



New Year, New Start: Successful Goal-setting

HUMAN RESOURCES

Often at this time of the year, we begin to reflect on goals set in the previous year: Did I achieve what I set out to do? If so, were the outcomes what I had anticipated? If not, what got in the way of accomplishing my goals?

Although we may blame our own lack of commitment, will or hard work for the failure to reach a particular goal, usually this is not the case. More frequently, we do not realize goals due to the lack of effective planning. The same is true for employees who report to us.

Managers have a responsibility to support their staff in planning goals for the upcoming year. This represents a step beyond simply assisting them in setting goals and then documenting them in a performance appraisal or development plan. Instead, it involves a disciplined method for considering, creating, supporting and evaluating objectives for the next year.

Considering

Any goal worth the effort requires thoughtful consideration and honest reflection. It may be

especially valuable for the manager to pose some questions to the employee and ask him/her to consider the questions and answer them on paper. Then, the manager and the employee can convene in one or two weeks to discuss them. Some questions the manager might pose are:

- What did you accomplish in your job last year?
- What did you set out to accomplish but did not complete?
- What is going well in your job?
- What is not going as well?
- About what parts of your job do you feel passionate?
- What are your strengths and how can you increase the amount of time you spend using your strengths on the job?
- Where do you want to be in one year, three years and five years?

Continued on Page 2

Happy Birthday, Target Date Fund!

RETIREMENT

Dear Target Date Fund,

Congratulations on your special day marking a full two decades! While it was 65 years ago that I myself turned 20, I remember it well. As my gift to you, allow me to share some wisdom I've picked up along the way. Turning 20 is not only significant because it marks the end of your rowdy teenage years, but because it is the beginning of adulthood, which will bring new responsibilities and challenges.

It seems like just yesterday when you came into this world. Much like myself, there were so many expectations on you when you were born. I loathed when they compared you, like me, to the S&P 500 or the Barclays Capital Aggregate Bond Index. It made no sense and was so unfair! Your teenage years brought different challenges — you were such a risk-taker! I remember your first date with Guaranteed Income. Yes, I know that didn't turn out well, but despair not, as there will be others.

Most definitely, the qualified default investment alternative (QDIA) designation was a highlight for you. I remember my eyes tearing up when you received your QDIA designation. While that was a crowning achievement, it was just the beginning. I have many lessons to share, but I want to impart on your 20th birthday just one — be true to yourself.

You can't be all things to all people. People will try to change you; they will even try

Continued on Page 3

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"New Year, New Start ..." continued from Page 1

- What do you need to do to prepare for the next one year, three years and five years?

Creating

Research on goal-setting has consistently indicated a link between writing a goal and actually accomplishing it. Once an individual has given careful consideration to goals, then he or she should write them and place them in an easily accessible and/or visible location (e.g., bulletin board, journal or development plan). Writing a goal not only tends to formalize the commitment, but also provides clarity about the goal and reinforces the importance of it.

Each goal should be written as a declarative statement, using the SMART format, which is still a valuable tool 33 years after its development and introduction by George T. Doran.

SMART is an acronym in which each letter represents a characteristic of the goal, as follows:

- **S** represents Specific. Each goal should be clear, precise and unambiguous. It answers the questions: What am I going to accomplish? How am I going to accomplish it?
 - **M** represents Measureable. This is perhaps the characteristic of a SMART goal that is most challenging to employees. It requires defining exactly how the attainment of the goal will be measured and quantified to determine whether it was accomplished. Ideally, a goal that is measureable will actually contain the phrase "as measured by."
 - **A** represents Action-oriented. Each goal should specify what actions or activities must be undertaken in order for the goal to be met. The actions cannot be vague or ill-defined.
 - **R** represents Realistic. Goals that are realistic are achievable. The goals may be challenging and lofty, but they can be accomplished, given the employee's capability and the availability of resources to support the employee's efforts.
- R** also represents Relevant. It is important to both the employee and the organization that goals are relevant. This means that goals selected are ones that matter; they are aligned with the team's and organization's mission and business objectives.
- **T** represents Time-bound. A goal must contain a specific time frame in which the goal is to be accomplished, or a specific date on which the goal will be completed.

Supporting

Any goal to which an employee aspires requires an action plan to support it. A team member cannot be expected to fully commit to a goal and/or exert considerable effort toward it if there is no supervisory support or encouragement.

With respect to the Specific component of a goal, the manager needs to help the employee see the goal very clearly. It can be especially helpful for the manager to draw for the employee a "mental picture" of what achievement of the goal will look like and how it will impact the employee, team and organization.

Goal-setting is most effective when it is approached with discipline and effective planning. Managers can improve the likelihood of employee success by facilitating a process of considering, creating, supporting and evaluating those goals.

When considering how to make goals Measureable, the manager can ask the employee questions such as: "How will we know when this goal is accomplished?" or "That's a great goal. How will we measure it?" These types of inquiries help the employee contemplate and define measurement of his or her goal.

To assist the employee in constructing Action-oriented goals, the manager should ensure that the goal and the employee's commitment level are well-matched. Each goal should align with the employee's willingness to put forth the effort necessary for accomplishment. If, for example, an employee sets a goal of setting up a new IT system in three months, but he or she does not seem to understand the actions necessary to achieve this goal, or if the employee aspires to the goal but doesn't seem willing to put forth the effort to achieve it, then the goal should be discarded or amended.

With respect to the Realistic and Relevant components of a goal:

- **Realistic:** The manager should assist the employee to focus on the scope of the goal. An outline of action items necessary to accomplish the goal can help to succinctly define the scale of each goal and to ensure that the goal is achievable, given available resources and the commitment level of the employee.
- **Relevant:** Employees may find it quite difficult to link their goals with those of the team and the organization. This is especially the case when the organization has not sufficiently

communicated and consistently reinforced business objectives with employees. The manager can support the employee in this effort by reviewing both the team's and the organization's mission and objectives. The manager can also pose questions such as: "Why is this goal important to you? To the team? To the organization as a whole?" or "Describe how this goal will contribute to our team's/organization's success this year."

To create goals that are Time-bound, the manager should assist the employee in identifying the size, pace and the time requirements for accomplishing each goal. A calendar of goals and action items can help both to define the time necessary to accomplish each goal and to choose non-competing and reasonable time frames/dates in which to undertake them.

Following the considering, creating and supporting stages of goal-setting, the manager and the employee should periodically evaluate the employee's progress on each goal. This can occur in weekly one-on-one or team meetings, in which employees are asked to share their progress, any barriers encountered and any assistance or resources that may be needed from other team members or the manager. This process allows the employee to:

- Remain consistently focused on his or her goals
- Receive and recognize support from his or her peers and manager
- Obtain assistance on any necessary resources
- Modify goals as necessary to accommodate economic or business changes

Goal-setting is most effective when it is approached with discipline and effective planning. Managers can improve the likelihood of employee success by facilitating a process of considering, creating, supporting and evaluating those goals. Since businesses – and therefore people – must be agile and responsive, goal-setting cannot be approached as a once-yearly event. In order for goal setting to be meaningful for the employee and contributory to organizational success, it should be regarded as a continuous process of alignment and re-alignment, as business realities and objectives shift throughout the year.

To learn more, look for webinars offered by NFP HR Services in 2014. These programs offer a comprehensive look at HR topics and include best practices for managers. As part of our total partnership offering, NFP HR Services extends a wide range of human resources solutions to our clients, through our network of highly capable, senior-level consultants. We offer customized, solution-oriented consulting for all of your human capital challenges.



"Happy Birthday ..." continued from Page 1

convincing you that you are something you're not. As you grow older, you will understand, like when I realized my specific calling. Don't get me wrong, I loved my 60 percent stocks and 40 percent bonds composition (people calling me "60/40" for short). I believed I could be and do anything. The truth was that I couldn't be all things to all people. As my generation got older, we all eventually came to grips with that reality. Today, we are much wiser and happier for it.

Remember who you are and what makes you unique. You will go farther in life not only knowing your strengths, but your weaknesses as well.

Take for example my friend 30/70, who was 30 percent stocks and 70 percent bonds. More conservative than I, but better suited for situations calling for less risk. 30/70 also provided more stability than the rest of us could give, even if his return opportunities were not as good. Of course, there was also my friend 80/20, who was just the opposite (more stocks than bonds). Ever the daredevil, he was better for situations where a higher return was desired without as much concern for risk. Each of us was better suited for some things versus others. Focus on what makes you special. It will be the key to your popularity.

It is time now to raise our glass to 20 years old, a time when the world is your oyster! I wish you success over the next 20! As you venture out to conquer this world, remember who you are and what makes you unique. You will go farther in life not only knowing your strengths, but your weaknesses as well. With the QDIA designation,

I have no doubt your generation will go farther than mine, if used wisely. I know my friends conservative, moderate and aggressive would all say the same. Their nicknames are a true testament to their strengths and challenges. So finally, happy birthday, Target Date! I hope my gift of wisdom eases the burden of trying to be everything to everyone. Truth be told, I'm not too worried about you. It's in your nature to readjust over time.

Very Truly Yours,
Balanced Fund

The target date is the approximate date when investors plan to start withdrawing their money. Note that the principal value of the fund(s) is not guaranteed at any time. As the target retirement date approaches (and often continuing after the target date), the fund's asset allocation shifts to include a higher proportion of more conservative investments, like bonds and cash instruments, which generally are less volatile and carry less investment risk than stocks.

Compliance FAQ

Question: Our company is offering a new wellness program this year. Are there legal requirements of which we should be aware?

An employer-sponsored wellness program can take many forms. Some employers provide cash rewards for attainment of wellness-related goals. Many provide reduced employee premium contributions for attainment of wellness-related goals. If a wellness program is connected to a group health plan, then the program is subject to HIPAA's requirements.

Examples of programs that would not be subject to HIPAA's requirements are:

- A stand-alone wellness program in which any employee can participate. The program awards company logo merchandise to employees who walk a certain number of miles.

- A program that pays health club dues.
- A program that rewards employees who attain wellness-related goals with additional vacation days.

Examples of programs that would be subject to HIPAA's requirements are:

- A program that rewards participants with reduced premium contributions from their paycheck.
- A program that provides a lower deductible for participants who meet program goals.

On June 3, 2013, the Departments of Health and Human Services, Labor and the Treasury issued final rules on "Incentives for Nondiscriminatory Wellness Programs in Group Health Plans." The revised rules apply to plan years starting on or after Jan. 1, 2014, and are discussed below.

For this purpose, there are two types of wellness programs: a participatory program and a health-contingent program. A participatory program does not condition eligibility for a reward upon a participant's ability to meet a health standard. In other words, the reward is based on wellness program participation only. This type of program is permissible if participation in the program is available to all similarly situated individuals. Examples of participation-only wellness programs include receiving a premium discount for attending educational sessions, waiving a copayment for completing a physical exam, reimbursing employees' gym membership fees and contributing an amount to a health flexible spending account (FSA) or health reimbursement arrangement (HRA) for completing a health risk assessment. An employee is eligible for the reward regardless

of the exam results or assessment report. The employee does not have to satisfy any health standard to receive the reward.

The second category of wellness programs provides a reward for satisfying a health standard, which is called a health-contingent program. The final regulations issued in June further subdivide health-contingent programs into two subcategories. The first subcategory is an activity-only program, which requires an employee to perform or complete a health-related activity. Examples include walking, diet or exercise programs. The second subcategory is an outcome-based program, which requires an individual to attain or maintain a specific health outcome to receive the reward. Examples include providing a reward if an employee is a nonsmoker or has a certain cholesterol level.

Health-contingent wellness programs, including both activity-only and outcome-based programs, must meet five criteria to comply with HIPAA's requirements for bona fide wellness programs.

1. Effective Jan. 1, 2014, the maximum reward provided may not exceed 30 percent of the total premium cost. If the program is designed to eliminate or reduce tobacco usage, the reward may be up to 50 percent of cost. Previously, the maximum reward could not exceed 20 percent of cost. The cost is based on both the employer and employee contributions for self-only coverage. If family members are included in the wellness program, the employer may determine the reward based on the cost of family coverage. If the employer were provided a reward in the form of a premium reduction, this means that the amount of the differential for attaining the health standard cannot be more than 30 percent of the cost of the single-only

Continued on Page 4

"Compliance FAQ" continued from Page 3

group medical premium. If the health standard is to be a non-tobacco user, the differential can be up to 50 percent of total premium.

2. The program should be designed to "promote health and prevent disease." The employer should have written documents explaining the program and its purpose.

3. Participants must be offered an opportunity at least once annually to meet the standard and thus qualify for the reward.

4. The employer must offer a reasonable alternative standard for obtaining the reward to individuals who are unable to attain the wellness goal/health standard. In other words, the employer must provide an alternative way for an employee to receive the reward other than performing a physical activity or meeting a specific health standard. For an activity-only program, the employer must provide a reasonable alternative to any employee for whom it is unreasonably difficult due to a medical condition to satisfy the standard or medically inadvisable to attempt to satisfy the standard. The employer may request a medical certification verifying such.

For an outcome-based program, a reasonable alternative must be provided to all individuals who do not meet the initial standard. For this subcategory, there is no requirement for an employee to provide a medical certification. This is a new requirement under the final regulations. Previously, an alternative only needed to be provided for those with a medical certification.

If the alternative standard is to attend an educational program, the employer must help locate the program and pay any associated fee. The new regulations provide that if the employee completes the alternative after the program year has begun, he or she is still entitled to the full reward amount. This means that employees completing the alternative standard midyear would be entitled to the reward retroactively back to the program start date.

5. All program materials must include information on the availability of a reasonable alternative standard. Model language is available.

Additionally, pursuant to guidance from the Equal Employment Opportunity Commission, please note that an employer should not condition group health plan eligibility on completion of a health risk assessment or attainment of a health standard. Participation in a wellness program must be voluntary, as should completion of a health risk assessment. Rewards may be provided for such activities, but employees cannot be required to participate or otherwise be excluded from health plan eligibility.

This article is a high-level overview of the legal requirements related to bona fide wellness programs. The guidelines are discussed in greater detail in our white paper "Agencies Issue Final HIPAA Wellness Program Rules Under ACA." To request a copy of the white paper or the model language for the reasonable alternative standard, please contact your advisor.

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