

BOLTON *Benefits*

BOLTON & Company

ABOUT BOLTON BENEFITS

For over 70 years, Bolton Benefits has been a leader in providing creative solutions in analyzing, designing and implementing employee benefit programs. In addition to preferred carrier relationships and broad market access, we are able to provide a comprehensive array of services ranging from network analysis to Internet/ Intranet services to human resources consulting.

Products and Services:

- **Group Medical, Vision, Dental and Life**
- **401 (K) Plans**
- **Long Term Care**
- **Employee Handbook Guidance**
- **Employee Assistance Programs**
- **And Much More....**

401(K) INVESTING BASICS

The average 401(k) retirement savings plan account lost money last year, even after thousands of dollars in new contributions. According to Cerulli Associates, the average account shrank to \$41,919 in 2000 from \$46,740 in 1999. Now is the time to refocus on some investment basics and to focus on some new tools available to investors so they can manage their accounts like the most successful professionals.

- The long-term historical average return of a diversified large-company stock is 11 percent per year. This average return is made up of some above average and some below average years. After seeing many consecutive years of above average returns, it is very probable that we will see some years of below average returns.
- It does not make sense to draw conclusions from two or three years of stock market performance. If you are investing for the long term, then short-term fluctuations in account value shouldn't affect your current financial lifestyle or your emotional well-being.
- Many corporations match their employee contributions in their 401(k) plans with company stock, which leads to an investment concentration in just one company. Employees are dependent on the company for their employment and their retirement benefits, which increases the risk level.
- Diversification, long-term commitments and regular monthly investments work to reduce risk. However, if you try to avoid risk completely, you will be far less likely to reach your financial goals.

When it comes to having the tools to undertake the job of investment management, individuals can now act as the professionals due to a growing number of employers offering access to financial modeling services, such as Financial Engines (www.financialengines.com) or the Fidelity Portfolio Planner (www.fidelity.com).

IRS COBRA AUDITS: FIND OUT IF YOU ARE AT RISK.

Many of you may have heard horror stories about the dangers of COBRA noncompliance. Some of you may have even questioned their validity. Much speculation has surrounded IRS enforcement practices related to COBRA. The IRS is now formally including COBRA compliance review in its audit procedures.

The IRS is not just singling out large employers. In fact, nearly every employer with 20 or more employees is at risk for a COBRA audit. Unfortunately, less than 5% of them are likely to find themselves in full compliance

with all of the complex COBRA mandates. Employers who are in noncompliance are liable for exceedingly stiff IRS taxes besides the penalties set by the Department of Labor.

The most dangerous thing an employer can do is nothing. If you are not certain that you are in compliance with COBRA requirements, please contact us. We can quickly review with you your COBRA status and recommend a course of action. For more information on COBRA compliance, please contact us.

BACKGROUND CHECKS

CREDIT REPORTS

Most employers are aware of the requirements of the Fair Credit Reporting Act affecting employers who conduct credit report checks. First and foremost, such background checks can only be conducted for job positions where such information is relevant and constitutes a “legitimate business need”. Before such a check can be implemented, the applicant must be actually offered the job – contingent upon satisfactory results in the report. The applicant must also sign a consent form before the report can be requested. This consent form must contain certain information, as required by law. Lastly, if a job offer is withdrawn due to an adverse report, the applicant must be provided with additional information and a copy of the report if she/he so desires.

MOTOR VEHICLE REPORTS

Many employers are not aware that the legislation that changed notification requirements for Credit Checks also affected other types of “background checks”. Employers who obtain Motor Vehicle Reports must ALSO comply with requirements similar to background checks. If you are currently running any DMV reports on your applicants or employees, please contact Suzanne Kyro at (626) 799-7000, ext. 368 immediately to update your interview packets to include the appropriate forms.

FINGERPRINTING (FOR SCHOOLS)

Schools are required to obtain fingerprints for a background check on all employees at the time of hire. Exceptions are granted when an applicant already has a valid California Teaching Credential. Schools should be aware that this type of background check must also follow the procedures outlined in the Fair Credit Reporting Act.

BACKGROUND CHECKS CONDUCTED BY A THIRD PARTY

Some employers contract with an outside agency to examine an applicant’s background. These services normally provide a choice of options on the type of information that you wish examined. **IT IS IMPORTANT TO REMEMBER** that any background check must be consistent with the job position in question. You cannot select a “standard background check package” for all applicants and employees. If you are using an outside agency or service to conduct background checks, you must ensure that proper notification procedures are followed as described above.

ONLINE HUMAN RESOURCES PROGRAM

There are numerous vendors in the marketplace that offer online human resources programs to assist employers in becoming more efficient. Bolton and Company constantly reviews and evaluates these programs so that we may help you select those vendors that best meet your company's needs. For more information on our online Human Resources program, please contact us.

We're on the Web!
www.boltonbenefits.com

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