



business services

## **Benefit Allowance Approach**

**Employer Control, Employee Choice**

### **What is a Benefit Allowance?**

A benefit allowance is a set dollar amount provided to employees for the purchase of benefits not to be confused with the term "defined contribution" commonly associated with retirement plans.

### **How Does It Work?**

- Employer selects "Core Benefits" such as employer sponsored health, life or dental insurance.
- Employer contributes "Benefit Allowance Dollars" for purchase of "Core Benefits" by employees.
- Dollars not used to purchase "Core Benefits" are directed by employees towards benefits that fit individual employee needs.

### **What Benefits Can be purchased by Employee?**

- Non-core Health insurance for eligible spouse or dependents
- Voluntary benefits such as: dental, life, vision, cancer, accident or hospital insurance

### **Dependent Eligibility**

A "Benefit Allowance" approach makes employer budgeting more predictable and shows employees a cost effective approach in making personal choices.

Employees choose benefits that fit their needs and lifestyle and can eliminate duplicate coverage when:

- Employee or dependent is eligible for health insurance elsewhere
- Has spouse eligible for Medicare and Medicare Supplement

### **Can Employees Increase Their Contribution or Deferrals Amounts?**

Yes. Excess "Core Benefit" dollars can help employees increase 401(k) deferrals, make HSA contributions or fund an FSA.

### **A "Benefit Allowance" Helps Fill Gaps**

Fund employee portion of high deductible medical insurance plans.

Fill the gap between employer PTO/Sick hours and employee accrual balance.

Fund disability elimination periods.

### **Efficiency**

- Great HR ROI. Efficient administration of benefit programs.
- Is administered through payroll.
- Employee portals for enrollments and annual open enrollments.
- Customizable.

### **Benefit Statement**

Each payday, the value of your benefit package and compensation is available online for employees to view. This communicates the total value of pay and benefits to employees.

### **Online Enrollment**

Employees can view spending and enrollment decisions at their convenience. Employees access benefit information and spend benefit allowance online. Details of spending are illustrated during the enrollment process.

### **Quote Analysis**

Side by side illustrations of carrier offers is part of the process. This helps determine cost effectiveness of offerings and is retained for historical review.

### **Next Step?**

Put us in touch with your benefit agent, broker or consultant to obtain your benefit offering details. If you are currently not working with an agent, broker or consultant, CBI will coordinate with your benefit carriers.

Identify base benefits to be offered to employees. Select employee benefit allowance amount. Identify additional benefits to offer.



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