The CHRONICLE

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BUILDING A BETTER WORKFORCE IN SOUTH JERSEY

INSIDE

SOUTHERN NEW JERSEY DEVELOPMENT COUNCIL

BUSINESS & FINANCE EDITION

The CHRONICLE

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SOUTHERN NEW JERSEY DEVELOPMENT COUNCIL

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President's Message

Offering competitive salaries for employees is the first step to building your workforce. Offering competitive salaries combined with group employee benefits such as health insurance, life insurance and retirement plans can retain quality employees, thus reducing employee turnover and increasing employee engagement encouraging workers to stay on the job.

In reality, most companies offer some of these employee benefits to stay competitive. However, complications may arise, mistakes may be made and as with everything else about doing business – costs and risk can jeopardize a company's economic health.

In *Fiduciary Liability Insurance: Misunderstood and Under-Purchased,* Joseph Pilato with Cook Maran & Associates explains the role of Fiduciary Liability Insurance to protect a business owner, who provides a retirement plan, from personal financial liabilities associated with their role as the trustee of the plan.

In addition to coverage provided by Fiduciary Liability Insurance for managing a company's retirement plan, Gary DeVicci of CPI Companies recommends additional protection from liability through 401(k) benchmarking and life insurance policy auditing in *Always Protect Yourself.*

Turning our attention to health insurance benefits, Joseph DiBella at Conner Strong & Buckelew prepared The *PPACA Cost Control Checklist* to help employers control costs while maintaining healthcare quality for employees.

Another tool in fostering employee morale and attracting and retaining talented employees is the ESOP. In *Employee Stock Ownership Plans Seek Added Benefits*, David Pascrell and Michael DeLoreto of Gibbons LLC review pending legislation in the New Jersey Legislature that will put the tax advantages of an ESOP established in New Jersey on equal footing with the federal government and other states.

The upcoming holiday season naturally draws our attention to charity and *The Added Benefits of Employee Volunteer Programs* summarizes a recent survey to our membership of the value of volunteering in the community. And after the holiday season comes tax return season! *Common Sense Tips for Preparing Your Tax Returns* prepared by Anne D'Amico with Alloy Silverstein will get you started.

I hope you enjoy reading this publication and welcome any comments you have. To learn more about the Southern New Jersey Development Council, please call us at (856) 228-7500 or visit our website at www.snjdc.org.

Sincerely,

Marlene Z. Asselta
President
Southern New Jersey Development Council

Common Sense Tips for Preparing Your Tax Returns

By Anne D'Amico, CPA/PFS
Alloy Silverstein

Following are some simple steps you can take to decrease anxiety associated with the preparation of your tax returns, whether you prepare them yourself or hire a tax professional.

Get Organized. Keep a large envelope wherever you open your mail and immediately place all documents labeled "Important tax information enclosed" in the envelope. Keep this envelope handy during the year as well to collect receipts and canceled checks. Most of my clients dread getting all their paperwork together which can be easily avoided using this technique. You will have to scan your check register for personal and business deductions, but at least you will have all your tax documents in one place.

Don't Procrastinate. April 15 happens every year. This year, you have three extra days to fret since the tax filing deadline is extended until April 18. I am always amazed at my clients who wait until the last minute to make an appointment to come and see me. Prepare your tax returns as early as possible whether you owe money or expect a refund. If you are getting a refund, send them in immediately. If you owe money, wait until the filing deadline to mail them. This is no different than exercising, dieting, going to the dentist, or quitting smoking. The earlier your tax returns are prepared, the better you will feel.

Plan Ahead. You should have a good idea if you are receiving a refund or paying taxes well before April 15. Review your prior year tax returns and look at the result. The optimum result is to break even or owing a small balance. Many of my clients take extra taxes out of their pay in order to receive a refund when they file their tax return. Think about this: you are giving your money to the federal government all year long, and they are giving it back to you the next year with no interest.

Seek Help. If you are not sure how to prepare your tax returns, seek the help of a professional. The Internal Revenue Code is voluminous, and many of the laws are complicated. Most of my clients are long term clients of my firm, but some of my new clients gave up trying to prepare their tax returns themselves because of the complexity of the laws and the forms.

Ask Questions. If you take my advice about seeking the help of a professional, ask questions about the upcoming year. Tax return preparation is a looking backward service. Tax planning is a looking forward service. After I complete my clients' tax returns, I talk to them about the year ahead. Were they happy with the results of their tax returns? Are they going to experience any life changes which will affect their tax situation? Tax planning is crucial for everyone, at every income level.

Review Pay Stubs. I can't tell you how many of my clients never look at their pay stubs. If your net pay increases from what you are accustomed to, don't assume this is a gift from your employer or your payroll company. Be cautious and assume this is a mistake. Granted, new tax laws will affect your pay, and when you reach certain limits, deductions may stop which will result in a higher net pay. Your employer or human resources department can let you know why your pay is not what you expected.

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Fiduciary Liability Insurance: Misunderstood and Under-Purchased

By Joseph L. Pilato, CPCU,
Vice President - Commercial Insurance
Cook Maran & Associates

Business owners have certain obligations concerning the retirement programs that they set up for their employees. The most urgent are those that are mandatory for compliance with state or federal regulations. It is unfortunate, however, that protection of the business owners' assets that are at risk when offering company retirement programs is often forgotten.

The Employee Retirement Income Security ACT (ERISA) requires that all retirement plans be covered by a bond that protects against a loss of retirement funds because of dishonesty of the trustee(s). The bond must be for a minimum of 10% of the retirement plan assets with a maximum of $500,000. Documentation of this bond is required to be reported on Form 5500, which is mandated by the federal government. The good news is that an ERISA bond is inexpensive, usually about $300 for a 3-year term. The bad news is that an ERISA bond only covers a minimum obligation and leaves the business owner exposed to other lawsuits brought by employees alleging negligence in the administration of the retirement plan.

This is where an ERISA bond leaves off and Fiduciary Liability Insurance picks up.

While an ERISA bond provides reimbursement in the event of theft of funds by the trustee, it only does so to a maximum limit of $500,000. Where will the money come from to defend a lawsuit and pay a settlement if a theft of more than that amount results in an employee action against your firm? In addition, and most importantly, an ERISA bond does not provide defense or payment of any settlement in the event of an employee lawsuit alleging uncompetitive investment returns. "Isn't that the responsibility of the investment firm I use to administer my retirement program," you say? Well, yes, but the business owner also bears responsibility for choosing and presenting that particular investment company to your employee. "Surely my investment company has insurance if my employee sues me because of poor plan returns?" Well, yes, your investment firm does have insurance...to protect the investment firm from your employee's lawsuit. If your employee also sues your company, the investment firm is under no obligation to provide defense for your company or pay or reimburse any judgement. I have, on a number of occasions, confirmed through business contacts that work in the 401K business, that investment firms will not list their customers' businesses as "additional insured" when supplying a certificate of insurance. So, the risk is yours. To make matters worse, any uninsured judgement in a retirement plan case is the responsibility, personally, of the business owner/fiduciary!

Sounds depressing, doesn't it? Well, not to worry, this story has a happy ending. Considering the potential risk presented by retirement plans, Fiduciary Liability can be purchased at a nominal cost.

Most firms these days purchase Employer Practice Liability as part of their overall property and casualty insurance program which protects against employee lawsuits alleging discrimination, unlawful termination or sexual harassment. Fiduciary Liability is generally offered as an add-on to these policies for anywhere between $500 - $2,000 a year depending on the number of employees and the amount of the retirement fund. It can be obtained as a stand-alone policy for a similar cost.

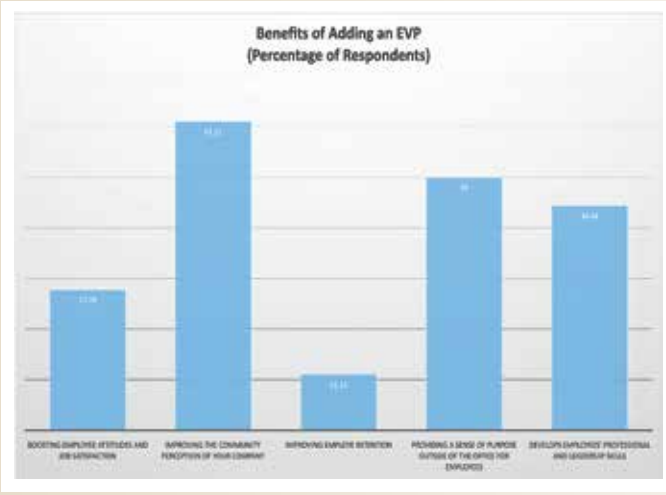
It is amazing to me that many business owners and insurance buyers continue to turn their nose up at this coverage. They reason that, with the employee choosing their own investment funds and with the multitude of disclaimers (past returns are no guarantee of future performance, etc.) a lawsuit alleging uncompetitive investment returns is highly unlikely and would most likely be dealt with by the appointed investment firm.

With a volatile stock market, a still-unsure economy and premiums that are downright cheap, why take the risk?

For more information, contact Joe Pilato at (856) 334-8847.

The Added Benefits of Employee Volunteer Programs

Employee volunteer programs within an organization have been said to possess a myriad of benefits for their employees and the organization itself. Employee involvement in community events creates a sense of camaraderie within the workplace that can be attributed to their exposure to situations that require teamwork, communication, planning, project management, problem solving, budgeting and listening skills. Aside from personal development, studies have shown that those who participate in employee volunteer programs tend to possess more satisfaction with the progression of their career. As it would seem – employee volunteer programs engage their employees and strengthen the very communities they provide services for; however, we at the Southern New Jersey Development Council wanted to test this theory by surveying our members to see how essential employee volunteer programs are to their organization.



In our survey we posed the simple question, "Is giving back to the community an important issue for you and your organization?" To this question, 94 percent of our respondents answered 'yes.' As one can imagine, many of these respondents have been active within their communities and take part in projects and events for organizations such as the Food Bank of South Jersey, Covenant House, Special Olympics of New Jersey, the Kaboom playground in Camden, and by way of serving on boards and committees of these and other organizations.

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Always Protect Yourself

By Gary DeVicci, MSFS, CFP
President, Advisory Services
CPI Companies

Clint Eastwood's character in the movie *Million Dollar Baby* continually repeats the three words that are the title of this article. Sage advice, not only for the lead character, played by Hillary Swank, but also for business owners and professionals in today's litigious and over-regulated world.

Employees are successfully suing their employers for excessive 401(k) plan expenses. The DOL (Department of Labor) has actually created calculators which may have acted as a catalyst for the increase in these suits. Some people who have agreed to be a trustee for a friend's, client's or relative's life insurance coverage may have been surprised by a lawsuit by beneficiaries believing the trust could have been managed to give them more benefit.

The two situations just cited have actually sparked new specialty areas for a few national law firms.

Adding insult to injury, many owners of life insurance policies are beginning to receive notices informing them that the cost of policies owned for decades is increasing, in some cases by over 100%. This, even though people are living longer, which is benefitting these same companies.

The 401k Catastrophe

In small businesses, the owners are usually the trustees of the company's retirement plan, which is typically a 401(k). Rarely do these business owners realize that because of employee contributions, they, as trustees, are subject to following the guidelines of the Uniform Prudent Investor Act. These are:

- **Monitor performance of trust assets.**
- **Investigate appropriateness of holdings.**
- **Manage assets to minimize costs and maximize benefits.**

Since these rules are rarely explained to the business owner (trustee) is it any wonder they are an easy target for employee suits?

Life Insurance Disasters

Whether owned by a business, held personally or in a trust, the cost to maintain many life insurance policies is increasing. In most cases, these increases are a result of carriers reducing dividends or policy earnings rates. In some cases, the culprit is poor policy design. Unfortunately, it may also be due to a hard-to-justify increase in the mortality costs of the policy. Regardless of the reason, the impact is the same, a surprise increase in the outlay necessary to continue the coverage.

For policies owned in trusts, the responsibilities of the trustees are the same as those of retirement plan trustees (listed above). And, just like retirement plan trustees, rarely do the trustees know anything about these responsibilities. When their friend, client or relative dies they may be surprised to find that they have become the subject of intense scrutiny and possibly a lawsuit by the beneficiaries.

Audited financials – Not the answer

When accountants audit a business's financials, they address life insurance policies, mostly to make sure current premiums are paid. They are not responsible for addressing the performance of the policy or for investigating the future viability of the coverage.

If a company's 401(k) is large enough, the plan must have annual audits. This form of audit also does not call for the accounting firm to address the performance, appropriateness or cost of plan assets.

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401(k) Protection via Benchmarking

To meet the requirements of the Uniform Prudent Investor Act, plan trustees should consider utilizing a benchmarking report, and a market survey. This compares the costs of the plan with those of other companies' plans of similar size. Combined with a market survey, the ratio of plan costs to benefits may be significantly improved.

The chart at right illustrates the results of an actual benchmarking report, that helped an employer recognize that their plan had excessive expenses and more importantly, achieve a significant (55%) cost reduction. Use of this type of report also becomes the foundation for a due diligence file, to help eliminate employee complaints.

*Savings based on actual client experience, data available for regulatory or advisor review.

Life Insurance Policy audits

Anyone who owns life insurance should consider having their policy audited. This can show ways to modify the existing plan, reduce costs, improve benefits, or replace the policy when necessary. Certainly trustees of insurance trusts need the protection a qualified audit provides. A comprehensive policy audit needs to include the following elements:

- *Performance review* – Determines premium sufficiency
- *Suitability review* – Documents appropriateness for objectives of beneficiaries
- *Underwriting based market survey* – Comparative analysis based on medical/financial assessment
- Benchmarking of returns vs. alternative investment opportunities
- *Carrier financial review* – Emphasis on proactive analysis
- *Actionable Information* – Improve suitability, minimize costs and/or maximized benefits

Twenty-five years ago we developed the following process for auditing policies. This process has helped countless businesses, individuals and trustees maximize the value of the coverage they own. It has helped to ensure that the policy they own provides the coverage they think they have.

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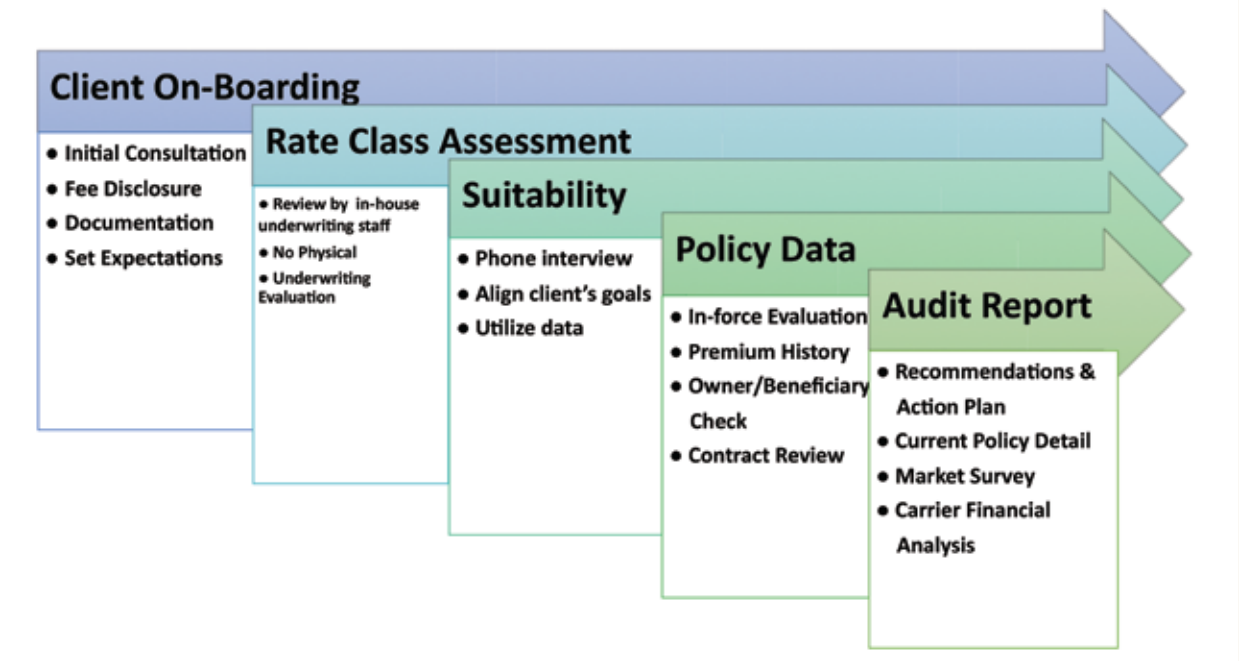

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The PPACA Cost Control Checklist

By Joseph DiBella, Executive Vice President,
Employee Benefits Consulting, Conner Strong & Buckelew

Since being signed into law in 2010, the Patient Protection and Affordable Care Act (PPACA) has been dubbed one of two ways: the "new healthcare law" or "Obamacare." But in reality, the legislation does not impact the state of healthcare as much as it impacts the state of health insurance. In fact, its impact on health insurance – specifically the cost of health insurance and how it is administered – will be longstanding and significant.

Its impact is also being felt now. At present, employers have considerable concerns about how the law will impact healthcare costs and how to continue offering the best possible healthcare plans to their employees. Of particular note in this area are penalties and taxes associated with the employer mandate, which requires all businesses of more than 50 employees to provide affordable, minimum value healthcare, and the excise or "Cadillac" tax, where employers will be punished if they are too generous with their healthcare plans.

These taxes and penalties have employers of all sizes looking for ways to control costs while maintaining the healthcare employees have come to expect. Unfortunately, there is no one problem-solving solution. However, there are a number of individual initiatives that cumulatively may positively affect the overall cost employers are paying for healthcare – the five items on the PPACA Cost Control Checklist. By implementing the following checklist, employers can best position themselves to reduce costs without sacrificing healthcare quality.

1. Put the Consumer in Control

Rapid implementation of consumer-directed health plans, a strategy that's been rising in popularity over the past few years, is one way employers can quickly combat healthcare costs. These high-deductible health plans give employees more "skin in the game" when it comes to making health care decisions. While these plans tend to cost employers and employees less, they also force employees to become more informed about their healthcare decisions, encouraging them to search for high-quality, low-cost healthcare options to lower out-of-pocket expense. While these types of plans have caused some anxiety among employers and employees in the past, they are now very much in vogue as employees realize less money will be deducted from their paycheck every week.

2. Be Self Assured About Going Self Insured

Under the PPACA, fully-insured employers may be charged three to three-and-a-half percent more in taxes than those that are self-insured. While many large employers are already making that move, mid-sized companies have been nervous of assuming the risks associated with self-insurance. While understandable, the risks can be mitigated by entering a stop-loss insurance captive. Additionally, by self-insuring, employers gain flexibility in how they provide insurance to employees. For example, they can offer a private insurance exchange with more varied price options by switching to a defined contribution plan, where employees are given a certain amount of insurance money and can more freely choose how to spend it. Ultimately, these approaches are likely to drive down the overall cost of insurance, as employees become more cost-conscious about how and where they spend their healthcare dollars.

3. Narrow the Insurance Network

Employers have long thought that the best solution for employees was to offer the widest possible network of covered healthcare facilities. But this approach has contributed to rising healthcare costs. Moving forward, employers may find themselves better able to negotiate more favorable rates by narrowing in-network care to fewer high-quality providers where they can cut better deals in exchange for more volume.

4. Let Employees See Behind the Curtain

The majority of employers fail to provide employees with the full financial picture of healthcare costs. Employees see their co-pays, deductibles and contributions, but have little to no understanding of

the actual cost of various procedures or treatments. Similarly, they have little understanding of how variable pricing for identical services can be. By using healthcare transparency tools, employers can help lift the veil on healthcare costs, and by providing employees with more, easy-to-understand information about the actual costs, employers can help educate employees. Transparency tools can help an employee see that getting an MRI at one provider may cost $5,000 while only $1,500 for the identical procedure elsewhere. Employees with open eyes will be more likely to make more responsible and informed healthcare cost decisions.

5. Transform Health and Wellness Programs Into Productivity Programs

Employers have begun to broadly adopt health and wellness programs in recent years – and with good reason. Not only are they successful in educating employees on their own health and driving down overall costs, but they've been proven to increase productivity on the job. But as costs continue to rise at a rapid rate, these traditional programs will not be enough. Ultimately, 10 percent of participants in health plans account for 90 percent of the costs. Many of these individuals have chronic conditions that, while perhaps not curable, can be more effectively managed. Employers need to develop targeted programs for these high-risk individuals. Putting in the investment now to encourage and educate these employees about how to lead healthier lifestyles will best position employers to drive down long-term costs.

While employers remain anxious about the PPACA and its potential to increase healthcare costs, they should not assume that there is nothing that they can do to prevent these costs from becoming insurmountable. Creativity in how they administer health plans and how they share information with their employees will be critical, but as noted above, solutions do exist that can not only lower healthcare costs, but enhance healthcare outcomes for employees.

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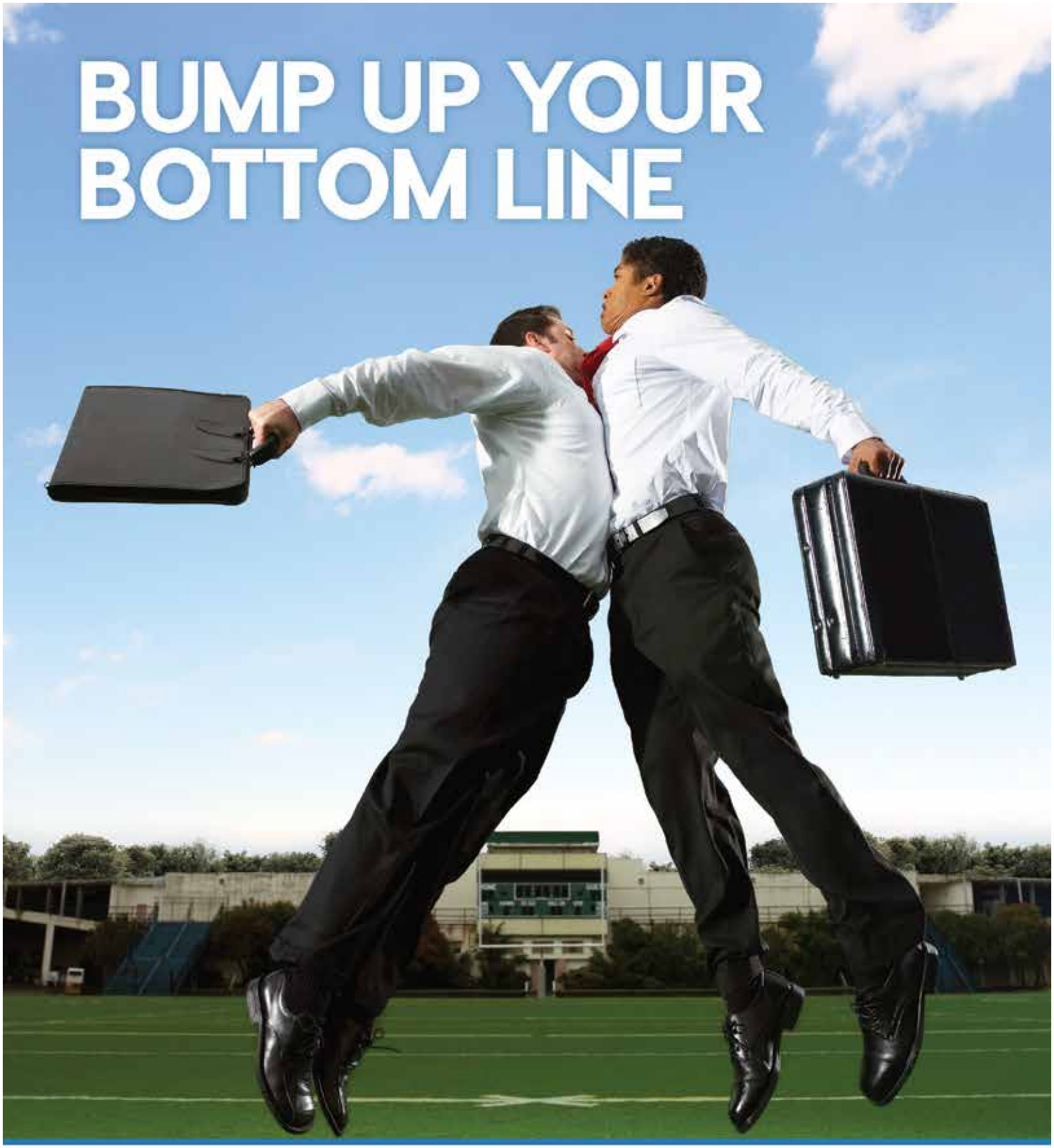

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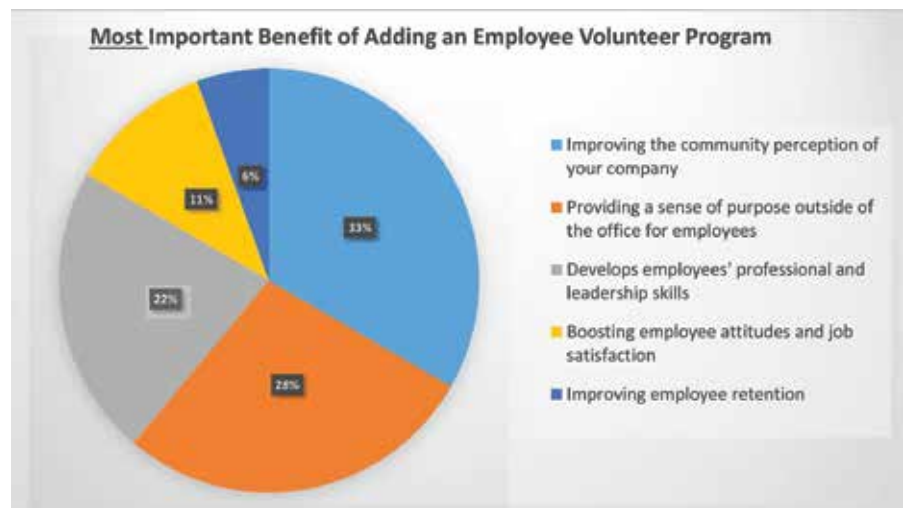
The Added Benefits of Employee Volunteer Programs

(continued from page 4)

With such activism one might begin to ask why our members would be willing to allow their employees to participate in events that pull from their time at work. In order to identify the reasoning, we asked our members what they felt were the benefits of adding an employee volunteer program to their company and which of those benefits was the most important. The graphs presented display the quantitative results.

As you can see in the "Benefits of Adding an EVP" and the "Most Important Benefit of Adding an Employee Volunteer Program" graphs, the majority of our respondents felt that improving the community perception of their company was the most important benefit of participating in an employee volunteer program. This data suggests that employee volunteerism is an important aspect in improving how the public perceives your business and how employees perceive themselves through a sense of purpose outside of the workplace.



Employee volunteer programs have proven themselves to be a mutually beneficial arrangement between businesses and the volunteer organizations in which they partner. If you are interested in implementing an employee volunteer program, the SNJDC can help facilitate a partnership between your business and several of our members with volunteer opportunities including the Covenant House, the Food Bank of South Jersey and Volunteers of America Delaware Valley, to name a few.

Common Sense Tips for Preparing Your Tax Returns

(contnued from page 2)

Invest Wisely. In conjunction with reviewing your pay stubs, review your retirement plan contributions if your employer sponsors a plan. If you participate in a 401(k) or other type of defined contribution plan at work, take a look at your deferrals to the plan which are also on your pay stub. Invest as much as you can afford, and consider increasing your deferrals each year until you reach the maximum allowable contribution. You will save money for retirement as well as save taxes since your contributions will reduce your federal taxable wages. I don't hear any of my clients complaining that they have too much money when they retire.

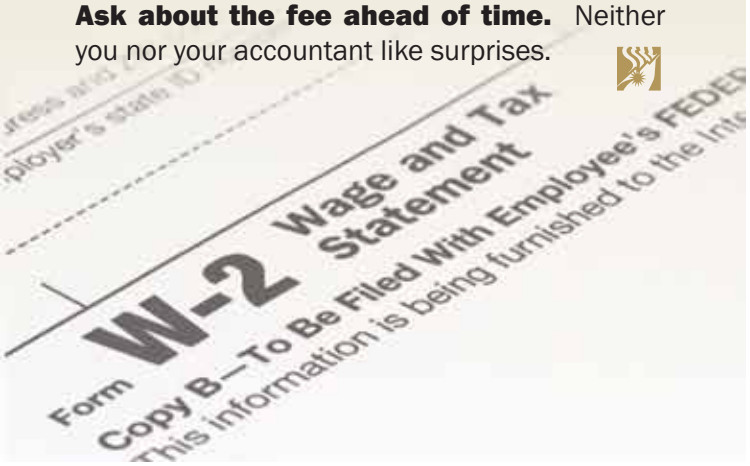
Cut Costs. Once you have made the decision to utilize a tax professional, the following is my advice on how to cut costs on the preparation of your tax return.

Wait until you have all of your tax documents or at least 90% of your tax documents before you visit your accountant. Don't send your documents in piecemeal.

Give your accountant neat and organized records. Open your mail and review the information. If it is a tax-related document, include it. If the information has nothing to do with your tax return, leave it at home.

Do as much of the work you can yourself. If you have a business or own a rental property, add all your receipts and expenses, and categorize them. If you sold stocks, look up the date you purchased the stocks and the amount you paid for them if this information is not readily available from your broker.

Ask about the fee ahead of time. Neither you nor your accountant like surprises.



Employee Stock Ownership Plans Seek Added Benefits

By David Pascrell and Michael DeLoreto
Gibbons P.C.

Any business knows that one key to attracting and retaining top talent is to provide a robust employee benefit package. One such popular benefit employers use is an employee stock ownership plan (ESOP), which provides employees with an ownership interest in the company. It is estimated that over 7,000 ESOPs exist in the United States, covering 13.5 million employees.[1] About two-thirds of those plans are used to distribute shares of a closely-held company to its employees.[2]

Many states have policies which encourage closely-held, non-public companies to establish ESOPs. The New Jersey Legislature is currently considering legislation, Assembly Bill 4021/Senate Bill 945 (A-4021/S-945), to create a state income tax exclusion when a closely-held company establishes an ESOP. This legislation would bring New Jersey's tax law in line with the federal government, as well as other states.

How an ESOP Works

A company establishes an ESOP by creating a trust fund and contributing shares of its stock, or cash to purchase new or existing shares of its stock. The shares are then distributed to employees' individual accounts, according to the plans requirements.[3] Employees must be fully vested in the plan within three to six years.[4] When an employee leaves the company, the employee receives the stock and the company purchases those shares for their fair market value. Companies with publicly traded shares use the public value of those shares, while private companies must engage in an annual valuation.

ESOPs carry a variety of federal tax advantages for the employer. The employer's contribution of stock or cash to the ESOP trust is generally tax deductible, as well as certain dividends paid out.[5] Similar tax benefits do not exist in New Jersey, and the creation of the ESOP can create a taxable event at the State level for the employer.

New Jersey's Legislative Proposal (A-4021/S-945)

Perhaps one of the most understated benefits of an ESOP is the impact on a company's success. In 2010, it was reported that 12.1 percent of employees were laid off as a result of the economic conditions, but in companies with ESOPs, the layoff rate was only 2.6 percent.[6] Thus, this evidence suggests companies with ESOPs tend to have a greater level of stability.

In response to this, the New Jersey Legislature is considering A-4021/S-945 which will encourage the creation of ESOPs by closely-held companies. The bills will do this by creating a state income tax exclusion when a closely-held company establishes an ESOP. The impediment of a State taxable event when an ESOP is established will be eliminated. Such an exclusion will create parity with the federal tax law and other states.

To qualify, the business must receive certification from the New Jersey Economic Development Authority that the creation of the ESOP will result in the retention of full-time jobs at the business and will yield a net positive benefit to the State. Additionally, the business must be privately held with fewer than 500 employees and have its headquarters in New Jersey. The sale of stock from the business must be to (1) the company's ESOP, (2) a New Jersey S corporation owned by an ESOP, or (3) an eligible worker-owned cooperative benefiting employees of the business in this State. Lastly, the ESOP must own at least 30 percent of all outstanding employer securities issued by the business after the transaction. *(continued on page 15)*

[1] Employee Stock Ownership Plan (ESOP) Facts, National Center for Employee Ownership (November 2015), http://www.esop.org/. [2] Id.
[3] Generally, all full-time employees over age 21 gain shares in an ESOP based upon their income or some other equalizing formula.
[4] How an Employee Stock Ownership Plan (ESOP) Works, National Center for Employee Ownership (November 2015), http://www.nceo.org/articles/esop-employee-stock-ownership-plan.
[5] It should be noted that a "C" corporation and an "S" corporation have different rules regarding distribution and tax treatment due to their treatment under the IRC.
[6] Mark Koba, Workers Unite! (So You Can Become Capitalists), CNBC (Dec. 13, 2013), http://www.cnbc.com/2013/12/09/employee-owned-businesses-number-of-companies-owned-by-workers-is-growing.html.

Your Business Could Be Getting Paid to Save Energy!

The one trick to getting your business ready for the winter cold:

Keep it Simple!

In South Jersey, last winter was one of the coldest on record. According to the State of New Jersey Climatologist's office, February 2015 was one of the top five coldest months in more than 120 years of records. That kind of cold took a dramatic toll on heating budgets for business owners across the region with heating systems working overtime to keep commercial properties comfortable.

There are two main reasons why some property owners paid the price last winter:

1. Heating with low-efficiency equipment.
2. Use of oil, propane, electricity and other energy sources instead of natural gas.

It's a simple fact of life that comfortable employees are more productive. By creating a better workplace environment, you are saving valuable time and money. And every dollar not wasted on unnecessary energy costs goes straight to improving your company's bottom line.

South Jersey Gas and the New Jersey Clean Energy Program are teaming up to offer two programs that help businesses save energy: the NJ SmartStart Buildings program and Pay for Performance program. These programs are available to new and existing South Jersey Gas customers and could help put money back in your pocket this winter.

NJ SmartStart Buildings

New Jersey SmartStart Program

- **0% financing, up to $100,000 over 5 years**
- **Includes lighting, HVAC, insulation and other systems, even if the upgrade is not natural-gas-powered**
- **The customer must have an existing South Jersey Gas account or will establish a new account**
- **Representatives can help with expedited approval**

NJ SmartStart Buildings is tailored to the needs of South Jersey businesses. Through the SmartStart program, your business can get 0% financing for up to $100,000 over 5 years and qualify for rebates on energy-efficient equipment, even if it's not natural-gas-powered – including new lighting, insulation or advanced HVAC controls. The program covers the following situations:

New Construction and Additions: The design phase is the time to make critical decisions affecting long-term energy use for lighting, HVAC and other systems so your business can start saving money from day one.

Renovations: For facilities that need major modifications to the shell, plus replacement of HVAC and lighting systems, the opportunity to improve energy efficiency is almost as great as building from the ground up.

Remodeling: It's time for your building to revamp its look or function – and whether it's as simple as a change in lighting or as complex as updated mechanical and/or electrical systems, each choice is a chance to take advantage of money-saving options.

Equipment Replacement: These decisions happen for one of three reasons:

1) an unexpected breakdown or loss of essential equipment

2) a malfunctioning or aging piece of equipment

3) a planned replacement as part of scheduled maintenance

The NJ SmartStart program is ideal for equipment replacement, planned or not, with provisions for rapid approvals to get your building operational as quickly as possible.

Pre-approval is recommended, but not required for most prescriptive measures. Get help during any step of the process by calling 866-NJSMART or visiting njcleanenergy.com.

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Employee Stock Ownership Plans Seek Added Benefits

(continued from page 13)

The sponsors of A-4021/S-945 believe the legislation will encourage small business owners to sell shares of the business to their employees, increasing the likelihood that those companies will remain in New Jersey. As an example, a business owner of a closely-held company engaging in long-term business transition planning could utilize an ESOP to transfer ownership to his employees over a period of years, rather than selling the company to an out-of-state entity. Assembly Bill 4021 is awaiting a hearing by the Assembly Appropriations Committee, while Senate Bill 945 is awaiting a hearing by the Senate Budget and Appropriations Committee.

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Your Business Could Be Getting Paid to Save Energy! *(continued from page 14)*

Pay for Performance Program

Whole-building approach to saving energy • Earn incentives linked to your savings
Plus, 0% financing up to $100,000 over 5 years

The Pay for Performance program provides incentives for larger buildings, with a network of program partners to implement efficiency projects. With your partner to guide you and provide technical services, the result can be a savings of 15% or more on energy consumption. To receive financing from South Jersey Gas, the customer must have an existing South Jersey Gas account or will establish a new account.

As a Pay for Performance participant, your business will be joining the ranks of companies, school boards and municipalities that have earned thousands of dollars in incentives, such as:

- **AtlantiCare in Atlantic City and Pomona**
- **Camden County Technical Schools in Sicklerville**
- **Harrison Beverage in Egg Harbor Township**
- **Holy Spirit High School in Absecon**
- **Millville Board of Education in Millville**
- **Pine Hill School District in Pine Hill**
- **Salem County Vo-Tech in Woodstown**
- **TD Bank in Mount Laurel**

The incentives that have already been paid span a wide range – from $2,500 to more than $1.2 million. Your business could be next!

You can view a full list of participants and their payouts, or for more information on either of these programs, visit njcleanenergy.com/commercial or call 866-NJSMART (866-657-6278) or visit NJ Clean Energy on Facebook.

Always Protect Yourself *(continued from page 6)*

Every day business owners and professionals work hard to increase profits. Nothing is more detrimental to those efforts than unexpected surprises in the form of failed plans or complaints from those they are trying to benefit. 401(k) benchmarking and policy audits can help to substantially improve the cost to benefit value proposition and provide an increased level of protection where none may currently exist.

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