



2018 GUIDE TO BUSINESS

If you're looking for expert advice, you've come to the right place. You'll certainly find it in the following pages. Staff from Hill, Chesson & Woody explain the importance of benefits to attracting and retaining top employees in a tight labor market — and how they craft unique packages to match benefits to individual companies. And Northwestern Mutual offers advice on disability insurance and explains why it is important to your business and family. Take some time to read both pieces.

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I have a client that we will call Joe. Joe's father called me one day last year and said he needed to ask me some questions: "Joe had a stroke last week and we wanted to call and discuss his insurance." I asked how serious it was and was told, "he is paralyzed from the neck down at the moment."

This is the phone call that, as a financial planner, you hope you never receive. Joe is 41 years old, has 2 young children, a spouse who takes care of the household, and he runs his own business. However, these phone calls are why I always discuss disability income protection with potential clients and clients. Everyone wants to talk about the stock market and investing. If it's not the market, then it's how I can help them pay less taxes each year. Occasionally, people even want to talk about life insurance, but I can count on one hand from thousands of meetings how many times someone has said they wanted to talk about disability insurance. Investments, taxes and life insurance are all very important and we talk about them, but they aren't going to matter much if you lose your ability to earn an income. Many working people are not able to live off of assets and thus need their income.

I've heard every excuse. "I have it through work." Maybe, but in my opinion it's almost always just 50-60% of your income. "I'm in great shape." It doesn't matter what kind of shape you are in when someone is texting and driving. Or you get a diagnosis of a neurological disorder. "I don't do dangerous activities." The majority of claims are paid for illnesses, not accidents. "My spouse works." Great, do you all live and save for retirement solely on his/her income? "We could live off of less." Why don't you live off less now? Is that really what you want for your family? How about the additional medical expenses? "My family would help." Have you discussed this with your parents, brother, sister, whoever, to see if they have it in their retirement plan to help your family whether your disabled or not?

All of those sound good, but should they be considered as good excuses? Everyone thinks about if they die, but rarely do we think about if we are sick or hurt and can't work. When you die and have adequate life insurance, your family or business

can pay off debts, set money aside for education, and produce income off of the remaining principal. But when you are disabled, there are no windfalls to provide those items. Your mortgage(s), car payments, business loan, etc. still exist. Back to Joe above. When I got that phone call from his father, I vividly remembered the conversations years before with him about disability coverage. "Do I really need it?" "I'm not going to need it." "How much does it cost?" "Ok, ok. Let's put some in place." Thankfully, I'm persistent and care about my clients, so I hung in there until he made the right decision and put some coverage in place. As I looked in his file however, I realized he had not covered his full income. Some is better than none, for sure. But it's never enough when it happens. A later conversation with Joe's family revealed that he was going to a rehabilitation facility and they weren't hopeful that health insurance was going to cover much, if any, of the expense. So, it's true. Expenses often go up during a disability, not down.

It's important to understand what's included in your coverage. If you receive compensation through commissions or a bonus, the fine print of your group benefits may reveal that it's only your salary that is covered. Additionally, once we start looking at higher incomes, many plans cap out at a specific amount, so make sure you've got a good handle on the specifics of your plan. The good news is that it probably doesn't cost much to properly protect your income. Once you know what you have through your employer, the gap in coverage between group insurance and income can likely be covered by a small percentage of that income.

Do you own your own business or work for a small business? Do you have adequate group coverage? If you are the owner, a group plan might be something to consider. This could be a better cost per unit and provide a valuable benefit to employees not only as goodwill, but also as part of an attractive benefits package to compete with larger firms."

Have a partner in your business? I bet you have a buy sell agreement, and I bet you have triggering events of death or disability. You might even have the death trigger funded with life insurance. But I also bet you don't have the disability trigger



funded. So where would that money come from to buy you out after you are disabled? Sure, it could come from cash flow, but how likely is it cash flow remains at the same level if you aren't working and driving revenue? Or what if the economy hits a rough patch? Your partner could borrow the money, but who

wants to do that? And would you and your family like to be bought out over time or all at once? Once again, this can be solved by considering a disability buyout insurance contract. It's worth considering if a disability buyout insurance contract can solve your needs.



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Building a better workplace

While your best is finite, your better is never finished.

What keeps business leaders awake at night? Talent. Costs. Productivity. Out of 4000+ organizational leaders surveyed this year (Gallagher's 2018 Benefits Strategy & Benchmarking Survey), the top organizational priorities in order are:

- Attracting & retaining talent,
- Managing costs; specifically, healthcare costs which climbed 10% or more at renewal,
- Promoting productivity by having engagement strategies in place.

With market changes and workforce demographic shifts, it is apparent these are the top priorities for any business striving to compete. This year, the unemployment rate hit a low of only 4.1%. While this is great news overall, it also immensely tightens the labor market. For example, *Fortune* predicts that by the end of 2020, there will be a shortage of 40 million skilled workers but a surplus of 95 million low-skilled workers. The competition to recruit qualified, experienced talent is going to intensify while, at the same time, methods of retaining your existing employees will have to adapt as well. Ultimately, there will be a shift in nature and evolving expectations at work.

Employers at the top of their HR game, will have to get better, and keep getting better. Your better is never finished. When working with employers, our approach is to build a strategy that attracts, retains and engages the right people to meet your goals. How do we do that?

Tailored solutions that align with your business objectives.

Our first step is to work with your executive team to establish a shared understanding of your strategic priorities, because smart business decisions are aligned with your overall organizational vision. You can count on us to provide honest answers and solutions based on your specific goals. A customized risk management and HR program that supports your overall direction requires continuous management to balance sustainability and affordability. With five different demographics in the workplace, there is no longer a one-size fits all approach. A diverse workforce requires a diverse strategy.

An integrated framework that evaluates cost containment and program effectiveness. Companies that recognize environmental changes know that better performance results in better outcomes. It creates a culture where employees can thrive and perform at a high level; optimizing the annual talent investment and mitigating organizational risks to maximize profitability.

A holistic look at employee wellbeing, beginning with the end in mind. A growing number of employers realize that the state of human comfort, health and happiness, reflect the whole person, and only by engaging the whole person can they motivate the highest possible productivity. There is an increasing need to address total wellbeing which includes financial, career, and emotional wellbeing. Companies that are now implementing a holistic approach to employee engagement are those who we will see thriving in years to come. They are also those that will become a magnet for employee attraction, retention and wellbeing.

A wide range of services across many different industries. Our approach combines a staff of experienced domain experts, effective tools, and a client-centric methodology that allows us to efficiently deliver a broad range of services designed to bring about cost-saving outcomes and client satisfaction repeatedly. With nine national industry specializations, we know your challenges. Our experts draw from a deep wealth of knowledge to educate you and your employees about the healthcare reform landscape. There is a lot of information out there. We proactively share what you need to know through tools like personalized training, webinars, workshops, and communication initiatives. We empower you to help your employees understand and engage.

Each day employers are trying to build a better workplace. It is more than just punching a clock. They are working to build a workplace where employees feel they belong, where careers are built, and where they can challenge the status quo. This is what it means to create a better workplace culture. It is about never being content to rest each time you reach your best.

Hill, Chesson & Woody, a Gallagher Company, the largest office in the Southeast, offers full service delivery around all of



your risk management and human resources consulting needs. Our firm's expertise combines local roots with global resources. Complementing our expertise is our integrity. For six years in a row, from 2012 to 2018, we have been recognized by the Ethisphere Institute as one of the World's Most Ethical Companies, and hold the distinction as the only insurance broker to receive this designation.

Like you, we strive to be better, having accepted many awards:

- Best Employers in North Carolina by *Business North Carolina*, the Society for Human Resource Management (SHRM) – N.C. State Council and Best Companies Group
- Triangle Business Journal's "Best Places to Work" (Small & Medium-size Business Categories)
- The Alfred P. Sloan Award for Business Excellence in Workplace Flexibility
- The Ovation Award for HR Excellence (Annual award presented by Capital Associated Industries, Inc.)
- American Heart Association's Fit Friendly Company

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