Offer businesses a total protection review

It's important for many employers to attract and retain talent. Offering attractive employee benefits can help them do this. Just like when people take their automobile to a mechanic for inspection and service, think of approaching businesses in the same manner. You can help them get started by offering a complimentary inspection with recommendations. Their tune-up is like getting a health assessment of their benefit programs. Then ongoing maintenance keeps an eye on any changing needs. Employers face the same type of challenge when it comes to recruiting, rewarding, and retaining their key people.

There's never been a better time than now to talk to small- to medium-sized businesses (SMBs). When there's a disruption to the economy—like the credit crisis in 2008 or the current pandemic—some employers are forced to reduce benefits. Economic disruption often translates to employee benefit changes.

These benefit decisions usually hit their best employees the hardest. Think about a company that that had to reduce its 401(k) match or group benefits like dental insurance. Or they had to reduce or eliminate supplemental life insurance or disability income benefits. Many businesses are faced with this dilemma and are anxious to reduce the overall cost of their benefit package to prevent losing key employees. Employers are ready to talk!

Focus on restoring lost benefits

Every SMB has key employees whether they're a CFO of a small manufacturer, head chef of a restaurant chain, or five key employees at a car dealership. Now is a perfect time to approach businesses because restoration plans for these key employees become a perfect conversation starter. And there's an uneven playing field that many employers are now understanding as it pertains to key employee benefits versus all other employees.

Look at the protection gaps affecting the future financial security of key employees and their family. These gaps are typically in three areas—retirement savings, life insurance coverage, and disability income insurance.

First, ask about the company's group life insurance program they make available to their key employees. A common benefit is one or two times the employee's salary. The general recommended life insurance replacement, though, is 8 to 10 times their salary for a family to live on if they were to lose the breadwinner.

Additionally, group long-term disability coverage—if the employee even has it—is generally 60% of employees' base pay, and it's often taxable. Sometimes, these key employees also make other types of income like commissions or bonuses that aren't typically replaced by disability insurance benefits. We know this creates a disability income gap that could have serious implications for their day-to-day living and ability to save for the future.

Lastly, key employees also face challenges and gaps in saving enough for their retirement income needs. Their traditional 401(k) plan might not have employer match, or the company may not offer a qualified plan or pension plan at all. These limitations can result in key employees being able to replace as little as 20% to 30% of their income in retirement. The employer can reduce these benefits inequities by offering a nonqualified plan. Due to the gaps and limitations on Employee Retirement Income Security Act (ERISA) plans, deferred compensation plans could provide a great complement to the 401(k) plan and help supplement a key person's retirement income.

Disruption creates opportunity

As employers continue to move their businesses forward and attract and retain top talent, offer them a complimentary review and inspection of their benefit plans to help identify any key employee benefit gaps they may have.

Restoring lost benefits not only helps these employers, but the owners receive a value driver for their business by offering solutions to attract employees long-term. It's a win-win for everybody.

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