid Transit System) Projects
- Projects with the University of Georgia and Georgia Power Company

CBI provides professional services their customers can trust, including blasting, drilling, ditching, foundations, seismic monitoring and structural demolition.

Throughout the eastern United States, they perform blasting for rock removal and structure demolitions to allow for new development and growth. Their teams respond quickly and safely, utilizing the latest technology to provide all of their clients' needs.

CBI has also blasted the way for many of Atlanta's large downtown complexes including:

- Atlantic Station
- Turner Broadcasting System
- Woodruff Arts Center
- Bell South
- Swiss Hotel

All employees have employment pre-screening and drug testing. CBI is a drug-free workplace with all employees subject to random monthly drug testing. Safety programs, safety training, and ongoing blaster training are all part of their commitment to their customers to provide a safe, skilled team of professionals to handle all blasting needs.

Check out the video of President and CEO Larry Gilmore and learn more at www.controlledblasting.com. ■





Something Else to Worry About

New proposed regulations for Cafeteria Plans (Section 125 Plans) become effective

January 1, 2009. We highlight some of them below.

The new regulations specify those benefits that can and cannot be offered in a Cafeteria Plan. Examples of qualified benefits include group-term life insurance, dependent care assistance and adoption assistance programs. An employee can now be reimbursed through the Cafeteria Plan for individual health and accident insurance premiums. On the other hand, scholarships,

educational assistance and long term care insurance CANNOT be included in a Section 125 Plan.

The new regulations emphasize the requirement for a Cafeteria Plan Document that must:

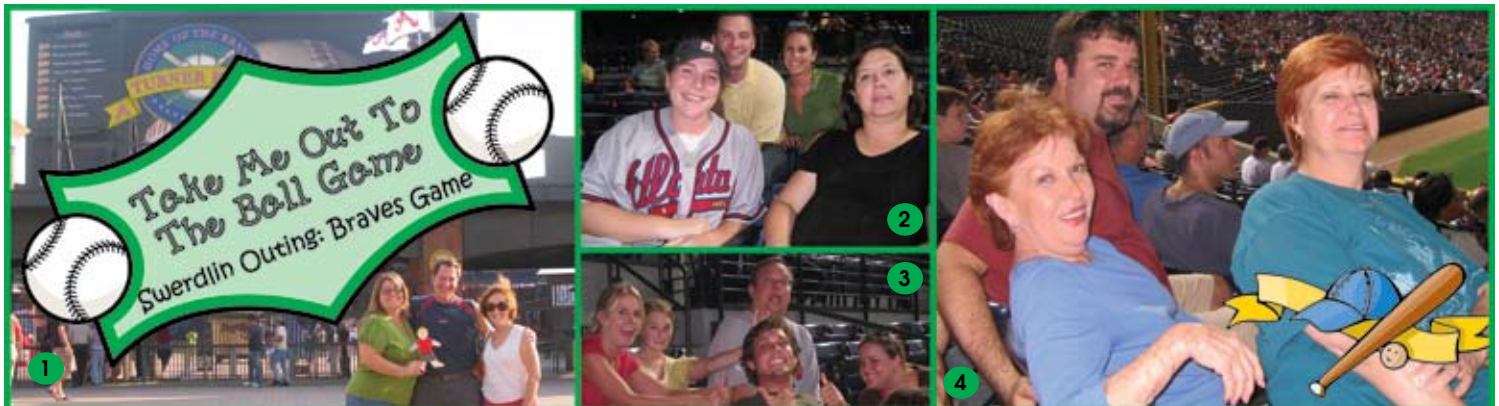
- be in writing and describe all benefits;
- list the rules of eligibility;
- list the procedure for making elections;
- state that all elections are irrevocable;
- state how employer contributions are made; and
- specify the maximum contributions permitted for the plan year.

After all reimbursements are made for the plan year, any remaining balances in the plan can be used to offset administrative expenses. Such expenses can include administrative fees or plan losses experienced by terminated employees having spent more than they contributed to the plan.

New regulations allow a newly eligible employee to make an election within 30 days of his/her plan entry date. Also, new hires can claim benefits dating back to the date they became eligible. Your plan document must be amended to include these provisions.

Be aware that the new regulations state the IRS is adopting a “zero tolerance”

continued on page 4



Picture 1: left to right, Kim Hall, Rich Strom and Melissa Spencer. **Picture 2:** left to right, Emily Spencer, Adam Stone, Robyn Trowell, and Connie Woodmansee. **Picture 3:** clockwise from left, Majorie Cade, Jessica Kinmonth, Mike Raker, Kristen Hamilton, and Clint Columbus. **Picture 4:** left to right, Dee Robbins, Lee Swerdlin and Carol Friend.

What's Happenin'

We welcome eight new employees this quarter:

- Beverly Bailey and Tammy Fiacco to the Actuarial Team;
- Craig Lindenlauf, Jan Smith, Nicolle Jackson and Sherry Childers to the Daily Recordkeeping Team;
- Graeme Hefner to the IT Software Development Team;
- Miguel Pastrana, Network and Technical Support Manager.

Anniversaries we celebrate this quarter: Melissa Spencer, 16 years; Glenda Devechio, 13 years; Kathy Latour, 10 years; Michele Gresham and Patti Williams, 5 years; Travis Rosenbaum, 4

years; Kristin Ellis, 2 years; John Breier, Karen Smith and Trevor Braunius, 1 year.

Congratulations to John Breier and his wife, Amanda, on the birth of their baby girl, Claire Valentine, in July.

Kudos to Dorn Swerdlin who was recently elected a Trustee for the Actuarial Foundation. He continues to work with the Market Relevance Strategic Action Team at the Society of Actuaries, and is now heading a task force for the Society to evaluate the progress of their marketing program. He also continues to serve as a Trustee for the Educational

Foundation, Inc. which is connected to the Risk Management Department at Georgia State University.

In July, Cynthia Navan-Clark and Glenda Devechio attended the EBIA Advanced Cafeteria Plans Conference in Boston. Some information covered at this conference is shared in the article entitled “Something Else to Worry About.”

Michelle Hall, Patti Williams and Travis Rosenbaum attended a Relius Summit meeting held on Amelia Island in July.

Mike Raker, Ricky Cox and Tim Bowen attended the Advanced Actuarial Conference sponsored by ASPPA in Boston June 10 and 11. ■

Discrimination in the Cafeteria?

The new proposed regulations for Cafeteria Plans include guidance and clarification on nondiscrimination rules. Your plan will require nondiscrimination testing for each plan feature. ALL required tests must be run each year. If your workforce changes significantly during the year, we recommend interim testing.

Common ways the nondiscrimination rules are violated are:

- Plans with multiple entry dates; or
- Plans offering different benefits for different employees.

An example is when salaried employees receive one benefit and hourly employees receive another benefit. However, an employer can provide different benefits for employees living in different parts of the country – a premium for a participant living in New York City will be different from a premium for a participant living in Birmingham.

Swerdlin & Company has a Compliance Team with 20+ years experience to help you with any questions you may have on nondiscrimination testing for your Cafeteria Plan. Please call Ricky Cox at 678.775.5536 for more information. ■

New Way of Thinking About Health Care

continued from page 1

decisions has a direct impact on health care costs. We must all work together to make this happen. Our recommended approach encourages employees to take care of themselves to prevent illness.

As mentioned before, health care costs must be managed from the beginning of the process. In too many cases today, companies establish the benefit levels for employees by what is expected and competitive in their marketplace. They may have to cut back on other business expenses to pay for these benefits.

Some employers have discontinued providing health insurance because of the significant increase in costs. Other employers have cut back on the level of benefits for the same reason.

Call Dell Kubler at 678.775.5578 to discuss ways we can help you manage your health care costs. ■

Something Else to Worry About

continued from page 3

policy; one mistake can disqualify the entire plan. Be sure your plan document is up to date and you are following all the plan provisions.

If we can help you, or if you have any questions, call Cynthia Navan-Clark at 678.775.5551. ■

Oops!

In the last Swerdlin Quarterly, in the article entitled “EGTRRA! EGTRRA! Read All About It!” we discussed due dates for restating plan documents. In the third paragraph we inadvertently indicated a deadline of March 31, 2010. The correct date is April 30, 2010. Thanks to one of our eagle-eyed readers for catching this!



Q Our administrator often mentions 402(g); what does it mean?

A 402(g) is a section of the IRS Code that covers the maximum salary deferral amount a participant can contribute each year. For both 2007 and 2008, the maximum amount is \$15,500.

Q What does it mean when we are told a participant has exceeded 402(g)?

A This means the participant's total salary deferrals for the calendar year exceed the maximum allowed. This maximum is measured on an individual basis, so if someone was a participant in multiple plans during the calendar year, all the salary deferrals combined cannot exceed the maximum.

Q How do we fix the participant who exceeds 402(g)?

A The excess must be removed from the plan and returned to the participant. This excess needs to include associated income earned on the deferrals while they were in the plan. For example, if the excess

deferral was made in 2007 and discovered in 2008, the excess returned includes the attributable income earned in 2007 as well as income earned in 2008 prior to the money being distributed. The income credited for 2008 is called “gap period income.”

Q I thought gap period income was no longer applicable in 2008.

A For plan years beginning on or after January 1, 2008, the Pension Protection Act (PPA) removed the requirement for gap period income on excess contributions returned as a result of failing the ADP/ACP tests. However, PPA did not repeal the gap income requirement for 402(g) excess. ■

It's Out in the Open

The Department of Labor (DOL) recently issued two proposals to provide plan participants with more education and investment advice. These proposals should help retirement plan participants make more informed choices in the future.

The first proposal allows participants to more easily receive fiduciary investment advice. This regulation requires contracts and arrangements between employee benefit plans and certain service providers to include an explanation of fees and compensation paid for services rendered. The contracts and arrangements must be written so plan fiduciaries can more easily assess the following:

- the reasonableness of compensation;
- fees paid to service providers; and
- potential conflicts of interest that could affect service provider's performance.

The Pension Protection Act (PPA) created the concept of "fiduciary advisor" to help participants. The objective is to enhance the investment advisory services provided to plan participants. This regulation, issued late last year, addresses primarily broker-dealers and recordkeepers affiliated with a

mutual fund management company. It adds safeguards to minimize potential conflicts of interest with fiduciary advisors.

The recently issued second proposal requires disclosure to participants of certain plan and investment-related fees and expenses. Awareness of this investment-related information can help participants make informed choices.

This regulation requires the following be provided when an employee is first eligible to participate in the plan and on an annual basis thereafter:

- Fees and expenses charged to participants and how these charges are allocated to individual accounts;
- Required quarterly reports providing participants with actual dollar amounts charged to their accounts for specific administrative expenses;
- Fees and expenses charged to a participant's account for processing plan loans, withdrawals, etc.;
- A list of investment options in the plan;
- Information on how to make investment elections; and

- Fee and expense information, past performance history, comparisons to benchmarks, and a website address to obtain additional fund information.

This regulation also requires certain disclosures regarding investment options offered in the plan, such as:

- Asset category (e.g., money market, equity index, long-term corporate bond);
- Passive or active management; and
- Performance data expressed as average annual total return for 1, 5, 10 & 15 years (if available).

Currently, plan fiduciaries are not required to provide participants with any information regarding plan fees, other than prospectuses upon request.

The DOL plans to adopt these new disclosure requirements before the end of the year. However, no immediate action is required until then.

Your Client Manager will keep you apprised of this and other future pension law developments. ■



brains to protect us from physical harm and to ensure the survival of our species. This response was very valuable to us thousands of years ago when our ancestors faced attacks from wild beasts who wanted to eat us for lunch.

Today, those of us who are not soldiers at war or living in the wild don't face the same threat to our lives as our cavemen predecessors. In spite of this, our fight-or-flight response is still alive and kicking. Instead of kicking in when our life is threatened, this response activates when our ego is threatened, such as when our boss yells at us, someone cuts in front of us, or we are embarrassed in front of a group.

The physical results of the fight-or-flight response include:

- heart rate increases,
- blood pressure rises,
- immune system is reduced,
- stress hormones are released,
- platelets in our blood become stickier, and
- we perspire.

As you can see, these physical changes, when accumulated in our body from daily stresses

year after year, lead to all kinds of diseases such as heart attacks, diabetes, and cancer.

Meditation counteracts every one of these stresses. Heart rate decreases, blood pressure normalizes, "happy" hormones are released, etc. This process therefore minimizes stress in our life and allows for improved physical, emotional and mental health. It also leads to more creativity, better intuition, more clarity, better decisions, and more happiness in life. Don't we all want more happiness?

Scientific studies have proven that employees who meditate become:

- more productive,
- more creative,
- more innovative,
- better decision makers,
- easier to manage,
- healthier, and so on.

Any employer with people who possess these qualities will have a better culture, lower medical costs, and a more profitable organization.

Thousands of scientific studies have shown the results I describe. Wellness programs coordinated with health care providers are starting to use meditation as a means to control

and reduce medical costs. As an example, we are seeing employers encourage employees to meditate by providing meditation rooms in their offices.

I hope you have enjoyed your summer and I'll be in touch next quarter. ■

Vision Statement

We strive for financial strength for our clients, our employees and our company by caring to be the best. We are committed to be the leading employee benefit consulting firm in our market. We achieve this through cooperative teamwork, community building and continuous learning and development.

Mission Statement

We focus primarily on design and administration of all types of employee benefit plans. Our mission is to develop relationships with our clients, our employees and our community so that all parties grow and develop financially and otherwise.

Shaping Your Benefits World

Knowing the complexities and understanding the choices and options available in the benefits world shouldn't be a focus of your job; it's a focus of ours. We help you shape your benefits program to better meet the needs and goals of your company and your employees. Swerdlin & Company is the only resource you need to answer all of your benefit questions. Our job is to make yours easier!



Swerdlin & Company

Actuaries ■ Employee Benefit Consultants

5901 Peachtree Dunwoody Road
Building B ■ Suite 170
Atlanta, GA 30328

770.396.6601

770.396.0067

info@swerdlin.net

www.swerdlin.net

PRSRST STD
US POSTAGE PAID
COLUMBUS, GA
PERMIT NO. 99