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WHAT MAKES THE BOTTOMS GROUP UNIQUE?

The Oxford Dictionary defines unique as “being the only one of its kind.” I am not saying there is not another firm like The Bottoms Group any place else on the planet, but I am saying that we are not aware of another firm like ours, with the attributes that we have.

We possess characteristics that are noteworthy:

- We are a multigenerational, 100% family-owned business that has operated debt free for over 40 years.
- We have deep specialties in two complementary areas:
 1. Employee and Executive Benefits
 2. Estate and Business Succession Planning focused on Life, Disability, and Long-Term Care insurance.

(Continued on page 7)

LEVERAGING (AND COMMUNICATING) YOUR BENEFIT PLAN IN A TIGHT LABOR MARKET

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Late last month, the U.S. Bureau of Labor Statistics Department reported that the seasonally adjusted unemployment rate in Georgia has fallen to an all-time low of 2.6%.

Not surprisingly, the announcement of an unemployment rate never before seen in our state was cause for much celebration given that it is indicative that 97.4% of Georgians looking for work have found it; however, a dearth of available workers continues to put incredible pressure on employers desperate for workers.

Generally, the first thought employers have in a tight labor market is that they need to increase wages and, given the fact that inflationary pressures in the economy are putting consumers in a pinch, increasing wages is a good approach. However, an often overlooked supplemental strategy is to ensure that the employer is effectively leveraging (and communicating) the value of the employee benefit plan they already offer.

(Continued on page 3)

**LOOK
INSIDE
FOR:**

02 ADDITIONAL WAYS
TO ENHANCE
EMPLOYEE BENEFITS

04 LIFE, LONG-TERM
CARE AND DISABILITY
INSURANCE

06 MEDICAL
INSURANCE
APPEALS

07 WHAT MAKES
THE BOTTOMS
GROUP UNIQUE

08 WORKPLACE
WELLNESS
INITIATIVES

About TBG: The Bottoms Group, LLC, has for decades been listening to clients and developing employee benefits, insurance and estate planning solutions customized to their unique and changing needs. The Bottoms Group is a locally owned firm that is affiliated with two national “invitation only” organizations, that function as large back offices for us, and they are focused on our two specialties. First, NFP Benefit Partners is for our employee benefit clients. Secondly, we are an equity owner of Lion Street for our individual clients who have a need for life insurance, disability insurance, or long-term care coverage. For more information about TBG, visit www.thebottomsgroup.com.

Lion Street Financial, LLC., member FINRA and SIPC. The Bottoms Group, LLC and Lion Street Financial are not affiliated.



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ADDITIONAL WAYS TO ENHANCE EMPLOYEE BENEFITS

As the cost of healthcare and employee benefits continues to rise, employers are open to creative and unique ways to maximize employee offerings in a cost-effective way. There are multiple solutions that we provide to our clients including, but not limited to:

- Health Reimbursement Accounts
- Flexible Spending Accounts (Medical and Dependent Care)
- Health Savings Accounts (with qualified High Deductible Health Plans)

Offering these additional benefits allows employees to save on their out-of-pocket costs and enhances the employee benefits packages at a minimal cost. These benefits, along with their core benefits such as Medical, Dental, Vision, Life and Disability, will improve the employee's experience at your company.

Health Reimbursement Accounts (HRAs) offer a way for employers to offset the out-of-pocket expenses for their employees while reducing the company's insurance premium on the medical plan. If a company changes their medical plan to increase the deductible or out-of-pocket maximum in order to decrease the premium, then the company can offer a Health Reimbursement Account to each enrolled employee that would reimburse the higher deductible or out-of-pocket maximum so the employee cost share remains the same. Health Reimbursement Accounts are very flexible in how they are implemented and the vendor would work directly with the employees to reimburse the claims.

Flexible Spending Accounts (FSAs) are used to withhold pre-tax money from the employee's paycheck to use for medical or dependent care expenses. The 2022 contribution limit is \$2,850 for the Health/Medical FSA and \$5,000 for the Dependent Care FSA. These plans are also administered by vendors that will process the claims reimbursement directly from the Flexible Spending Accounts back to the employee, many times with a debit card. These accounts are often known as "use it or lose

it" benefits, and there are some options that allow a carryover benefit to the new plan year. There are also Commuting benefits such as transit and parking passes that may be available.

Health Savings Accounts (HSAs) are only available to those who are enrolled in a qualified High Deductible Health Plan. Health Savings Accounts offer employees tax-free savings through payroll deductions or by using an outside bank for their HSA. The biggest difference between the HSA and FSA is that the HSA money belongs to the employee in their own bank account and the money is not forfeited at the end of the year. The funds in the Health Savings Accounts can be used for medical expenses, prescription drugs, dental, vision, and other expenses based on the IRS guidelines. Similar to the FSA, there is a contribution limit associated with the HSA, and the 2022 limitations for the HSA contribution and deductible amounts are listed in the chart below:

2022 Contribution and Out-of-Pocket Limits for Health Savings Accounts and High-Deductible Health Plans	
HSA Contribution Limit (Employer + Employee)	Self-Only: \$3,650 Family: \$7,300
HSA Catch-Up Contributions (Age 55 or Older)	\$1,000
HDHP Minimum Deductibles	Self-Only: \$1,450 Family: \$2,800
HDHP Maximum Out Of Pocket Amounts (Deductibles, Co-Payments & Other Amounts, Excluding Premiums)	Self-Only: \$7,050 Family: \$14,100

Sources:
<https://www.shrm.org/resourcesandtools/hr-topics/benefits/pages/2022-fsa-contribution-cap-and-other-colas.aspx>
<https://www.shrm.org/resourcesandtools/hr-topics/benefits/pages/irs-2022-hsa-contribution-limits.aspx>



LEVERAGING (AND COMMUNICATING) YOUR BENEFIT PLAN IN A TIGHT LABOR MARKET *(Continued from page 1)*

For many employers, benefit plan expenses rank as the second largest expense line-item...right behind employee wages; however, most employers would acknowledge that while employees have a pretty solid handle on the value of their cash compensation, they have a generally poor understanding of the value of their benefit plan compensation.

That lack of understanding is often a result of the inherent complexity of insurance plans and the fact that annual benefit plan open enrollment efforts are often heavy on specifics relating to how benefit plans work, what they cover, etc. With so much focus on the “what” of the coverage, there is often less focus than there ought to be on the employer contribution “how much.”

This lack of understanding often leads to a low level of appreciation for the value of the benefit plan given that employees are often left with a sense of frustration as their benefit plan costs go up and up while the benefits of their plan seem to reduce each year. Lost on many employees is the fact that employers are often shouldering a disproportionately high portion of benefit plan costs and are absorbing a great deal of the premium increases that would otherwise result in even higher employee costs.

If any of the context above resonates with you, one potentially powerful approach your organization might consider is the use of an off-cycle benefit communication process midway through the plan year to specifically illustrate the dollar value of your organization’s investment in its benefit plan.

Admittedly, employees are often skeptical when an employer comes right out and tells them how wonderful the benefit plan is

and how thankful they ought to be for it. As such, one of the most effective ways to communicate the value of the benefit plan is to show them, in a personalized report, how much the employer is providing on a total compensation basis.

A personalized total compensation statement highlights an employee’s cash compensation (which they generally already know) along with the specific annual employer investments toward their medical plan, retirement plan, dental plan, vision plan, disability insurance, life insurance plan, etc. At the bottom of the report, the employee can see the dollar value of their total employment package.

This often eye-opening number can demonstrably improve an employee’s sense of the value of their employment, improve employee retention, and serve to improve employee morale.

Many payroll systems have the ability to export these reports on demand; however, very few employers avail themselves of the opportunity to use these tools to effectively present the total compensation picture to employees.

In a tight labor market, leveraging (and communicating) the value of your benefit plan to both attract and retain talent is not only important, it is essential.

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WHAT WE ARE SEEING: LIFE, LONG-TERM CARE, AND DISABILITY INSURANCE

1. Clients want a simplified application process. The application process is becoming more palatable and electronic. For healthy applicants who meet certain parameters, it is possible to complete the process and have coverage initiated within a couple days. According to LIMRA, the life insurance industry's premier research organization, new life insurance premium growth of 20% in 2021 is the highest year-over-year growth since 1983.

2. Clients want financial security. Financial discussions about the future are becoming more top of mind. Concerns about inflation, extended lifespans for many, fears of outliving resources and the changing American family are drivers. Having a caregiver in close proximity is not as common as it once was. Most baby boomers have experience, either direct or indirect, related to caring for their parent's generation. So, they want to avoid the pain of being unprepared.

3. Clients want efficiency. Long-Term Care insurance is evolving. Approaches to planning for future financial risk have been evolving for years. For new coverage, individual long-term care policies have largely lost their appeal from a cost standpoint. There has been a significant movement towards critical illness and long-term care riders attached to new life insurance policies.

4. Clients want to avoid surprises. Insurance policy reviews have become essential. Over the past 30 years "flexible premium" life insurance has become mainstream. With a prolonged duration of falling interest rates, many of the policies are underperforming relative to their earlier projections. Therefore, ongoing reviews are important.

Many of our new clients have existing life insurance policies that they have had for a while. For most, the original agent is no longer involved, and they have not had a review in years. As a part of our onboarding process, we review

the beneficiary and ownership designations. We have seen cases where the owner listed is now deceased, or the beneficiary designation shows an ex-spouse, which is not the current intent. Some of these overlooked updates can be changed, but not always, particularly if a death has occurred.

5. Clients want clarity and confidence. A question we like to ask is this: if a death, disability, or long-term care need occurs, what do you want to happen? The process works best when the client has a functioning financial advisory team. In addition to TBG, there is an estate planning attorney, CPA, and wealth advisor involved. This way all the moving parts can be coordinated, and surprises minimized. A best practice is to have a periodic visit with the team and have them review the current plan.

6. Clients want options. The conversion privilege, typically included with term life insurance, allows the policyowner to change the coverage so that it extends beyond the original level premium years. This policy change can be done without proving good health. Therefore, this provides protection against a health event that might prevent the possibility of having affordable coverage beyond the level premium years. In recent years, the fine print included with many new term policies restricts the availability of this valuable opportunity. Clients regularly choose plans with the more attractive conversion options.

7. Clients want tax-deferred cash accumulation. Recent regulatory changes have made it possible to design a life insurance policy, so it is more investment oriented than prior regulations allowed. The tax-deferred cash accumulation within a life insurance policy is a significant and well-known feature. More flexibility now exists with life insurance policy designs. We can design a policy that minimizes the death benefit compared past offerings when the primary objective is to maximize the tax-deferred cash accumulation for retirement or other purposes. Having access to cash can solve a lot of problems.

8. Clients want protection. It is now possible to design a policy with a guaranteed premium and a guaranteed death benefit for life that may end up with no cash accumulated at all. This design minimizes the premium outlay and maximizes the death benefit. It is helpful to keep in mind that this type of policy design is different than other types of insurance because we are not underwriting the possibility of a claim - we are underwriting the certainty of a claim over an uncertain period.

9. Clients want to understand their protection if a long-term disability happens. The possibility of becoming disabled is frequently underestimated. Few insurance carriers offer standalone individual long-term disability policies and the approval process for the coverage is strict. An accident or illness can cause one to lose the ability to do their job and along with all this, their income may stop. Employer sponsored coverage is the favored route for many, if it is available. The definitions of a covered disability vary from weak to strong and the coverage limits are a consideration as well.

10. Clients want a relatively stable playing field as they attempt to plan their estates. The rules around estate and gift tax planning are far from settled. The current tax rules are set to expire at the end of 2025 unless extended by our lawmakers in Washington. Considering the growing budget deficit and the lack of sympathy for the high net worth segment of the population, our feeling is that it is likely that the tax on accumulated wealth will grow in the future. Life insurance has long been used as an asset that can create cash to help ease the cost of estate transfer. One risk of delaying planning for the future is that health can change and this alternative may not be available. Health sometimes improves, but often health deteriorates over time.

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MEDICAL INSURANCE APPEALS

Employees who are eligible to join employer sponsored group medical plans benefit from many advantages such as negotiated rates with in-network providers, coverage for a robust variety of medications included on a plan's Prescription Drug Formulary, and grievance or appeals rights.

Members always have the right to submit a grievance or appeal when a complaint arises due to the denial of a claim, and instructions can typically be found on the Explanation of Benefits, the denial letter, or the plan summary documents. The Bottoms Group HelpDesk team is always here to help members understand how a claim processed and to assist with determining how to proceed from a denial.

Why would a member choose to file an appeal? Appeals can be submitted to the plan for any reason; however, recently a member contacted our TBG HelpDesk for assistance filing an appeal due to a denied prescription.

Medical plans include coverage for a variety of prescription drugs, and they use a Prescription Drug Formulary to determine the cost and coverage of the medications. Members and plan sponsors can request a copy of the Drug Formulary, and most insurance plans include a searchable formulary on their online member portal. The formulary provides details such as the coverage tier, the presence of any quantity limits, and confirms if step therapy may be required.

Our TBG HelpDesk team was recently contacted by a member with active group medical coverage after a prescription refill request was denied under the medical plan. While this member was new to the employer medical plan, he had been using a medication for years previous that he and his doctor found worked best for the treatment of his medical condition.

When his medical coverage became active and he attempted to refill his prescription, the claim was denied because the Prescription Drug Formulary required step therapy before approval. Step

therapy is sometimes required by insurance companies as a way for members to try a lower cost alternative before the plan will pay for the more expensive version.

In this instance, since the member already tried the lower cost alternative without success, our HelpDesk team advised that the best course of action would be for the member's provider to file an appeal on the member's behalf. With the provider filing the appeal to the insurance company directly, the provider could be sure to include all past medical records and be able to conduct a "peer-to-peer" review if needed. Fortunately, due to the medical records provided, this member's prescription claim was ultimately approved, and the member was able to fill the prescription and continue their treatment.

Members with active coverage are able to use the Prescription Drug Formulary and other tools included on the online carrier member portal to better understand their coverage. Rest assured, our HelpDesk team is always here to help you and your employees better understand how claims process, and to determine the next steps following a claim denial.



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WHAT MAKES THE BOTTOMS GROUP UNIQUE?

(Continued from page 1)

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- By virtue of our scale and long-term relationships in our industry and national client footprint, TBG has access to the back-office resources of both NFP Benefits and Lion Street. These relationships allow TBG to provide our clients with optimal insurance carrier underwriting and pricing, cutting edge technology, a depth of intellectual capital and more.
 - For example, NFP's status as the fifth largest global benefits broker and Lion Street's status as the nation's leading life insurance-oriented estate and business succession planning firm results in our clients getting the best of both worlds: industry-leading resource depth paired with an unmatched level of personalized, responsive service.
- We have a diverse client mix including families, individuals, and businesses.
 - We serve businesses ranging from small closely held to some of the largest employers in the nation. Our business clients include publicly traded companies, multigenerational family businesses, a range of professional service firms, large healthcare organizations, complex governmental entities, a breath of educational institutions, and local nonprofits.
 - We serve families categorized as ultra-high net worth while still being passionate about helping young families just getting started, and others in between. Included are retirees, owners of closely held businesses, entrepreneurs, executives, professionals and more.
- We have never wavered from our original mission of helping others and, to that end, we never outsource client facing service areas. For example, our in-house HelpDesk Team expertly helps clients navigate the complexity of service issues as they arise. Our entire team is long tenured and steady.
- We are relationship oriented and an industry outlier, in that, we do not utilize a prospect list or actively even try to "sell" insurance. Our new clients come from existing relationships, or referrals from professional advisors and present clients.

As a result of your continued loyalty and the referrals you provide, the number of our relationships continue to grow. For that, we are grateful.



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WORKPLACE WELLNESS INITIATIVES

Proper wellness is important for all seasons, but with warmer months approaching there are plenty of reasons to get outside and enjoy the welcoming weather. The U.S. Centers for Disease Control and Prevention, the American College of Sports Medicine, and the Surgeon General's Report on Physical Activity and Health all agree that we need at least 30 minutes of moderate to intense physical activity every day. The good news is that you don't have to work out in a gym to get in shape. Outdoor exercises are just as effective, can be more fun, and have some appealing advantages.

Simple activities such as standing, stretching, breathing, and walking can have an immediate calming effect for the body and mind. Besides the beautiful scenery, spending time outdoors can increase and restore mental energy, improve your mood, relieve stress, burn calories, and even boost your immune system. In addition to its primary benefits, research suggests that getting outside and experiencing natural surroundings not only makes you feel good but is linked to your overall well-being. Just as your phone needs to recharge after constant use, so does your brain and body. Taking scheduled breaks at work is so important. A healthy body is a happy body!

When you adopt daily small habits you will begin to see the much-needed benefits. Experiencing nature and the outdoors helps restore your mind from mental exhaustion, contributing to improved performance and intellectual development. The benefit from fresh air elevates a stagnant frame of mind by increasing skin exposure and contact to natural

sunlight and vitamin D. Vitamin D, also known as the "sunshine vitamin" has recently been proven to affect everything from cancer development to mental health. Many Americans are not getting sufficient vitamin D from spending too much time indoors. The more you absorb vitamin D through your skin from outside, the better your body is able to absorb it. Since vitamin D plays such a vital role and has significant purpose to overall health, getting an adequate amount of the vitamin is essential for growth and development of bones and teeth, as well as aiding in fighting against certain illnesses.

Replacing sedentary hobbies with active ones is a step in the right direction to better wellness and increased energy. If you are looking for fun, low-key, outdoor activities that also burn calories, here are a few hobbies that are worth considering: biking, gardening, kayaking, swimming, hiking, walking, and running. You might even be able to convince some friends or coworkers to join you on a walk during your lunch break!

Making it a goal and priority to get outside not only enhances the physical aspects of exercising, but also supports and improves the emotional and mental mindset capabilities as well. Spending less time in front of the computer, iPad, and television allows more time to partake in outdoor activities that put your body in physical motion. With the beautiful weather on its way, there are more reasons now than ever to get outside and enjoy it!