

Worksite Advantage

Agent Guide

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Please read **Worksite Sales Playbook** (LNL2209E) before reviewing this Worksite Advantage Agent Guide. **Worksite Sales Playbook** outlines the most successful ideas for marketing the Worksite Advantage program. It is a step-by-step reference guide for each phase of the sales process.

I. Introduction to Worksite Advantage

There are two types of Worksite cases: Section 125 and Standard Payroll Deduction.

All Worksite cases are written using a Payroll Deduction. The employee purchases his/her individual plan, and the employer facilitates the payment process by deducting the premiums from the employee's paycheck. The employer receives a billing statement for the total premium due for all employees and remits one payment to cover these premiums.

Let's look at what makes each type of Worksite case unique.

Section 125 Premium Only Plan Case

Section 125 programs allow employers to save federal tax dollars on Federal Insurance Contributions Act (FICA), Social Security, unemployment, workers' compensation, state and local taxes (where allowed by state law) and other pretax programs that employees currently have through the company benefit programs. Additionally, employees can save taxes on allowable benefits that they pay for through Payroll Deduction, thereby, increasing take-home pay.

Payroll Deduction (PD) Case

Worksite sales are written using a Payroll Deduction. The employee purchases his/her individual plan, and the employer facilitates the payment process by deducting the premiums from the employee's paycheck. The employer receives a billing statement for the total premium due for all employees and remits one payment to cover these premiums. All products are purchased with aftertax dollars. There is no tax savings for employer or employee on a Payroll Deduction case.

Benefits Qualified for Section 125 Programs

- Employee cost of group medical plan
- Certain term life insurance
- Cancer insurance
- Intensive care insurance
- Accident insurance
- Dental insurance
- Vision insurance
- Disability insurance (applicable states)

Employer's Benefit for Section 125 Programs

- Allows benefits to be offered to employee at NO DIRECT EMPLOYER COST
- Increases bottom-line corporate profit through payroll tax savings
- Helps improve employee retention and employee morale
- Helps control current and future benefit costs
- Helps employees build their own individual or family insurance package

Employee's Benefit for Section 125 Programs

- Increase take-home pay
- Availability of a menu of products
- Portability of products (take with them when they leave or retire)
- Convenience of Payroll Deduction
- Dependent/spouse coverage available
- Employees only select products they need – no requirements to purchase

II. Worksite Case Approval Administrative Guidelines

To qualify either as a Section 125 case or Standard Payroll Deduction, the requirements listed under both Eligible Employees and Qualified Employers must be met.

For ALL worksite cases, you must have a minimum of **five (5) eligible** employees with **one (1) employee submitting applications for policies** to be billed. Employees at businesses with fewer than five (5) eligible employees must be written as bank draft business.

Eligible Employees

1. To be eligible, an employee must work full-time. A full-time employee is defined as an employee actively at work for 28 hours or more each week. The number of hours an employee must work to be considered full-time should be completed on the Plan Adoption Agreement (R-3245).
2. An eligible employee must be actively at work for the employer, without interruption, for at least six months at the end of the enrollment period (unless the industry has special requirements longer than stated above, before he or she is eligible for benefits).
3. If the industry is one that must be submitted to the Home Office Worksite Department for prior approval, eligible employees must be employed for one year to be eligible for coverage (see Approval-Required Industries One Year Employment below).
4. Home-based businesses are not eligible.

Qualified Employers

Employer and/or employees are in an eligible industry/occupation.

Approval-Required Industries

In order to receive approval to enroll a case on the Approval-Required Industry List, you must be able to provide pertinent information about the business. The company must be in business long enough to show that it is stable. You must provide details of the nature of the business on the Payroll Deduction Billing Information Sheet, such as the age of the company and the nature of the business. Each case on the Approval-Required List must meet the **1-year minimum employment**, and it must be a Section 125 case. Businesses other than those shown on the previous page may also experience adverse employee turnover. On such cases, it is advisable for the agent to adopt a one-year waiting period.

NOTE: The employee list with hire dates must be typed and signed by the employer/Payroll Administrator. List only those employees who work 28 or more hours per week.

- Auto Dealerships
- Auto Wreckers/Paint and Body Shops and Garages
- Barbershops and Beauty Parlors
- Bars, Dance Halls, Taverns, Lounges, Nightclubs
- Bowling Alleys
- Commercial Fisherman, Crop Pickers and Farm Labor (Seasonal Employees)
- Flight Personnel
- Gambling Houses
- Hotels/Motels
- Janitorial Services
- Laundries and Dry Cleaners
- Logging, Saw Mill, and Lumberyard Operations
- Movie Theatres
- Oil/Gas Well Drilling
- Professional and Fraternal Societies
- Quarries
- Restaurants
- Roadway and Power Line Clearing Operations
- Sanitation Services (Garbage Collectors)
- Service Stations
- Ship Personnel (River and Harbor)
- Small Grocery Stores with Gas Pumps
- Tanning Salons
- Trade Associations
- Tree Surgeons
- Trucking Companies (does not include moving companies)
- Underground Mines

Ineligible Industries

The following industries will not be considered under any circumstances:

- 1099/Independent Contractors
- Amusement Parks
- Charter Bus Services
- Convenience Stores
- Daycares
- Fast Food Restaurants and Chains (order at counter/drive through)
- Hair Salons
- Nursing Homes, Assisted Living Homes, and Home Healthcare
- Parking Lots
- Private Duty Nursing/Home Health Care
- Tattoo Parlors
- Taxis

Premiums Paid by Employers

Employers cannot pay premiums through bank draft or Payroll Deduction.

Payments

Agents found submitting a money order on behalf of an account will be subject to disciplinary action, including termination. Liberty National Division does not accept money orders for payroll deduction payments. Agents should never make payments for accounts through Worksite Online Billing. Agents should not have access to the account's log in information or banking information. Agents found to be making payments using an account's log in information or account's banking information or their own banking information will be subject to disciplinary action, including termination.

Required Forms Packets

All new Worksite cases must be approved by the Home Office and an account number assigned before enrollment can begin. It is important to use the appropriate Required Forms Packet for case approval.

Make sure all proper forms are completed before you send the case to the Home Office Worksite Department. If proper forms are not completed, forms will be returned to you for corrections/ completion.

There are prepared Required Forms Packets. A complete review of the forms included in each packet are found on the following pages. The Required Forms Packets are:

- Section 125 Required Forms Packet (LND0702A)
- Standard Payroll Deduction Required Forms Packet (LND0702B)

E-mail forms and employee list to LNWorksite@Globe.Life or fax to 205-325-1041.

THE HOME OFFICE WORKSITE DEPARTMENT MUST RECEIVE ALL PAPERWORK, INCLUDING THE EMPLOYEE LIST, TO ASSIGN AN ACCOUNT NUMBER.

For Section 125 cases, an **Employer Implementation Manual** will be mailed to your Agency after the account number has been assigned to the approved case. This manual contains all the IRS paperwork and forms required to set up a Section 125 case. Make sure the Section 125 Employer Implementation Manual is delivered to the business owner or Payroll Administrator.

To check on the status of a Worksite case approval, account number, or pending information, please call the Home Office Worksite Department toll-free at **888-488-0134**. The toll-free number rolls over to other employees when the line is busy to ensure that your call is handled promptly.

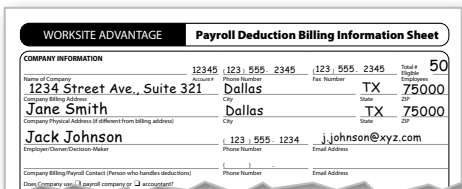
Existing Accounts

If an account is closed by an Agency, but no premium has been written after the first mid-year enrollment, the account may be transferred to another Agency that submits new approval paperwork.

If premium paying business has been issued, but the account has not had premium paying business issued in the past 24 months, the account may be transferred to another Agency that submits new approval paperwork.

Section 125 Required Forms Packet (LND0702A)

Complete these required forms when requesting approval for a Section 125 Worksite case. **E-mail forms and employee list to LNWorksite@Globe.Life or fax to 205-325-1041.** The following forms are included in the Required Forms Packet:

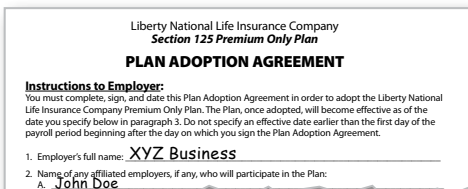


The form is titled "WORKSITE ADVANTAGE Payroll Deduction Billing Information Sheet". It contains fields for company information, including name, address, phone number, and email. The example data provided is: 12345 123 555 2345 (123) 555 2345, 1234 Street Ave., Suite 321, Dallas, TX 75000, Jane Smith, Dallas, TX 75000, Jack Johnson, 123 555 1234, j.johnson@xyz.com.

Payroll Deduction Billing Information Sheet

Payroll Deduction Billing Information Sheet (R-3240)

- Agent's printed name and signature required
- Keep original for Employer Implementation Manual
- Give a copy to the Payroll Administrator



The form is titled "Liberty National Life Insurance Company Section 125 Premium Only Plan PLAN ADOPTION AGREEMENT". It includes instructions to the employer and a list of affiliated employees. The example data provided is: XYZ Business, John Doe.

Section 125 Adoption Agreement

Section 125 Plan Adoption Agreement

(R-3245, Section 5 tab, page 1)

- Keep original for Employer Implementation Manual
- Give a copy to the Payroll Administrator

PAYROLL DEDUCTION AGREEMENT
BETWEEN
LIBERTY NATIONAL LIFE INSURANCE COMPANY
AND
XYZ Business
Complete Name of Employer (firm)

For the benefit and convenience of its employees, **XYZ Business**
(hereinafter referred to as the "Employer") agrees to provide for payroll deduction

Payroll Deduction Agreement

LIBERTY NATIONAL LIFE INSURANCE COMPANY
APPLICATION FOR GROUP TERM LIFE

Administrative Office:
P.O. Box 8080
McKinney, Texas 75070

1. a. Group Policy Number: LNGE0

Application for Group Term Life

EMPLOYEE ENGAGEMENT PROCESS

The most important part of a successful benefit enrollment is 100% participation by all employees. This benefits you in three ways. (Please initial)

1. **Tax Savings:** The more employees that participate in the plan by purchasing pre-tax products, the greater your tax savings as an employer. This works by reducing the amount of taxable payroll on which you pay Federal Insurance Contribution Act (FICA) tax and Federal Unemployment Tax Act (FUTA).

2. **Employee Goodwill:** As discussed, we will provide an Accidental Death Policy to all eligible employees with no cost to them for the first policy year. We will also provide a Health Savings Discount card to all eligible employees at no cost. We will make sure your employees know that these benefits are being made available on your behalf.

Employee Engagement Process Form

XYZ BUSINESS
1234 STREET AVE, SUITE 321
DALLAS, TX 75080
p: 123.555.1234 e: 123.555.2345
www.xyzbusiness.com

Jane Smith

Employer/Bookkeeper Signature

Below is a complete roster of XYZ Business employees and their hire dates:

Adams, Chris	February 12, 1992
Douglas, Marsha	September 2, 2000
Duggan, Janette	March 17, 2002

*Full Employee List with Hire Dates
Signed by the Employer/Payroll Administrator*

- Payroll Deduction Agreement (R-337)**
 - Employer signature required
 - Keep original for Employer Implementation Manual
 - Give a copy to the Payroll Administrator

- Application for Group Term Life (GE-APP)**
Complete even if not initially offering Group Term.
 - Employer signature required (policy holder)
 - Keep original for Employer Implementation Manual
 - Give a copy to the Payroll Administrator
 - Not required in CA, IN, and KS

- Employee Engagement Process Form**
 - Employer initials three benefits
 - Agent completes enrollment dates, time, and location
 - Agent completes enrollment contact person and person who receives deduction authorizations

- Full Employee List**
Typed employee list with hire dates must be signed by the employer/Payroll Administrator. List only those employees who work 28 or more hours per week.
 - Keep original for Employer Implementation Manual
 - Give a copy to the Payroll Administrator

Standard Payroll Deduction (PD) Required Forms Packet (LND0702B)

Complete these required forms when requesting approval for a Standard Payroll Deduction Worksite case. **E-mail forms and employee list to LNWorksite@Globe.Life or fax to 205-325-1041.** The following forms are included in the packet:

WORKSITE ADVANTAGE Payroll Deduction Billing Information Sheet

COMPANY INFORMATION

12345 123 555 2345 123 555 2345 Total # Employees: 50
 Phone Number Fax Number
 1234 Street Ave., Suite 321 Dallas TX 75000
 Company Billing Address City State ZIP
 Jane Smith Dallas TX 75000
 Company Postal Address (different from billing address) City State ZIP
 Jack Johnson 123 555 1234 j.johnson@xyz.com
 Employer/Owner/Contact Name Phone Number Email Address

Company Billing Payroll Contact (Person who handles deductions)
 Does Company use: payroll company or accountant? Phone Number Email Address

Payroll Deduction Billing Information Sheet

- Payroll Deduction Billing Information Sheet (R-3240)**
 - Agent's printed name and signature required
 - Keep original for Employer Implementation Manual
 - Give a copy to the Payroll Administrator

PAYROLL DEDUCTION AGREEMENT
 BETWEEN
 LIBERTY NATIONAL LIFE INSURANCE COMPANY
 AND

 Complete Name of Employer (firm)

For the benefit and convenience of its employees, **XYZ Business**
 (hereinafter referred to as the "Employer") agrees to provide for payroll deduction

Payroll Deduction Agreement

- Payroll Deduction Agreement (R-337)**
 - Employer signature required
 - Keep original for Employer Implementation Manual
 - Give a copy to the Payroll Administrator

LIBERTY NATIONAL LIFE INSURANCE COMPANY
APPLICATION FOR GROUP TERM LIFE

Administrative Office:
 P.O. Box 8080
 McKinney, Texas 75070

1. a. Group Policy Number: LN800

Application for Group Term Life

- Application for Group Term Life (GE-APP)**
Complete even if not initially offering Group Term.
 - Keep original for Employer Implementation Manual
 - Give a copy to the Payroll Administrator
 - Not required in CA, IN, and KS

XYZ BUSINESS

1234 STREET AVE., SUITE 321
 DALLAS, TX 75000
 p: 123.555.1234 f: 123.555.2345
 www.xyzbusiness.com

Jane Smith
 Employer/Bookkeeper Signature

Below is a complete roster of XYZ Business employees and their hire dates:

Adams, Chris	February 12, 1992
Douglas, Marsha	September 2, 2000
Dugan, Janelle	March 17, 2002

Full Employee List with Hire Dates
 Signed by the Employer/Payroll Administrator

- Full Employee List**
Typed employee list with hire dates must be signed by the employer/Payroll Administrator. List only those employees who work 28 or more hours per week.
 - Keep original for Employer Implementation Manual
 - Give a copy to the Payroll Administrator

III. Three Periods of Worksite

1. Enrollment Period

Schedule the enrollment to give yourself time for proper preparation. The larger the case, the more time you need to organize and prepare for the enrollment. All applications must be submitted to the Home Office before the end of the enrollment period. Enrollment periods are based on number of employees.

Number of Employees	Days to Enroll
5-49 employees	30 calendar days to enroll
50+ employees	60 calendar days to enroll

- Employee Applicants are allowed a maximum of three (3) Worksite products during the first year enrollment and six (6) total thereafter. Dental and Vision insurance do not count in the total number of products.
- New employees not eligible during the Annual Enrollment Period may apply for coverage during the mid-year enrollment. New employees are subject to the six-month employment requirement (some businesses have a one-year employment requirement).

Required Employee Enrollment Paperwork

Include these forms in the employee enrollments:

Worksite Advantage Section 125 Premium Only Plan Summary Plan Description
for Employees of _____
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Summary Plan Description

- Summary Plan Description (R-3226-8)**
 - Give each employee a paper copy of the employer’s Summary Plan Description during enrollment.
 - Required in new Section 125 cases, not required in amended Section 125 cases.

Salary Redirection and Payroll Authorization Agreement
I, _____ (Employee), understand that my employer, _____ is allowing me to purchase qualified benefits being offered under my employer's Section 125 Premium Only Plan. I understand that it is in the interest of my employer that this program comply with Section 125 of the Internal Revenue Code and the rules and regulations thereunder. I understand that the benefits which I select under the Section 125 Premium Only Plan will remain in effect for the entire plan year, and that if the benefit selected involves insurance, an application must be completed and approved by the company issuing the policy. If my pay reduction election involves an insurance policy which is subject to disapproval by an insurer, my election is effective only if, and to the extent, such approval is granted by the insurer. If my required contributions for the selected benefits are increased or decreased while this agreement remains in effect, my pay reduction will automatically be adjusted to reflect that increase or decrease. I understand that the selection of a benefit and the indication that a premium is to be paid does not necessarily include me in the insurance portions of the program. In most instances, an application for insurance must also be completed and approved. Employee must write initials in the space next to each statement to verify that he/she understands and agrees to the statement.

Salary Redirection and Payroll Authorization Agreement

- Salary Redirection and Payroll Authorization Agreement (R-3237)**
 - Employee must sign
 - Give pink copy to employee
 - Give canary copy to Payroll Administrator by inserting in alphabetical order in the Section 125 Employer Implementation Manual
 - Keep white copy in Agency in case they are needed to verify billing

WORKSITE ADVANTAGE NEW BUSINESS TRANSMITTAL FORM
Today's Date: Tom Smith 123 4567
Agent Name Branch # Agency #
XYZ Business 123456789
123 Street Ave., Suite 321 Dallas TX 75000
Franchise Billing Address City State Zip

New Case	Effective Policy Date	1 st Deduction Date	Number of Pay Periods Per Year	List Products Selected
<input checked="" type="checkbox"/> New Case	05 01 09	05 01 09	24	
<input type="checkbox"/> Addition to Existing Case				

New Business Transmittal

- New Business Transmittal (R-3226) Paper apps only.**
 - Complete and submit paper applications to the Home Office before the end of the enrollment period.

Employer Implementation Manual (R-3245)

Make sure the Section 125 Employer Implementation Manual is delivered to the business owner or Payroll Administrator. Insert the original completed forms into the Employer Implementation Manual for the employer:

Section 5 tab, page 1

Section 125 Plan Adoption Agreement (R-3245)

Take out the form in the manual and replace it with the original, signed **Plan Adoption Agreement** that was completed when setting up the Section 125 case.

Section 6 tab

Summary Plan Description (R-3226-8)

Fill out pages 1, 2 and 3 with the employer's plan information. Make copies of the entire section and give to each employee during enrollment.

Section 7 tab

Salary Redirection and Payroll Authorization Agreement (R-3237)

Remove the blank **Salary Redirection and Payroll Authorization Agreement** and replace it with the original, completed **Salary Redirection and Payroll Authorization Agreements** in alphabetical order that were signed by the employees during enrollment.

Appendix tab

Payroll Deduction Agreement (R-337)

Insert the original **Payroll Deduction Agreement** that was completed when setting up the Section 125 case.

Application for Group Term Life (GE-APP)

Insert a copy of the **Application for Group Term Life** Master Application that was completed when setting up the Section 125 case.

Payroll Deduction Billing Information Sheet (R-3240)

Insert the original **Payroll Deduction Billing Information Sheet** that was completed when setting up the Section 125 case.

2. Deduction Period

Payroll deductions begin the first pay period of the month following the Enrollment Period.

- If the agent is writing applications during the Enrollment Period of April 1 thru April 30, the deductions start the first pay period in May.
- If the Enrollment Period is April 15 thru May 15, the deductions start the first pay period in June.
- If the Enrollment Period is April 1 thru May 31, the deductions start the first pay period in June.

3. Policy Effective Period

Policies have an effective date of the first of the month following the Deduction Period. For new Section 125 plans, the Plan year begins on the Policy Effective Date following the initial Enrollment Period.

- If the agent is writing applications during the Enrollment Period of April 1 thru April 30, the deductions start the first pay period in May, for an Effective Date of June 1.
- If the Enrollment Period is April 15 thru May 15, the deductions start the first pay period in June for an Effective Date of July 1.
- If the Enrollment Period is April 1 thru May 31, the deductions start the first pay period in June for an Effective Date of July 1.

With products sold under Worksite Advantage with Payroll Deduction, coverage will take effect on the date of application if the risks are acceptable to the Company, subject to policy terms and conditions. Coverage is only effective under Payroll Deduction applications if: The proposed insured is an acceptable risk to the Company for the insurance applied for at Standard rates (as to employee applicants for Career Life Plus, the employee is covered for the amount for which he/she would medically qualify).

IV. Required Meetings with the Payroll Administrator

Seven Meeting Times

- 1. Meet with the Payroll Administrator as soon as the employer agrees to establish the program.** Review the schedule for the enrollment. Determine when the Payroll Administrator needs the authorizations so that she can make the first deductions the first week of the deduction month.
- 2. Meet with the Payroll Administrator as soon as the enrollment is concluded.** Make sure you get the authorizations to the Payroll Administrator before the date she requested.
- 3. Call the Payroll Administrator the week before the deductions are to begin.** Verify she has everything she needs to begin the deductions on time.
- 4. Call the Payroll Administrator the week the deductions are to begin.** Verify the first deductions are starting as scheduled.
- 5. Meet with the Payroll Administrator when she receives the first billing.** Work side-by-side with her to be sure she understands how to delete terminated employees and remind her when the first premium is due.
- 6. Call the Payroll Administrator to verify that she mailed the first month's premium on time.**
- 7. Call the Payroll Administrator each month when she receives the bill.** Answer questions and meet with her if required.

Please ensure bookkeepers are reconciling the invoices monthly to remove any employees no longer working or making any updates needed to each monthly invoice.

Transferring existing accounts

If no new premium-paying business has been written on an account within the past two years, it is eligible to be transferred to another agency by submitting new approval paperwork.

Once an account is transferred, no one from the former servicing agency should write business in the account, contact the account, or in any way interfere with the new servicing agency's ability to conduct business with the account. Anyone found to have violated this rule will be subject to disciplinary action up to and including termination.