

Boost employee benefits AND cut your costs

Tips to develop a winning health savings account program

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As evidenced by an ongoing discussion in our online forums, Health Savings Accounts (HSAs) continue to be a tantalizing prospect for Office Managers to offer employees as a benefit that can actually cut dealership costs. *Essential Office Manager* recently spoke with Paul Zane Pilzer, author of the new book *The New Health Insurance Solution: How to Get Cheaper, Better Coverage Without a Traditional Employer Plan*, about HSAs and other

new wrinkles in healthcare coverage Office Managers can leverage.

The more auto dealerships learn about HSAs, "the more you will want all your employees to have [one] with as large a balance as possible," he said.

Office Managers are finding HSAs more and more attractive as an option that provides a win-win: Employees often perceive them as a benefit, even while they

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Take the problem out of problem employees

Pick your battles carefully and win the war against personnel problems

The best way to avoid problem employees is not to hire them in the first place. But in the real world, the worst of hires sometimes happen with the best of intentions. So, if you are stuck with a problem employee – say a chronic underperformer or someone whose personal life is making them a mess at work – how can you as the Office Manager help your dealership solve the situation?

Essential Office Manager recently put that question to some leading personnel experts, and here's what they said.

"As a manager, be clear about your expectations," says Mike Horne, Ph.D. and founder of Leadership Acts. "Anyone who supervises more than one person understands that there are at least two ways of tackling every business problem. Clarity reduces problems."

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cut your own HR costs versus more traditional insurance offerings. A DealersEdge forum contributor also suggested asking your insurance or bank service provider to make a presentation to employees to outline the real benefits of HSAs.

To help in that effort, Mr. Pilzer outlined three HSA scenarios each employer should consider:

The Zero Percent Employer Contribution Plan

Under this plan, employees redirect their salary to their own HSA via the employer. "You can set up a Section 125 salary reduction plan at virtually no cost," he says. Under it, an employee fills out a request form stating the amount of salary per pay period, up to \$5,250 per year, to be redirected to an employer contribution to their HSA. "Offering your employers this option saves \$804 (15.3 percent) combined in FICA and ensures your employees will fully fund their HSA each year."

Unlike other uses of a Section 125 plan, the government doesn't consider these HSA plans to be an ERISA employee benefit

– even with employer matching contributions. This exempts your company from reporting requirements associated with ERISA health plans such as COBRA.

The 50 Percent Employer Matching Plan

Under this plan, your company matches HSA contributions up to a certain point. It doesn't have to be exactly 50 percent. If your auto dealership can afford it, Mr. Pilzer strongly advises a Section 125 matching contribution plan. In this case, your company would match, dollar for dollar, employee salary redirected HSA contributions up the maximum \$5,250 amount – \$2,625 from each side.

The tax benefits of this are substantial, Mr. Pilzer points out. The employee gets \$5,250, after taxes, in their HSA, but at a cost of only \$2,625 to the employer and \$1,567 (after tax) to the employee.

He also preaches flexibility when it comes to HSAs. Instead of limiting employees to choose their contribution level once a year or at a special event such as a birth or marriage, you should let employees change their

amount anytime they like. "The more flexibility you allow your employees, the more they will contribute to their HSA and the more you will save on FICA."

The 100 Percent Employer Match

If you think your company can't afford to offer funding 100 percent of an employee's contribution, Mr. Pilzer invites you to think again. The employees most likely to take advantage of this benefit are also the most savvy managers and top producers who receive regular raises based on performance. It would cost your company \$8,391 to give your employees the same \$5,250 after-tax benefit they would get with a \$5,250 HSA employer contribution – a savings of \$3,141 per year in FICA and income taxes. "Your sophisticated employees will view this option as a raise," Mr. Pilzer said.

To join the discussion on HSAs and other health insurance issues, go to www.dealersedge.com.

Mr. Pilzer's book comes out this month (September) and is published by Wiley. For more information, go to www.paulzanepilzer.com.

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You should also be certain you determine how and if to get involved before you jump into the fray, advises John Putzier, author of *Weirdos in the Workplace*. (See chart on page 3).

That's a bigger challenge for you because auto dealerships often employ people who are out of work from another field, or who have had personnel difficul-

ties, notes ArLyne Diamond, management consultant and author of *Helping People Get the Most out of Themselves and Others*. Sales people are poorly trained, and poorly supervised. They believe they have to "kill" to get the sale and thus show a complete lack of cooperation with their fellow employees and turn off most decent potential clients. Sales training needs to empha-

size values as well as commission. When ethics are established from the top down and maintained, a different caliber of employee emerges.

Maintenance and cleaning staff need to be trained in the roles and responsibilities of the workplace, too, Mr. Diamond says. "Many are poorly educated, or educated to a different set of workplace expectations in other