

THIS IS A DECISION PAPER

TO: HARDIN COUNTY BOARD OF EDUCATION

FROM: TERESA MORGAN

DATE: JUNE 21, 2018

SUBJECT: SECTION 125 ADMINISTRATOR/AGENT OF RECORD

ISSUE

The contract for the Section 125 administrator and agent of record for the Hardin County Schools needs to be approved effective July 1, 2018.

FACTS

The Hardin County Schools has determined it best for employees to enter into a contract for a Section 125 administrator at no cost to the Hardin County Schools annual budget. In the past, Hardin County Schools has administered its own “cafeteria plan” by allowing multiple vendors to offer voluntary insurance policies to employees. Those policies are then deducted through payroll on a pre or post-tax basis depending on the benefit. A cafeteria plan is a separate written plan maintained by an employer for employees that meets the specific requirements of and **regulations of section 125** of the Internal Revenue Code. It provides participants an opportunity to receive certain benefits on a pretax basis. (Source: IRS Website). In addition, the cafeteria plan defines which vendors are eligible to offer plans to the employees of Hardin County Board of Education. Based on a thorough analysis, this will offer tremendous savings opportunities for employees as well as opportunity to leverage the size of Hardin County to obtain the best pricing and programs for benefits offered. Hiring a broker/administrator will streamline the HR/Benefits process, improve offerings to employees, and provide a consistent unified offering to the employees. Employees will be educated during 1-on-1 counseling sessions on the benefits available to them and discuss how to best meet the needs of their families. These policies include dental, vision, disability, cancer, accident, critical illness, and life insurance. Employees who are satisfied with their current benefits will be able to keep them and pay for them independently (not through payroll deduction).

Based on recent meetings Hardin County Schools has determined it would be beneficial to hire an administrator to manage the Section 125 Plan per IRS regulation as well as negotiate and service the policies offered to employees of Hardin County Board of Education. After meeting with two companies in the state, our recommendation is for Houchens Benefits to fulfill this role as the Section 125 administrator and broker to the voluntary insurance programs offered to employees.

RECOMMENDATION

I RECOMMEND THE HARDIN COUNTY BOARD OF EDUCATION APPROVE THE CONTRACT WITH HOUCHENS BENEFITS AS THE SECTION 125 ADMINISTRATOR & AS THE AGENT OF RECORD FOR VISION, DENTAL AND SUPPLEMENTAL POLCIES EFFECTIVE JULY 1, 2018.

RECOMMENDED MOTION

I MOVE THE HARDIN COUNTY BOARD OF EDUCATION APPROVE THE CONTRACT WITH HOUCHENS BENEFITS AS THE SECTION 125 ADMINISTRATOR & AS THE AGENT OF RECORD FOR VISION, DENTAL and SUPPLEMENTAL POLCIES EFFECTIVE JULY 1, 2018.