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cpi lights

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Jon A. Cyganiak, CLU
President

We all hoped on November 4th we would have resolution for the leadership in our country. At the moment it appears Joe Biden may be the successor, but it will probably be a while before this election is finalized.

Whether this makes you happy or not one thing is certain, our country must find a way to come back together. We need to remember that we are all Americans, not just Democrats or Republicans, Liberals or Conservatives. Compromise is essential for our mental and societal well-being.

As individuals we also need to take personal responsibility for our actions. Our successes and failures do not fall on other's shoulders. Laws enacted, political agendas and policies, social activism. These may influence our actions and decisions, but they do not force us to succeed for fail. It is up to each of us to decide how this impacts our lives. We are in charge of our personal happiness and success.

As we move into 2021 decide what you want out of it. There undoubtedly will be changes. Make the most of them. See them as opportunities instead of deterrents to success.

Thanks for continuing to read CPILights!

As always, if you would like to submit an idea or comment in writing you can reach me at **Jcyganiaksr@cyganiakplanning.com**

Regards,

Jon A. Cyganiak

Jon A. Cyganiak, CLU
President

Thank You

2020 certainly has been an unusual and challenging year. A pandemic resulting in loss and a new normal that we can only hope is temporary. A contentious election. Social upheaval.

But through all of this we can still find things to be thankful for. We are thankful for our friends and family, that they may stay healthy and well. We are thankful for our country, that we have the right to freely express our opinions. We are thankful for you our clients for your continued trust in us. It has been our honor to stand by you this year and make sure you and your employees are taken care of.

May this Thanksgiving season bring you peace and happiness.

Managing Editor: Laura Bagin

★ ★ ★ ★ ★ ★ LEGISLATIVE UPDATES ★ ★ ★ ★

FEDERAL

The **2021 Retirement Plan** contribution limits were recently released by the IRS. Among the highlights for next year:

- **The 401(k) and 403(b) maximum annual elective deferral limits** remain unchanged at $19,500.
- **The catch-up contribution limit** for individuals aged 50 or over is still $6,500.
- **The annual defined contribution limit** has increased to $58,000. Up $10,00 from 2020
- **The annual allowable compensation limit** has increased to $290,000. Up $5,000 from 2020

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The IRS made some relief changes for information reporting on Forms 1094 and 1095 for the 2020 tax year.

Employers will have a **30-day extension** to March 2, 2021 for sending the 2020 Forms 1095-B and 1095-C to individuals. No further extensions will be available.

The IRS **did not extend the deadline** for filing Forms 1094-B, 1095-B, 1094-C and 1095-C. Paper filing, for those filing fewer than 250 individual statements, is due March 1, 20201. The electronic filing date, which is mandatory for 250 or more individual statements, remains March 31, 2021.

The IRS will again provide **good faith penalty relief** for companies that can show they have made good faith efforts at compliance. No penalties will be imposed on those that report incorrect or incomplete information (such as missing and inaccurate taxpayer identification numbers and dates of birth) - either on statements furnished to individuals or returns filed with the IRS - if they can show they made good faith efforts to comply with the reporting requirements. Companies must file or furnish returns by the stated due dates to be eligible. This is the last year the IRS intends to provide the good faith relief.

For 2020, the IRS **will not assess penalties** against reporting companies that fail to automatically provide Forms 1095-B to individuals so long as (1) a Form 1095-B is furnished within 30 days after an individual's request is received; and (2) a notice with information about requesting the Form 1095-B is prominently posted on the reporting entity's website. The notice must be accompanied by an email address and a physical address to which the request may be sent, along with a telephone number individuals may use for questions. Similar relief applies to applicable large employers ("ALEs") that fail to automatically furnish Forms 1095-C to employees *who were not full-time for any month in 2020*, so long as the form is furnished on request, and the website notice is provided. However, the IRS emphasized that the relief does not apply to an ALE's full-time employees or to the requirement for employers to file enrollment information with the IRS.

INSURANCE AFFORDABILITY PERCENTAGE FOR 2021

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With all the talk going on in Washington DC and lack of progress on 'fixing' healthcare, ALEs (Applicable Large Employers), any company or organization that has an average of at least 50 full-time employees or "full-time equivalents") still should review their contributions strategy in order to avoid the ACA employer penalty.

Employer sponsored coverage was originally defined as an employee contribution for self-only coverage of no more than 9.5% of the employee's household income. This safe harbor was established by the IRS due to employers not knowing an employee's exact household income.

The affordability percentage is indexed and has gradually increased reaching 9.86% in 2019 and 9.78% in 2020. Starting in 2021 the limit will rise to 9.83%. This requirement applies to the lowest cost single coverage option that the applicable large employer offers. Originally the requirement was to compare premium contribution for such coverage to the employee's household income. Below is an example for an employee with W-2 earnings of $45,000.

Year	Affordability %	Annual W-2	Affordability-Year	Monthly Max. Employee Contributions
2019	9.86%	$45,000	$4,437.00	$369.75
2020	9.78%	$45,000	$4,401.00	$366.75
2021	9.83%	$45,000	$4,423.50	$368.62

Large employers should take note that the affordability calculation will decrease in 2021. This change will affect all offers of coverage that begin on or after January 1, 2021. To review the IRS revenue procedure announcing the 2021 affordability measure, **click here**.

QUESTIONS ABOUT YOUR RETIREMENT PLAN

Group retirement plans are often the main post-work savings vehicle for many employees. It is important that they understand how the plan works, what their responsibilities are and what they can expect from you, the employer. Here are some points to keep in mind when you are putting together the Retirement Benefits section of your Employee Handbook.

When am I eligible? New hires and non-participating employees will want to know whether there is a waiting period or eligibility period.

Are there any other options? Be prepared for employees to ask whether there is any alternative to your 401k or profit-sharing plan- such as a Roth 401k where employees can contribute with after tax dollars that can be withdrawn tax free at retirement.

Is there an employee match on employer contributions? Employees ask how the match works. Otherwise employees could end up disappointed how much actually goes into the account and when.

How much can I contribute annually? Employees need to know how much they can set aside in their accounts. Remind older workers about the catch-up contribution and at what age they can participate.

When am I fully vested? Savy employees will ask if they are vested right away or whether there is a waiting period such as a cliff vesting schedule in which an employee is vested 100% after a set period of time or a graded vesting schedule, in which vesting takes place by degrees, say 10% per year.

What's the expense ratio and are there other fees? High fees will eat away at employee's savings whether they are charged by the provider or included in the investments offered in the plan so be prepared for questions.

What kind of investments are available? There should be arrange of investments available particularly low cost or index funds as well as aggressive and conservative choices and even target date funds that ae appropriate or a range of participant ages.

Source-Benefits Pro

THE Q & A CORNER

Aaron Bielawski
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The Cyganiak Planning Q & A Corner takes questions that our agents and sales/service associates were asked and provides detailed guidance to help you understand and resolve similar scenarios at your workplace, should they ever arise.

QUESTION: My client has an employee who was eligible for medical insurance and benefits, however, did not enroll during open enrollment. They are getting married this weekend. Would this be considered as a qualifying event for them to get added on to the health insurance?

ANSWER: The qualifying event of marriage is a HIPAA Special Enrollment Right to allow the employee to enroll in the employer group health plan coverage, if not previously enrolled, and add the spouse to coverage.

HIPAA Special Enrollment Rights are applicable to all employer group health plans and HIPAA Special Enrollment Rights language should be in the employer Section 125 plan document or insurance company documents that discuss change of benefits mid-year.

Allowable Actions:

- Employee may enroll the employee (if not previously enrolled)
- Employee also may enroll newly-eligible spouse and or newly-eligible stepchild(ren)

https://www.dol.gov/sites/dolgov/files/ebsa/about-ebsa/our-activities/resource-center/faqs/hipaa-consumer.pdf

Disclaimer: Guidance provided above is opinion gathered from Cyganiak Planning Inc.'s Human Resources Advocacy Firm based on their research of specified topics and cannot be considered as legal opinion or legal fact. Please consult with your legal counsel for any specific and final guidance in any situation pertaining to your own company.

THE COST OF DISABILITY AND LOST INCOME
Expenses to Consider

No one thinks the will ever become disabled. The fact is people in their working years are more likely to become disabled than to die. For every seventeen working-age Americans one will become disabled. And more than one third of the work force now over 50 that means their median income is greater from having a lifetime of earning.

According to the Council for Disability Awareness 77 percent of consumers say they couldn't pay their bills for more than a year if they lost their income. With the average disability lasting more than two years that means lots of bills will go unpaid.

Here is a look at ten expenses you should prepare for in the event of a disability.

Medical Costs: While most people have medical insurance Obamacare has left most with high out of pocket costs, even with comprehensive coverage. When you are disabled there are usually ongoing medical bills. If you don't have sufficient savings paying for those bills will be a problem, and may very well lead to credit card debt.

Utility Bills: Gas, heating, electricity and water are all daily necessities we have come to rely on. Loss of paychecks for several months would surely mean seeing these services disconnected

Rent or Mortgage: Housing is usually the single largest expense people have. Get behind and you could face eviction or foreclosure.

Internet and Phone: even though you may not bring in a paycheck you still need to pay for these services. You can scale back to a lower-cost plan, but both are challenging to do completely without.

Food: While you can reduce how often you go out to eat, you still do need to eat. And depending on the reason you are disabled you could find yourself with special dietary needs.

Car and Gas: Getting to and from doctors' appointments, to the pharmacy or other place require car and gas. Public transportation can always be used, but may not be nearly as convenient as a personal vehicle.

Insurance: Health, care, homeowners/renter's insurance are necessary evils that still need to be paid for monthly.

Child Care: Being off from work means you will be home to watch the kids, but what if your disability prevented you from taking care of them. And who will watch the kids while you are at doctor appointments?

Fees and Interest: Be careful of credit card debt. It is easy to use credit when you are short on funds. But those cards still need to be paid and if they are not paid timely you will also have to pay the associated interest.

No one plans to get sick or be disabled. But it is much better to be prepared and to know what you are faced with. In order to be best prepared consider some amount of disability insurance. Even if you buy a basic policy it will go a long way to keeping the roof over your head…literally.

Source: Council for Disability Awareness; http://blog.disabilitycanhappen.org/disabililty-loss-of-income

In the SPOTLIGHT

A WHO'S WHO IN SUCCESSFUL BUSINESS

Cyganiak Planning, Inc. would like to recognize the physical growth, as well as the accomplishments of our clients. If you are expanding your human resources or your facility, please let us know. If you are participating in some community outreach or volunteer effort, or have recently been recognized with an award please contact your agent (262-783-6161) and we will share your achievements with our readers.

Uihlein Wilson – Ramlow/Stein Architects is now known as **Ramlow/Stein Architecture + Interiors**. The firm will maintain its focus on serving architectural markets that include higher and primary education, historic preservation, housing, sports and hospitality facilities, workplace, retail and religious buildings. Their new brand puts an emphasis on its interior design services, led by Tara Christian, which have grown into an important offering. The firm has launched a new website at **https://www.ramlowstein.com.**

Congratulations to **Kohler and Franklin** on celebrating 65 years in business. The CPA firm also offers professional speaking seminars on Continuing Education for legal and accounting professions. Visit their website at **www.kohlerandfranklin.com** for more information.

HEALTH SAVINGS ACCOUNTS
A fantastic but often underutilized benefit

Eric Pierson
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Many employers have switched to Health Savings Account (HSA) qualified High Deductible Health Plans (HDHP) to lower the cost of their group health insurance. To qualify these plans must have a high deductible (over $1400 individual / $2800 family) and no upfront coverages other than true preventative care. Everything else goes towards the deductible first.

These types of insurance plans allow you to open up a special bank account called a Health Savings Account. Most banks offer them and simply ask for proof that you have a qualified health plan. You are not required to open a HSA, the health insurance operates independently. However, there are huge benefits to having one.

Here are the advantages of having an HSA:

- **Tax-deductible**
  Contributions to the HSA are 100% deductible (up to the legal limit) — just like an IRA.

- **Tax-free**
  Withdrawals to pay qualified medical expenses, including dental and vision, are never taxed.

- **Tax-deferred**
  Interest earnings accumulate tax-deferred, and if used to pay qualified medical expenses, are tax-free.

- **HSA money is yours to keep**
  Unlike a flexible spending account (FSA), unused money in your HSA isn't forfeited at the end of the year; it continues to grow tax-deferred.

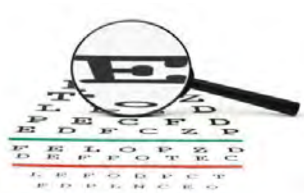
You can fund your HSA in many ways. Put the maximum in right away or fund it as you have disposable income. You can setup direct transfer from your primary checking or savings account, and some business allow you to do a payroll deduction. Many people setup a payment plan for their high cost claims and simply put the money in the HSA account before making those payments. It is important to note you must establish your HSA prior to incurring medical claims in order to take advantage of the tax benefits.

The amount you can contribute in 2020 is capped at $3550 for self only and $7100 for non-single. It will go up to $3600 and $7200 in 2021. There is also a $1000 "catch-up" contribution available for individuals 55 and older.

Using pre-tax dollars to pay your medical claims is a great money saving benefit. To learn more about this sometimes-over-looked benefit, contact your bank or insurance agent.

MANAGING EYE STRAIN
And Maintaining Good Eye Health

COVID has certainly changed how we do things. Parents are working from home. Kids are having virtual school. Everyone seems to be spending more time in front of a screen, computer or TV. And all this screen time can create an abundance of eye problems.



According to a study by the Vision Council too much screen time can cause eye strain, which can lead to headaches, dry and irritated eyes, and neck and shoulder pain. It has been shown that light from digital devices can suppress melatonin levels, thereby hampering sleep. Blue light lenses have proven to work quite well. But make sure you have a good pair. Not all blue light glasses are the same.

It is also important to take frequent breaks from looking at your screens. Like any other muscle, the eyes need a break from time to time. Look around from close to far away. The rule of 20-20-20 is helpful here; look away from your screen every 20 minutes at something 20 feet away for at least 20 seconds. Placing your computer screen at arms' length also helps.

But even more important are regular eye exams. Aside from making sure your vision is at its best, eye doctors can identify signs of chronic health conditions like diabetes, high blood pressure, and thyroid disease. Comprehensive eye exams are an important part of maintaining good overall health and wellness.

Source: https://www.benefitnews.com/news/tips-for-combatting-eye-strain-from-too-much-screen-time

LTC STATS

November is Long Term Care awareness month. Here are a few statistics to help you understand the need and importance of long term care insurance

40% of those needing long term care are between 18-64 years old.

74% of 55-65 year olds are concerned about needing long term care.

70% of people over 65 will need long term care in their lifetime. In 2020 that number is over 12 million people.

20% of people over 65 will need long term care longer than 5 years.

100 days is the amount of coverage Medicare provides…if you qualify

Source:
www.acsiapartners.com/consumers/ltc-fast-facts/