

Brief Summary of Recent Projects / Assignments

The following are the types of projects / assignments that Bushnell & Company has been retained by clients, to work on, in the last few years:

1. **Second opinion of Medical Plan** – 125 employee group - reviewed plan design as well as financial analysis and compare it to corporate goals. Analyzed credible claims experience; insurance cost; insurance retention limits; agent commissions; Prescription Benefit Manager (PBM) analysis; etc. Immediate annual cost savings of \$326,000 realized.
2. Have assisted a variety of organizations (with 200 to 800 employees) in the last 5 to 8 years to get out of their "**Minimum Premium**" insurance contract because it so favors the insurance company and the agent to the exclusion of the employer. Although there is Specific claims protection, there is no experience protection for the employer, for claims in the Aggregate, that do not exceed specific stop-loss limits. The entire experience either rolls forward and is repaid to the insurance company in the succeeding year or is financed over a 2 to 4 year period. Each of these client organizations did not understand the risk exposure that they were subjecting their organization's balance sheets and income statements to. The amount we saved for each of these clients varied but it was at a minimum \$500,000 per year between hard dollar cost reductions and substantially greater risk exposure reductions.
3. Assisted a 6,000 employee **public school district with implementing an online enrollment and benefits administration system**. Services vendor search and selection as well as the negotiation and reallocation of insurance commission savings.
4. Assisted a variety of clients to create a strategy regarding the structure of all their employee benefit plans and **create a Mission Statement for Employee Benefit Plans that aligns with the organization's Mission Statement**. This new structure will reduce rate of future cost increases.
5. **Voluntary Employer Benefit Association (VEBA)** – restructured plan of 60 employee group plus retiree group so that the liability on Balance Sheet was dramatically reduced by \$1,519,000; impact on P&L Statement reduced cost by \$141,000 per year that substantially improved the bottom line; drafted Plan

Document and Trust Arrangement and Board Resolutions for legal counsel review; etc.

6. **Benefit Study of all employee benefit plans for a 70 employee group.** We prepared data package that gathered demographics, plans, and “wish list” items; analyzed and summarized all H&W and Retirement plans and SPDs; included ERISA non-compliance audit; reviewed 5500 forms; financial analysis of insurance funding vehicles; 4 hour meeting with Executive Team; developed To Do list and who was going to do what – some us, some them, some they do & we review. Total savings impact over 5 years will be in the \$240,000 - \$365,000 range.
7. Did a very interesting **Long Term Disability second opinion study** for a 750 employee international consulting firm – discovered agent had established commissions at 3 times the norm because the company did not go buy his Long Term Care product that he was proposing; benefits were mediocre at best – well below the industry standards. The underwriter was a great insurance company and I knew that they had better products available - agent was replaced and plans were restructured with same carrier.
8. Helped a 300 employee non-profit educational institution solve a huge tax bill for retiring executive under a Sec. 457(f) retirement plan. **Income tax is due to IRS on present value of entire lifetime retirement income being taxable in year one of retirement.** Organization loaned retired executive the money to pay the taxes and then obtained term life insurance policy and coupled it with a special no commission annual premium deferred annuity so that 1st year cash value was 98.4% of premium paid. Included a cost of use of funds calculation so that at the retirees death the non-profit 501(c)(3) would be fully reimbursed for loan plus interest thereon.
9. **Established a multi-option Sec. 125 Cafeteria Plan for a 250 employee credit union that reduced cost by 14% in each of the first two years,** that included but was not limited to the following:
 - a. Established a defined contribution “benefit allowance” that took into consideration the realities of the working poor and the executive suite, as well as the relatively flat fixed cost of benefits per employee, etc.
 - b. Self-Funded Medical Plan with 5 options – put it out to bid – brought a new TPA online; designed new plan & wrote plan document and SPD; did the employee pricing; etc.

- c. Self-Insured Dental Plan with a high and low option – eliminated insured plan; designed new plan and wrote plan document and SPD; established an in-house semi-automated claims administrations system through existing Accounts Payable system; did the employee pricing.
 - d. Self-Insured Short Term Disability Plan with increased benefits – eliminated insured plan; designed new plan and wrote plan document and SPD; established an in-house semi-automated claims administrations system through existing HRIS & Payroll systems; did the employee pricing; eliminated employee contributions so as to reduce employee abuse; established rewards for attendance; etc.
 - e. Life Insurance plan was modified by increasing benefits; went out to bid and found a new carrier – reduced fixed cost 48%; installed plan & eliminated employee contributions;
 - f. Long Term Disability plan was modified by increasing benefits; went out to bid and found a new carrier – reduced fixed cost 63%; installed plan and eliminated employee contributions;
 - g. Did Train the Trainer and Department Managers meetings for open enrollment;
 - h. Designed and produced slide shows for Employee Meetings;
 - i. We did it all.....
10. **A bank with 350 employees** – we started with second opinion benefits study – they wanted an independent outside audit / review because they had several large insurance agencies that were customers. Further, **the Board of Directors was concerned about the financial arrangements with the existing broker for the Bank which had been in place for many years.** We discovered a number of issues relating to the financing vehicles of the medical, dental, and short-term disability that were inappropriate for an organization this size but were a great deal for the insurance company as well as the agent/broker. We reviewed plan designs as well as financial analysis including credible claims experience; existing insurance vehicle costs; insurance retention limits; agent commissions; administrative fees, etc. We also managed the Request for Proposal process where we went to the insurance agent community and requested bids in response to detailed specifications; we assigned markets so that three insurance

agents would not be going to the same insurance underwriter and “muddy the waters.” We were referee in the black & white striped shirt with a whistle and were independent of all politics, favors, cronyism, etc. Assisted with the interview, selection, recommendation, and compensation of the agent that was ultimately retained. Immediate annual cost savings of \$540,000 realized in 1st year compared to the exact same medical plan (plus improved dental and short term disability plans) provisions as in the previous year - \$2,735,000 over 5 years.

11. Executive Deferred Compensation Arrangements is a unique and very complex area of employee benefit planning and can be detrimental to both the employer and the employee if not properly structured. Two years ago, we designed a really neat and unique defined benefit executive deferred compensation arrangement for a very specialized for-profit financial services company that was owned by 11 not-for-profit credit unions. The reason that we used the defined benefit approach was that the organization had a target replacement percentage that they wanted to provide certain key executives and wanted to offset that benefit with existing the 401(k) match accumulations that had already being provided by the employer and would continue to be made in the future. Further, they wanted to offset that projected benefit with the employer paid portion of the employee’s Social Security benefit. In addition, certain employees at the credit unions had accumulated deferred bonuses that were not being properly administered and were in fact taxable. The intent was good but the execution was poor. We cleaned that all up so that the employees could defer their income and then be taxed at retirement on the annual benefit received and not the present value of that stream of payments which save the employers hundreds of thousands of dollars over the life of the plan.

12. Last year we were retained by two organizations (1 had 37 employees and the other had 84 employees) to evaluate their Professional Employer Organization (PEO) arrangements with a nationally known PEO that advertises heavily on TV with a national spokesman. As a general rule, we have been proponents of PEO / co-employment arrangements for smaller employers with less than 25 employees because they can bundle and outsource the management of human resources, employee benefits, payroll and workers' compensation. Obviously, some are better than others across the board and some are much stronger in one area than in another. Further, some will unbundle their services so that you can pick and choose what you want. What flabbergasted us the most was that in both of these instances, the fee to the PEO, exceeded \$2,415 on average per employee per year, and that did not include the workers compensation premium; any taxes such as matching FICA, FUTA, SUTA; employee

benefits; etc. As you can imagine, the PEO did not give up that information readily and it was only after great deal of digging, analysis, persistence and artfully worded questions that we were able to get to the bottom of what their true fees were. With very little effort on our part and cost to the client, we were able to move one of them to another national PEO for a 65% reduction in fees. The other company decided to take everything in-house and get their own workers compensation, employee benefits, do their payroll through QuickBooks because their bookkeeper had a great deal of experience with that software, and use an online HR service to onboard employees and resolve run-of-the-mill type of questions. For more complicated human resource issues, they retained a local human resource consulting firm for on-site or in office consultations. This company reduced their fee expense by 85% and ended up with a more customized set of services that specifically met their needs and budget. We work closely with them in this arrangement and gave them a complete roadmap to make certain that the “divorce or termination” was properly structured so that notice was given timely; that there be no recourse back to the employer, for health insurance claims not being paid because of contract termination, etc.

13. **Communications** – We have helped employers of all types (e.g., banks, insurance companies, credit unions, construction companies, manufacturing companies, consulting firms, educational institutions, etc.) maximize the value of the employee benefits, that they provide to their employees, and to **factually communicate** the employer expenditure associated with those benefits. For over 35 years we have assisted employers in preparing **Total Reward / Total Compensation / Comprehensive Benefit Statements**. These statements are customized for the individual with their actual compensation (that can be verified against a W-2 statement for credibility) and benefit amounts and elections. They can be produced and mailed to the employees home so that they can be shared with the employee’s spouse, or can be delivered electronically where the employee can print them at home, or at the office, via access to a secure web portal. **We have also delivered online pro forma benefit statements where prospective employees can input the details of their offer letter and run “what if I elect” simulations**. Further, we have provided them with the links to the different benefit options so that they can drill down into each of the different benefit plans and make a “what if” election and see what the benefit level/provisions and their cost would be. Tied in with that is the directory of healthcare providers, the cost of living in the new city compared to their existing one, including taxes, cost of housing, entertainment options, etc. It is essentially an interactive and dynamic benefit statement. In addition, for all employees of the company, we have provided a similar interactive and dynamic benefit statement tool that goes into great depth regarding each of the different

benefit options and in fact answers many frequently asked questions that ends up reducing the number of calls to the human resource / benefits department. **Another method that we have communicate these benefits for employers is on a life event oriented basis**, such as retirement, death, disability, medical, etc. and how all of the different benefits come together at that event and what the income or benefit will be in total so that the employee does not have to figure out all the pieces. Further, the costs of the benefits provided by the employer are also communicated, so that the total compensation package is shared with the employee. This approach is viewed by many as more educational, and does not send the one way communication as to the cost of benefits in the total compensation package, which if done incorrectly, can be viewed negatively by the employee.