



Client Update

Issue 7

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Midwest Group Benefits, Inc.

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Referrals

We believe our firm is the most professional provider of employee benefits programs in the business. Our knowledge, ability and service are second to none. Our best new clients are those referred by you. If you know someone that might use our services call us or tell them to call us. It's as simple as 800/344-3766.

Thank you,
Loren Kiel

Advantages of Self-Funding - part 4 of 4

A primary advantage to self-funding is choice. Employers have the option to choose which provider groups will be preferred in their plan. If the employer wants open access for employees, it can be made available. If the employer wants a more limited availability with larger discounts, that can be done also. The employer can even let employees choose their options. These kinds of choices are not available with fully insured plans. Again, it demonstrates

how self-funded plans can make a better fit for the employer and employee alike.



Self-funding provides you with many options

Health Savings Accounts

HSAs are now available to individual plans, small plans, and large employer plans. An HSA allows "pre-tax" dollars to be put into an account and withdrawn tax-free for eligible medical expenses. A contribution to an HSA can only be made by/for eligible individuals that are covered under a High Deductible Health Plan (HDHP). Unlike a Medical Reimbursement Account, if the account holder does not use up the dollars in the account, the balance will roll forward and accumulate; with tax

free earnings for retirement. This newly allowed plan can be a *WIN-WIN* situation for employers and employees if done properly. Contact Rachel Narum at 800/344-3766 or rnarum@midwestbenefits.com for more information.

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We're on the web!
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401(k) Deposit Deadline Enforcement Reminder

Employers who withhold 401(k) deferrals from employee's compensation need to be reminded and aware of the stringent guidelines that the Department of Labor (DOL) has placed upon the timeliness of depositing deferrals into the 401(k) plan. The regulations require the employer to deposit the deferrals "as of the earliest date on which such contributions can be reasonably segregated from Employer assets, or in no event, later than the 15th business day of the month following the month in which the deferrals are withheld". At first glance, many employers think they have until the "15th business day of the month following the month in which the deferrals are withheld". The DOL treats this date *as the exception*, and expects that deferrals are deposited much sooner than that date. To discuss this or any other Retirement Plan related issue, feel free to contact Sara Hotvedt in our office.

You can call 800/344-3766 or e-mail shotvedt@midwestbenefits.com



Be sure you are depositing employee deferrals into your 401(k) plan in a timely manner.

Don't forget to use our website, www.midwestbenefits.com, for any plan we administer – Health, Flexible Benefits, or Retirement. There, your employees have access to valuable plan information. If help is needed we can be contacted simply by clicking 'Contact Us'. Pass it on to your employees!

Student Status for Medical Plans

Before the beginning of Spring and Fall semester, usually in November and August, we send a letter and a Student Status/Dependent Eligibility Confirmation form to the parents of children who are 19 years of age or older. The purpose of the form is to determine if the dependent is enrolled in college or an accredited school and to request proof of enrollment. The letter of proof can be obtained from the school's Registrar's Office. Dependents who are attending school and have not reached the limiting age will continue to be covered by the group's medical plan. The limiting age varies with each plan, but is normally 24 or 25. It is very important that we receive a letter of proof. If we do not receive proof or the dependent is no longer enrolled in school or reaches the limiting age, he/she will be terminated from the plan.