FAMILY OFFICE BECOMES MAJORITY OWNER OF MANUFACTURING BUSINESS AND SAVES 6 FIGURES ON HEALTH INSURANCE PREMIUMS

Bryson Financial Due Diligence Provides a Creative Cost Reduction Solution

CLIENT

Los Angeles Family Office - majority owner/operator of an Inland Empire specialty bottling manufacturer

SCENARIO

Los Angeles Family Office - majority owner/operator of an Inland Empire specialty bottling manufacturer The Family Office targets private equity investment as a component of its portfolio. In 2014, it acquired a majority stake in a growing, family-run manufacturing business, offering both a capital infusion and operations guidance to fuel growth. When faced with a 24% increase in medical insurance premiums, the Family Office reached out to Bryson Financial.

DISCOVERY

The manufacturing business maintained the same insurance broker for 10 years. With a prime focus on retaining existing benefit levels, annual premium increases were assumed and accepted. Bryson Financial was brought in to conduct its intensive due diligence process. The manufacturing company, with $10M in annual revenues, was facing a large annual increase in premiums due to age banded rates prescribed by the Affordable Care Act. Age banding means that there will be a different rate for every different age from 21 to 65. Even spouses and children will have their own rate and the total family rate will be determined by adding

SOLUTION

Bryson Financial went to work exploring options that would reduce the age banding requirement. Even though the company has only 60 employees, we looked at applying strategies normally reserved for larger companies.

OUTCOME

Bryson Financial developed a creative solution for the Family Office and its portfolio company. We combined a partial self-insured option as well as negotiating better traditional rates for a total annual savings of 40% or $115,000 per year - now in the third year of stable rates.

Even with the dramatic cost savings, employees and management enjoy the same benefits under the previous plan.

BETTER TRADITIONAL RATES

SAME BENEFITS AS PREVIOUS PLAN

$115K

ANNUAL SAVINGS PER YEAR