

# Managing Health & Welfare Benefit Plans

## Working with a BROKER or CONSULTANT

Getting the most from your investment in benefits can be a daunting task. Should you be working with a commission-based BROKER or a fee-for-service CONSULTANT? *Making a switch may generate significant savings!*

The larger your employee base, the more likely it is that a fee-for-service consultant is better positioned to serve you.

CONSIDER THE DIFFERENCES	BROKER	CONSULTANT
HOW THEY ARE PAID	Commissions, ranging from 2% to 10% of premium, depending on the group and the product that are paid as part of premiums	Hourly or project-based fees. Hourly fees can range from \$50 to \$500 per hour depending upon the level of support required.
THEIR BACKGROUND	Sales	Actuarial, underwriting, human resources or legal
THEIR FOCUS	Selling products	Solving problems

### CONSIDER THE OBJECTIVES

Your objective is to control costs, yet a reduction in your costs (premiums) lowers your broker's commission income. **A consultant's objective is to add value, to help you save money -- not spend it!**

### CONSIDER THE OPTIONS

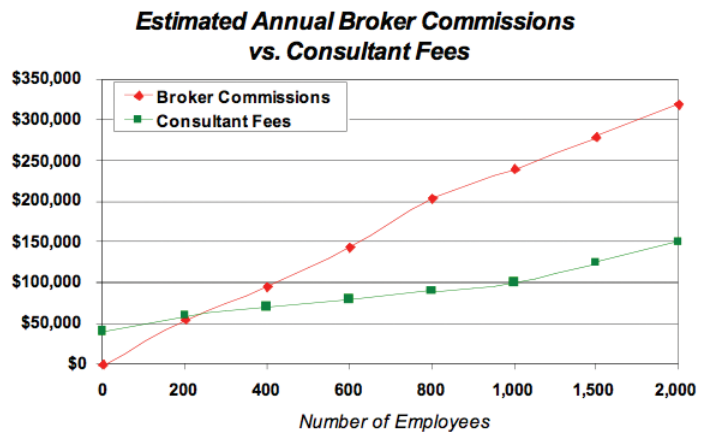
The scope and complexity of benefit design and funding options *increases dramatically* once you exceed 250 covered employees; you need to reach beyond the simple "let's go out to bid" approach to problem-solving.

*Consultants are better positioned to help you take advantage of...*

- New approaches and products
- Alternative funding arrangements
- Insurance carrier flexibility

### CONSIDER THE COSTS

Broker commissions generally increase as employer groups grow in size; but consultant fees do not rise in direct proportion to the size of your group.



*Did you know that broker commissions can be negotiated and even carved completely out of most products?*

## QUESTIONS TO ASK YOURSELF

- Who is most skilled to help me assess my alternatives and implement/manage the best benefit strategy for my organization?
- Who is most motivated to help me achieve my financial and employee relations objectives?
- Who can I trust to look out for my best interests?

## THE BOTTOM LINE

For those employers with 250 or fewer employees, broker commissions are lower and the scope of alternatives is less broad; thus, brokers are a suitable choice for smaller employers. However, when employer groups exceed 250 employees, consulting fees are much lower and the scope of cost control alternatives is much greater; a consultant is likely the better choice.

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*Whether it's commission dollars or consulting fees, it's your choice... because it's your money.*

**Marsh Consulting Group** works closely with employers throughout the U. S. to design, implement, communicate, and manage successful employee benefit cost control strategies.



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