



AND JUST LIKE THAT - IT'S 2025!

We hope you had an amazing and restful holiday season and that you are ready to join us as we tackle the New Year. Let me begin by thanking you for your continued support. We are excited to enter our 12th year supporting your HR Work Tech needs. This year, we have added staff and technology solutions.

CONSOLIDATION HIGHLIGHTS

The big news in early 2025 is the acquisition of Paycor by Paychex. The SMB space is likely to experience more consolidation over the next 24 months—easier to buy it than build it, and a lot of money has been sitting on the sidelines looking for a new home.



On the advisor side, Gallagher has been on a buying spree and over the last twelve months has acquired agencies and work tech solutions. Specifically, Gallagher has acquired IBTR which may impact how competing brokers use IBTR as both a reseller and as a consultant. In addition, Gallagher acquired Assured Parters at a cost of \$13.5 Billion.

Selerix acquired Syncstream, a large ACA provider. We anticipate there will be substantial changes in ACA compliance and reporting as a result of changes being discussed by the new administration. It is likely those changes will take place in 2026, and everyone is getting ready in order to take advantage of lower cost and reduced penalties.

KEEP AN EYE ON THESE SOLUTIONS



Aptia is a relatively new entrant in the stand alone ben admin space serving clients of 3000 or more employees.



Rippling is aggressively pursuing middle and small market payroll business in addition to offering PEO solutions.



Exiting a PEO? 4mybenefits offers a PEO exit strategy in addition to client side support for ben admin implementations.



Workday is seriously in the middle market space with pricing and implementation support for these smaller clients.



Fidelity is offering a new ben admin solution for their 401K clients. This is the third time they have approached this market and, this time, we think it works!

3 THEMES FOR 2025



AI — Artificial intelligence is the new black. It touches everything we do, and it is impacting the way we use our tech software.



Consolidation — Money that has been sitting on the sidelines has deployed, and we are experiencing significant changes based on M&A activity. Research provided by Sapient shows that employers now have 21 HR related applications (in 2019 that number was 8). Ownership and integrations of these apps are changing who and how we engage.



New Pricing Models — Just when you were accustomed to PEPM pricing, vendors are exploring hybrid models that allow for pricing based on consumption; implementation pricing runways and client side support.

OUT WITH THE “OLD”

The new administration is likely to make a number of changes that will impact how payroll and benefits are administered. While these changes will not likely be required until 2026, you will need to evaluate and select solutions this year. Our short list at the moment:



Employee classification —employee or independent contractor? This will impact how payroll is processed and to whom benefits are provided.



Leave management—paid vs unpaid and special accommodations presently required for families and pregnant workers. This will impact payroll, job protection; and the full suite of leave management solutions. National vs state requirements are under review.



Overtime pay —the threshold for overtime pay eligibility will impact timekeeping and payroll.



ACA Management —with potential changes to the ACA come revisions to reporting 1094/1095 and time keeping.

We will be prepared to provide alternative solutions as needed!

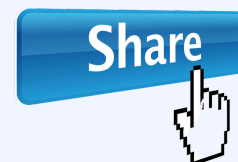
LMCIS - HERE TO HELP

Rethinking your technology strategy?

Let us help with an agency specific plan that showcases your best carrier and solutions partners. Our technology partners have changed dramatically.

Retained basis or one group at a time.
Let us know what your needs are.

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SHARE THE KNOWLEDGE

If you are sharing this with a colleague, invite them to join our community. Send us the contact information and we will add them to our list.

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