

ESSENTIALS BY DEBI & JIM BOWMAN

BOWMAN & BOWMAN CONSULTANTS, INC

The Year In Review

We would first like to thank each of you for having us as your broker/agent over the past year. It was a tough year with health insurance rates and changes. Most of you made changes to your existing plan and/or switched carriers. We appreciate your faith and trust in us as we helped guide you through the transition period.

Our agency grew by 30% this past year due to the many referrals everyone sent our way. It is an honor to be part of your trusted reference list and we wish to extend our many thanks. It is our goal to personally assist each referral. We hope the feedback you get on us meets your expectations.

Last year we welcomed many new health carriers to the list of companies we represent. It is part of our commitment to you, we will continue to review the market for companies and policies that best serve you and your family. There were several companies we reviewed last year that did not meet our standards of coverage and service. With the industry in constant motion, your feedback helps us with the carriers we do represent.

For the 3rd year in a row, we taught classes at the Plano Senior Center and we are already scheduled for 2001. Look for other seminar dates in upcoming newsletters and emails.

With the financial markets experiencing the many fluctuations and downturns during this past year, being an informed and knowledgeable investor is more important. That is why we have enclosed a tape on "The 12 Universal Laws of Successful Investing" to listen to. It is our New Year wish that this information assist you with your financial future.

www.bowmanbenefits.com was successfully launched in December. In it you will find many links to help you manage your health care. There are links to companies providing services that you are not currently using that you may find useful. There are links to the health care provider finder websites for the plan you are on. This is very helpful when traveling or looking for new doctors/facilities.

We hope your Christmas was merry, your Holidays joyful and the New Year will bring you continued good health and financial success. Make the most of each day and remember that time is a precious commodity. We included a wallet size calendar to carry with you to keep track of all the days in 2001.

Thank you again for giving us the opportunity to serve you. We look forward to continuing this relationship throughout the coming year.

Priorities

This is the time of year when most of us set goals and make plans for the upcoming year. It is a time of hope as we reflect back on the past year, give thanks and look forward to a New Year. By taking the time to list what is a priority to you, increases the likelihood of achieving your goal. Writing it down is important, no matter how much you wish to accomplish.

Since life is always a work-in-progress, get the 2001 year off to a good start. You and your family

will thank you many times over in the future.

Disability Income Replacement Coverage

One of the things in life that hurts the most is the inability to meet one's daily/monthly expenses because of becoming unable to perform job duties. If you work for a large company, Long Term Disability insurance is generally offered at very affordable rates, and not to be ignored. If you are a small business owner, self employed or working for a company without Short Term or Long Term Disability coverage, you probably need to consider some basic insurance to pay your monthly obligations should you be unable to perform your job. With the benefits received income tax free, the cost is small compared to the potential benefits received. We would say it is better to spend a little rather than lose a lot !!

According to the actuaries, the odds are 30% the average American worker will experience a work-stopping disability lasting 3 months or more before retiring. Combine these odds with the fact that Americans are relatively poor savers, living from paycheck to paycheck, demonstrates the need to provide financial assistance from sources other than family savings. Insure that which you can least afford to lose.

It is not necessary to buy the best plan with the biggest benefit. Rather, basic coverage is essential. For those who can afford more coverage, there are many features that make these plans very desirable, such as return of premium. This means if no claims are made (or any benefits received are less than premiums paid), your premium is returned back to you. This makes this plan cost zero if no benefit is received. Pretty good for an insurance policy don't you think?

IRS Update for 2001

For 2001 here are a few of the changes. Standard mileage business deduction increase to \$.345/mile. Be sure to record the vehicle miles on Jan 1 and Dec 31 each year for IRS reporting. Moving and medical mileage goes to \$.12/mile while charitable miles remain at \$.14/mile. The wage base for Social Security taxation rises to \$80,400, with no change in rates.

Contribution amounts to 401k and 403b plans remain at \$10,500 for 2001. IRA's remain at \$2,000. SIMPLE plans increase to \$6,500 and Defined Contribution plans increase to a max of \$35,000.

Social Security

Benefits are scheduled to increase by 3.5% for 2001. The cost for Medicare Part B increases to \$50/month. For those age 62 to 65, you can earn \$10,680 in 2001 with out any decrease in benefits. Above this amount, benefits are reduced by \$1 for every \$2 earned. Once you reach age 65, there is no limit on how much you can earn.

Email

We are increasing the use of email rather than regular mail and if you have not already provided your address to us, please email it to us at: jmdwbowman@attbi.com. Of course, if you do not have email, we will continue to mail you the quarterly newsletter.

Tax Free Money Market Accounts

Did you know these accounts are available for your use? The current interest rate is 4%, interest earned is not subject to Federal Income tax, and come with checks for withdrawals. This is an excellent place to put excess cash until it is needed. \$2,000 minimum investment required. There is no up-front sales charge, nor a deferred sales charge on withdrawals. Contact Jim for a prospectus and more information.

Jim Bowman is a Registered Representative offering securities through FFP Securities, Inc., Member NASD/SIPC

COBRA and Continuation

COBRA is governed by Federal law and applies to companies with 20 or more employees. Continuation is governed by Texas law and applies to all groups of 2 or more employees.

In Texas, once COBRA expires, the employer must offer the employee 6 months of health coverage under the continuation provision provided the employee was on the group plan 3 months. (To qualify for COBRA, an employee must be on the group plan 1 day before the qualifying event.) However, employers DO NOT have to offer continuation to dependents only unless they have been on the group plan 1 year.

When in doubt, we suggest calling us and we will assist you with what to do and the documentation. We also recommend that you consider contracting with a COBRA administration firm to handle all the legal paperwork so that this sensitive area is covered. The penalties for making a mistake can be severe.

One area that is crucial is to provide all your new employees with a HIPAA INITIAL RIGHTS NOTICE. This notice explains 1) participants may be eligible to receive credit for pre-existing condition waiting period if they had previous coverage and 2) if employees and dependents do not enroll in the insurance programs at their initial opportunity, they may be limiting their eligibility to participate in the program. This communication is critical in protecting the employer in the "never enrolled, now I need it" situations.

All HIPAA and COBRA communications MUST BE IN WRITING and it is recommended that you get the employee to sign for receipt of these notices and make it part of their employee records.

COBRA Update Class

For those interested in learning more about COBRA there will be a 2 hour seminar Wednesday January 17, 2001 from 1:30pm – 3:30pm at Prestonwood Country Club in north Dallas. The cost is \$20. If you or someone you know needs to know more, please contact Debi at 972-578-5095.

Ouida Peterson, a COBRA administration expert, will provide you with updated COBRA information that will be needed for the coming year.

Group Long Term Care

New for 2001, should your company like to offer Long Term Care as an add-on benefit to the owners or employees, there is available a 10% group sponsored discount. Each employee who buys a policy will get a 10% discount, and combined with the 10% married discount (the spouse need not apply), an employee can have a Long Term Policy at a 20% discount from regular prices. The employee pays their own premium, no company contribution is required, and the employee can either be list billed or

individually direct bill.

Let us know if you are interested in this.

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