2012 Client Open Enrollment

2012 Open Enrollment Timetable

September 2011

Call for Open Enrollment Benefits Information Sent to Clients

September through October 2011

Open Enrollment Benefits Information Sent to Eligible Employees

October 1st through November 15th, 2011

Open Enrollment Period

INSTRUCTIONS:

Please complete one or both of the attached Client Election Forms.

Client Election Form A is the main election form for Clients to make their election for 2012 benefits. Please complete this form and fax to Simple HR.

Client Election Form B is for clients who currently sponsor Simple HR benefits and wish to add or drop benefits for 2012. This includes Clients who will initially offer SHR benefits.

Fax forms to Simple HR at 850-650-9934.

For rate information, contact Simple HR Benefits Department at 850-650-9935, ext 37.

Important Information Regarding Enrollment

Simple HR has gone GREEN! You will receive one email attachment. This attachment has your 2012 Open Enrollment Election Forms and provides information on the entire client sponsored benefits and programs available.

Clients are also able to view benefits information and download forms online by visiting the benefits website: www.simplehrbenefits.com

Your response to our 2012 Client Open Enrollment is appreciated. Your election to participate in certain benefits for 2012 is critical to the eligibility of your worksite employees. Please take the time to read through this important information.

There are three categories of benefits and each category level reflects the degree of involvement by the Client.

Category 1: Client Elective Benefits

Each Simple HR client has the option to ***choose*** specific benefits that ***they*** may elect to sponsor at their worksite. By electing to sponsor these types of benefits, they normally require some type of contribution by the Client and may also require minimum participation of eligible employees. Most of these types of benefits are authorized to be pre-taxed under our Cafeteria Plans. These benefits include:

Simple HR Flexible Spending Account

Client-based Group Healthcare Plan

Large Group Term Life Insurance

Simple HR 401(k) Plan

Employee Assistance Program (EAP)

Category 2: Simple HR Voluntary Benefits

These benefits are voluntary and are generally available to all eligible full-time employees (25 hours or more). They do not require a Client election to sponsor them, and do not require minimum participation or any contribution by the client. Clients are encouraged to allow their employees to review these excellent benefits which will assist in the retention value. These benefits include:

AllState Supplemental Insurance Benefits

Symetra Defined Benefit Plans

Identity Theft Shield

Pre-Paid Legal Services

Guardian VSP Vision

Guardian Dental

Category 3: Simple HR Client Services Programs

These programs can be provided by Simple HR to our clients upon election. Information is provided so that you can make an informed decision. You can select all, some, or none. These programs are available at an additional cost (except for Web Payroll and the PTO Accrual program which are free):

Background Check Program

Drug Testing Program

PTO Accrual Program

Web Payroll

SimplePay Pay Card

Simple HR Time IPS

SimpleHire

SimpleView

SimpleLearn

PLEASE NOTE: Employees currently enrolled in benefits and do not wish to make any changes will be automatically rolled over into 2012. They will not be required to sign a separate authorization or response.

2012 Benefits Overview

Client Elective Benefits

Please read and complete the Client Election Form

- Simple HR Large Group Term Life Insurance
- Simple HR Flexible Spending Account
- Client-based Group Healthcare Plans
- Simple HR 401(k) Plan
- Simple HR Employee Assistance Program (NEW for 2012)

Simple HR Voluntary Benefits

Available to every eligible employee!

(Informational only – no action required)

- Guardian Dental
- Guardian Vision (VSP)
- Pre-Paid Legal Services
- Identity Theft Shield
- SYMETRA Defined Benefits
- Allstate Supplemental Insurance Benefits

Simple HR Client Services

Available to every Client!

(Some may require a fee for services)

- New Hire Background Checks Service
- New Hire Drug Testing w/Express Service
- **SimplePay** Pay Card
- Time IPS (SimpleTime – on-site time keeping system)
- PTO Accrual Program
- **SimpleHire** Talent Acquisition Services
- **SimpleView** Employee Document Service
- **SimpleLearn** Training Webinars

Healthcare Benefits Overview

Healthcare Benefits general information:

- Client-Based small and large group plans
- Client must complete the group census
- Quotes usually received within 48 hours
- 75% of those eligible (without insurance) must participate
- 50% Client contribution of the lowest Employee Only Rate
- Very competitive rates and versatile plan designs
- Groups are not effective without Client approval
- Tabular (age/gender based) or Composite (four tier) rates
- BCBS and United Healthcare Plan Quotes available
- Health Savings Accounts (HSA) now available
- Broker Contacts
    - Administers the group enrollments
    - Handles all enrollment applications
    - Handles all participant issues
    - Hands-on interaction with Simple HR Clients
- Simple HR In-House Administration of the Client Plan
    - Limits of liability apply to in-house administration
    - Each month we reconcile and pay the bill
    - Assist Client in tracking new hires and terminations
    - Coordinate any changes with the Broker
    - No cost to the Client!
- COBRA Coordination available
    - Simple HR facilitates the program on behalf of the Client
    - At no cost to Client if offered through Healthcare Carrier (certain limits of liability apply)
    - At cost if administered through a Third Party Administrator (TPA) contracted with Simple HR

IMPORTANT: NOTE THE QUESTIONS AND THE DEFINITIONS OF COVERAGE AT THE BOTTOM; PLEASE COMPLETE ALL INFORMATION

GROUP NAME:			
Business Address:		**Contact Person:**	
City, State, Zip Code:		**Phone Number:**	
Group County Location:		**Cell Number:**	
Type of Business:		**Fax Number:**	
Email Address:		**Tax ID #:**	

	LAST NAME	FIRST NAME	SEX	DATE OF BIRTH	SPOUSE NAME	SPOUSE DOB	Number of Children	ZIP CODE OF RESIDENCE	DATE OF HIRE	GROUP HEALTH	
ex	*Doe*	*John*	*M*	*12/12/1976*	*Jane*	*12/1/1977*	*2*	*32541*	*12-Dec-96*	*FAM*	
1											
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YES NO **Has your company employed 20 or more full and/or part-time employees each working day in each of 20 or more calendar weeks during the current or preceding calendar year?**

YES NO **^^Does your group currently have a cafeteria (Section 125) plan in place?**

Election of Coverage:

EE = Employee ONLY
ES = Employee AND Spouse
EC = Employee AND Child(ren) ONLY
FAM = Employee AND Spouse AND Child(ren)

DECLINE = Does not want insurance; is NOT enrolled in other coverage
WAIVER= Covered on **ANOTHER GROUP PLAN** (such as spouse's plan)
REFUSE = Covered on an ***INDIVIDUAL*** Insurance Plan
WP = Waiting Period
PT = Part Time

401(k) Plan Features

Investment Options

No-load mutual funds from "open architecture" family of funds

- Vanguard
- Fidelity
- American Funds
- T.Rowe Price
- Scudder
- SSgA

- Highly Rated by Morningstar
- Daily Valuation and online access
- Email Express – Participant account balances emailed to the participant every Friday.
- Performance and Prospectuses are Online
- Investment Advice – actually speak to an Advisor
- Pre-allocated portfolios to make investing easy.

Absolute Fee Transparency

The participant fees are disclosed as a line item on the participant's statement. Fees are not "hidden" in the investment returns. 12b-1 fees paid to Slavic401k.com are credited back to the individual participants that own the fund. This ensures absolute objectivity in fund recommendations.

Comprehensive Administration

- Plan Design and Set-up Consultation
- Eligible Participant Notification
- Sponsor Express- monthly plan summary (testing) e-mailed to the sponsor
- Non-discrimination testing
- Loan and Distribution Processing
- Trustee Services
- 5500 preparation included as part of the Multiple Employer Plan

Company Costs

Set-up (one time cost)	$0
Old Plan Takeover (one time cost)	$350 plus $3 per participant
Annual Fee	$350 ($350 minimum required. $39 collected from the participants is applied to the $350 minimum)

Participant Costs

Non prorated Administration	$39 annually ($9.75 deducted from the account each quarter)
One-time loan set-up fee	$150
Annual Loan Maintenance	$50
Distributions	$40

Asset Expenses

Average Mutual Fund Expense Ratio	< 0.50%
Worksite Plan Size	Asset Fee (annual fee deducted quarterly based upon plan size)
$0M - $1M	0.95%
$1M - $2M	0.60%
$2M - $3M	0.40%
$3M - $5M	0.30%

2011 Limits

401(k) deferral	$16,500
Catch-up contribution for age 50+	$5,000
Contribution limit (Deferral, Match, Profit Sharing)	$44,000
Salary Definition of Highly Compensated Employee	$100,000 (also includes +5% owners, and lineal family regardless of compensation)
Maximum Annual Compensation Limit	$220,000

2012 Flexible Spending Account

What is a Flexible Spending Account (FSA)?

A Flexible Spending Account (FSA) is a pre-tax benefit that allows employees to deduct money pre-tax out of each paycheck to help pay for medical expenses such as co-pays, dental visits, eyeglasses, prescription and over the counter drugs. The FSA also allows daycare expenses to be pre-tax!

Our Third Party Administrator (TPA) for the Simple HR FSA is **eflexgroup.com**, a National TPA.

Eflexgroup.com offers numerous program advantages:

- Online Account Look-up 24 hours a day
- Claims Processed Daily
- Online Claim submission
- Toll-free fax claim submission
- Recur payments for those claims that are consistent each week or month
- Live Chat
- Flexpert for the best in compliance
- Online forms and online submission
- Educational materials for all types of learning styles

Choice between Cash or a Qualified Benefit

Flexible spending accounts are a simple and convenient solution for paying out of pocket health and dependent care expenses with pre-tax dollars. These accounts can be funded by the employee, the employer, or both.

The following are two types of Flexible Spending Accounts under the Simple HR Plan:

Uninsured Medical Expenses (Health FSA), 2012 Simple HR Maximum Plan Limit: $1,500

For all medically necessary doctors prescribed medical expenses that are not covered by insurance and that are eligible under Section 213 of the IRS Code.

i.e. Deductibles, prescription co-pays, dental work; for a more comprehensive list of eligible expenses please look at the Health FSA Worksheet or you can ask Flexpert. To calculate your yearly expenses, use the Expense Worksheet.

Dependent Care FSA, Federal Maximum Plan Limit: $2,500 Single / $5,000 Family

For the cost of caring for dependents while you work.i.e. Child care expenses, daycare, after school care, preschool; for more information about the Dependent Care FSA please look at the Dependent Care Worksheet or ask Flexpert.

Tax Savings and Other Benefits

By participating in a Flexible Spending Accounts the employer and employee gain major benefits.

Employers

- Increase employee morale and retention
- Enhance status as an employer

- Gain flexibility in benefit planning

Employees

- Save up to 30% on state, federal, local and FICA taxes, depending on state of residence. - click here to see how much you will save.
- Can budget for out-of-pocket medical and daycare costs
- Control where they spend their benefit dollars
- $4.10 Monthly Administrative Fee

Legal Facts

In order for this benefit to be taken on a pre-tax basis it has to follow certain IRS guidelines. Along with these guidelines come certain legal facts employers and employees should be aware of.

"Use it or Lose It" Rule

The "Use it or Lose it" rule comes from Section 125 of the IRS code that states the employee will lose any money that is left in their flexible spending account at the end of the plan year.

This does not have to be a major drawback; eflexgroup.com can help educate your employees so that they do not put in money they do not anticipate to spend. We also advise them of their account balances through reports on all reimbursement checks. Employees can also check their account balance 24 hours a day through Your Account Section or by calling our automated telephone system at (866) 507-3539.

Uniform Coverage Rule

This rule states that whatever the employee decides to place in the Health FSA is "available" at all times. For example, if the employee has elected $1200.00 per year and has a claim for glasses in the first month of the plan year, eflexgroup.com must pay the claim in full. To mitigate this risk:

- Simple HR forms a partnership with our Clients to warn us when the employee gives notice. We can put the account on hold until the matter is under control.
- The Client, under specified language contained in the Client Services Agreement (CSA), agrees to a mutual fiduciary responsibility for any losses incurred to the FSA by their worksite employees.
- Limiting the amount the employees can withdraw for the year. Limits are advisable when turnover approaches 15% per year. This varies on the type of Client Industry.
- The employer (Simple HR and/or Client) can "ask" the employee who terminates to repay any advance payment he or she received. COBRA is also available in certain circumstances.
- When possible, Simple HR uses any end-of-year forfeitures to offset any funds not paid back and for annual plan administration costs.

The uniform coverage rule was unsettling for employers when first enacted. However, it does encourage employee participation by making funds available for their use immediately.

Type of Corporation Status

Subchapter S Corporation shareholders above the 2% level may not participate in cafeteria plans, but they may sponsor a plan for the employees. In addition, the family members and close relatives may not participate.

LLC, LLP and Sole Proprietors may not participate in a cafeteria plan, but may sponsor one for their employees. However, if the spouse is a bona fide employee of the firm, he or she may participate and use the benefit for the entire family.

C-Corporation owners can participate and sponsor a plan.

EAP

Introducing Employee Assistance Program for 2012

<u>Only available to employees where the Client Company provides this benefit.</u>

Cost per employee, per month: $1.67 – paid by the Client

Did you know, this year, one out of five of your employees will face significant personal problems? These problems will not only disrupt their lives, but their work as well.

Recent studies have found that personal problems result in an average of 125 hours per employee, annually, of on-the-job lost productivity. That means that this *lost time at work is costing each employer over $2,000 per year, per employee.*

How does the EAP work?

Getting the help you need is simple. You can call the EAP 24 hours a day, 7 days a week to reach a professional counselor. You and your employees will also have web access to many other benefits and the EAP resource center.

Some of the Benefits offered by your EAP:

- Counseling Benefits
  - Relationship and family issues
  - Depression, stress or anxiety
  - Grief or loss of a loved one
  - Eating disorders or substance abuse
  - Workplace difficulties
- Lifestyle Benefits
  - Discounts and savings plans
  - Retirement/college planning
  - Nutrition planning
  - Fitness and weight loss
  - Smoking cessation
- Work/Life Benefits
  - Debt restructuring
  - Legal problems not related to employment
  - Childcare and eldercare
  - Financial information
  - Interpersonal skills with family and co-workers
- Personal Development and Training Benefits
  - Development and leadership courses
  - Team building exercises
  - Personal growth exercises

Group Life Insurance

Only available to full-time employees where the Client Company provides this benefit. Employees may not buy up Term Life if the basic benefit is not offered.

Cost per employee, per month: $3.00 – paid by the Client

This is a valuable plan designed to provide a **$15,000** benefit to survivors in the event of the death of the covered employee. This plan also provides a $15,000 benefit if they die as a result of an accident (within 90 days) or if they suffer one of the losses below:

Life	100%
Both Hands, Both Feet or Both Eyes	100%
One Hand and One Foot	100%
One foot and Sight in One Eye	100%
Speech and Hearing in Both Ears	100%
One Hand or One Foot	50%
Sight of One Eye	50%
Speech or Hearing in Both Ears	50%
Hearing in One Ear	25%
Thumb and Index Finger of Same Hand	25%

BASIC: $15,000

VOLUNTARY: An employee may choose to buy up an amount of additional Term Life Insurance, in increments of $10,000. This amount may be from a minimum of $20,000 to a maximum of **$150,000**. The amount chosen may not exceed *5 times basic annual earnings*. The table below can be used to figure the cost for additional coverage amounts.

Examples:

- You are under age 30 and want an additional $10,000 of coverage (bringing your total coverage to $25,000) the cost would only be $0.70 per month.
- If you are 35 years old and want an additional $30,000 of coverage (bringing your total coverage to $45,000) the cost would be $3.30 per month.

CHOOSE YOUR AGE	MONTHLY RATE PER $10,000	CHOOSE YOUR AGE	MONTHLY RATE PER $10,000
Under 30 years	$0.70	50-54	$5.00
30-34	$0.80	55-59	$7.30
35-39	$1.10	60-64	$11.30
40-44	$1.80	65-69	$20.40
45-49	$3.00		

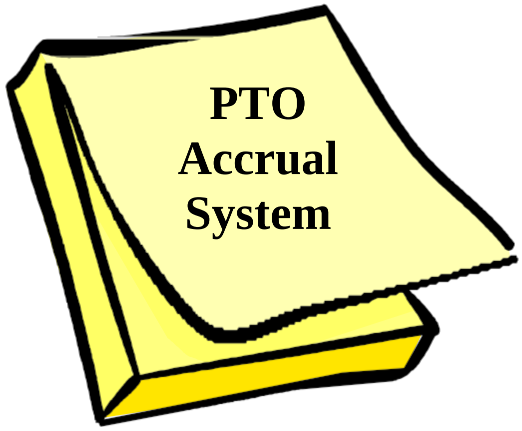
SimplePay pay card

The **SimplePay** pay card is our newest offering to our employees and clients to improve our delivery of payroll services. The **SimplePay** pay card is an enhanced branded debit pay card which will feature a MasterCard® Logo and be personalized with the employee's name. This will allow them to conduct both PIN-based and signature-based transactions. The card will also provide the added flexibility of acceptance at more than 24 million MasterCard locations worldwide, including most retailers, grocers and restaurants.

The cost to our Clients will be minimal and will result in substantial savings when factoring in numerous fees and costs to produce live checks. Another savings could be realized by possibly eliminated a courier delivery fee. The cost to the Client is $.30 per payroll load, per employee. Other advantages would include reducing lost checks and improving the response to load additional funds as needed.

Advantages to the cardholder would include:

- No need to pick up checks at your office.
- No need to stand in line and pay high fees to cash their check.
- Convenience of a card with no bank account required.
- Safer than cash – if lost or stolen, the card can be replaced, funds intact, often within 24 hours.
- Flexible options to access their money.
- First transaction each pay period is FREE.
- Employees on direct deposit can also use the **SimplePay** pay card as an additional separate deposit each pay period.



SHR offers each Client the option of tracking employee “time off” whether it be Vacation, Sick or a PTO “bucket”. This additional service is at no cost to the client. Advantages of processing Time Off through the payroll system:

- Concise all inclusive reports detailing all employees’ participation of time taken, accrual and balance.
- Time off balance stated on payroll stubs for each employee.
- System automatically will do “carryovers” each year or plans start fresh for the New Year.
- Employee anniversary dates maintained for automatic service level adjustments to a higher accrual.
- Hours worked plans are correctly calculated each payroll.
- Negative balances are indicated allowing the client to address excess time off immediately.
- No more manually keeping track of employee balances nor answering questions!

<u>Please contact the Payroll Department for further information.</u>

Simple HR offers all of our clients the ability to submit their payroll information online. This outstanding service is at no additional cost and offers the following benefits:

- Faxing and calling to report hours is no longer necessary resulting in quicker and more accurate processing times…
- Online payroll processing allows Clients to report hours via the internet…
- Safe and secure access to most payroll information pertaining to their employees…
- Clients can print tailored reports concerning their invoice histories, job costs, employee information, pay stubs, and more…
- Employees can be granted access to their information by the Client…
- Forms such as direct deposit, I-9's, and W-4's are at your fingertips – just download them anytime they are needed!

∇

Enterprise Workforce Solutions

Why spend your hard-earned money and precious time trying to recruit, qualify and hire individuals that you know nothing about? Weary from interviewing applicant after applicant that is simply unqualified for your opening? Tired of high turn over, but don't have time to pre-screen applicants or conduct reference checks?

Let SimpleHIRE save you time and money and do the recruiting for you.

SimpleHIRE has a database built with cutting edge technology that has many qualified individuals currently seeking employment on the Emerald Coast. Many have been employed with one or several of our clients and have reputable work history.

Below are sample job titles of the skilled individuals currently in our candidate database:

Servers	Accountants/Bookkeepers
Cooks	Administrative Assistants
Housekeepers	Reservationists
Community Managers	
General Laborers	

SimpleHR Clients receive these recruiting services at a discounted rate!

For additional information please contact:

Mike Dickinson (mdickinson@mysimplehire.com) or
Tessa Zampieri (tzampieri@mysimplehire.com)

Phone: 850-714-8015

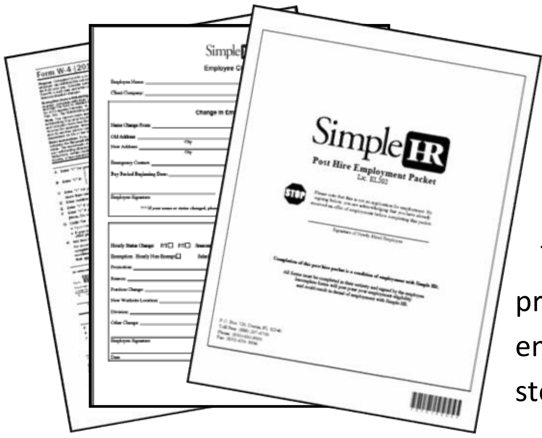
www.mysimplehire.com

SimpleHR ***is proud to announce another exciting and valuable program for our Clients!***

Introducing…

SimpleLEARN
Free Online Webinars

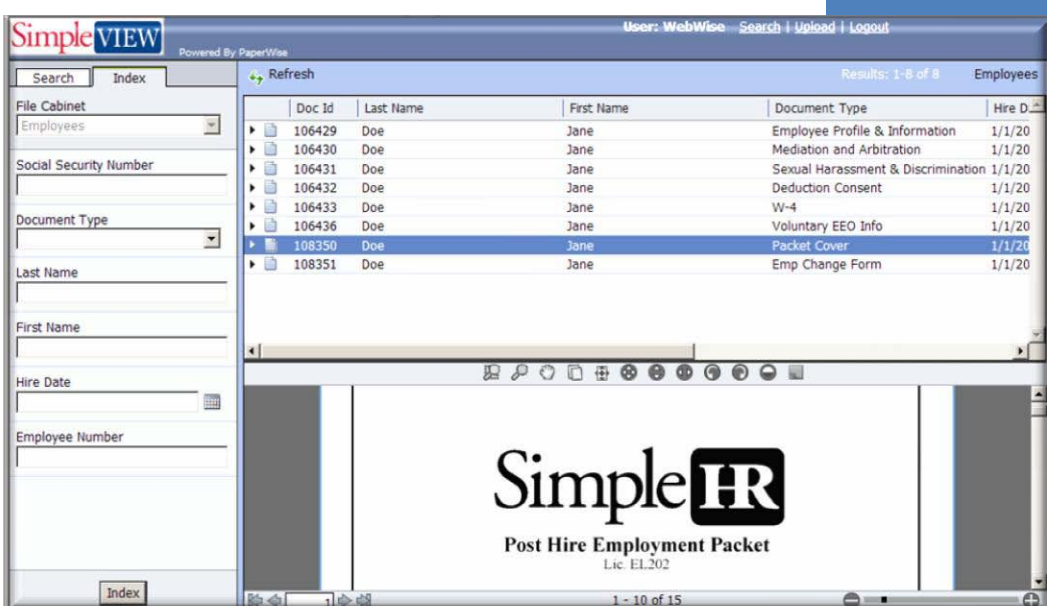
- ***On-line monthly training Webinars***
- ***Various topics to include***
  - ***Benefits***
    - ***New Hire enrollments, Annual Open Enrollment, Termination of coverage, Benefits deductions, Group programs***
  - ***Human Resources***
    - ***Employment Hiring and Termination, Fair Labor Standards Act, New Hire paperwork, Performance management, other management and HR-related topics***
  - ***Payroll***
    - ***Web Payroll, Payroll changes and updates, payroll deductions, W-2s, etc.***
  - ***Workers' Compensation***
- ***Anyone can participate on-line by clicking on the link to the GoToMeeting seminar and dialing in for audio***
- ***Only available to Simple HR Clients***
- ***Great resource for your on-site managers, supervisors, and administrators***
- ***One hour in duration (includes Q&A)***



Simple HR is pleased to announce SimpleView

The SimpleView website provides access to a virtual employee file for electronically stored employee documents.

SimpleHR clients may use SimpleView to easily access employee documents through a secure VPN connection to our corporate office. Documents such as the employee packet, change forms and other items that have been submitted by you for your employees are now just a few clicks away.



- Employee Packet
- W-4 & other tax forms
- Employee Change forms
- Employee Separation forms
- Direct Deposit forms
- Employee Packet Confirmation
- Employee Rehire forms
- Stop Payment Request
- Leave Request

For information regarding this new service and how it might be beneficial for your use, contact your Payroll Coordinator or Sales Representative at 850.650.9935

SimpleHR 36474 Emerald Coast Parkway · Building B · Destin, Florida 32541 www.simplehr.com