

# MONTHLY BENEFIT

News and Developments  
Employee Benefits

## JCT Report on Retirement Program Proposals

The Joint Committee on Taxation released [\*Present Law and Background relating to Tax-Favored Retirement Saving and Certain Related Legislative Proposals\*](#), which was prepared for a Senate Finance Committee hearing on helping Americans prepare for retirement by increasing access, participation, and contributions. The report also discusses economic issues relating to retirement plans, provides data on retirement savings, and examines legislation aimed at preserving savings and making them last through retirement.

## Upcoming Key Dates

**3/31/16** – Extended date for first notification by applicable large employers and health insurers to group health plan participants about calendar year 2015 offers of and enrollment in coverage.

**4/30/16** – Deadline for sponsors of defined contribution preapproved plans to adopt new or restated plans and, if applicable, submit applications for individual determination letters.

**5/31/16** – Extended date for first filing (on paper) to IRS by applicable large employers and group health insurers about calendar year 2015 offers of and enrollment in coverage.

**6/15/16** (fiscal years beginning after) – Application of GASB Statement 74 by governments to calculate the present value of retiree healthcare liabilities.

**6/30/16** – Extended date for first filing (electronically) to IRS by applicable large employers and group health insurers about calendar year 2015 offers of and enrollment in coverage.

## Legislative Activity on the Benefits Front

Following Senate approval of an amended bill (H.R.3762) to repeal significant parts of the Affordable Care Act, the House cleared the “Restoring Americans’ Healthcare Freedom Reconciliation Act” by a vote of 240-181 and sent the measure to the President. As expected, the President vetoed the legislation; Congress does not have the votes necessary to override the bill, which comes closest to Republican efforts to dismantle the Administration’s signature law on domestic policy. Republicans – particularly those striving for the White House in November – are making the case to voters that a GOP President and a larger majority in Congress would be able to repeal Obamacare.

Some of the provisions in the bill would have:

- repealed the employer and the individual mandates;
- repealed the premium assistance tax credits for lower-income individuals to purchase health insurance;
- repealed the excise tax (the “Cadillac” tax) on high-cost employer-sponsored healthcare coverage;
- allowed individual health savings accounts and arrangements to pay for over-the-counter medications and lift the cap on salary reduction contributions to health flexible spending accounts under a cafeteria plan; and
- eliminated the additional Medicare tax assessed on high-income households.

## Planning for the FY2017 Budget/Appropriations Bills

Republican leaders in the House and Senate have turned their attention to the budget for fiscal year 2017, which begins Oct. 1. They hope to move quickly on a budget resolution, to enable the Appropriations Committees to produce 12 bills that would set spending for the various federal agencies, rather than an omnibus or a consolidated bill that has been the practice in recent years. Doing so will require agreement on the spending levels, despite some Republicans pushing for spending cuts or offsets rather than going along with the two-year budget accord approved in the fall of 2015. Congress this year also has a truncated schedule, largely due to the November election. The House and Senate plan to be in recess from mid-July through Labor Day, and then out again during October through the week following the elections.

Meanwhile, the President will send his budget proposal to Congress on Feb. 9. He hinted at a few retirement, health, and related benefit policies during his State of the Union address, with additional details released since then. The Administration’s proposal will include legislative and regulatory changes to expand retirement savings programs, particularly for small employers, through “open multiple employer plans” that would allow unrelated employers to join pooled 401(k) plans. On health, the White House is expected to call for adjustments to the Cadillac tax according to geographic region, notwithstanding growing support to repeal the tax, including from some Democrats.

## FASB Accounting News

The Financial Accounting Standards Board proposed the following updates:

- [Compensation – Retirement Benefits – Defined Benefit Plans – General \(Subtopic 715-20\): Changes to the Disclosure Requirements for Defined Benefit Plans](#); and
- [Compensation – Retirement Benefits \(Topic 715\): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost](#).

FASB also issued [Accounting Standards Update 2016-01: Financial Instruments – Overall \(Subtopic 825-10\), Recognition and Measurement of Financial Assets and Financial Liabilities](#), which affects public and private companies, not-for-profit organizations, and employee benefit plans that hold financial assets or owe financial liabilities.

## CRS Report on Health-Related Tax Expenditures

The Congressional Research Service released [Health-Related Tax Expenditures – Overview and Analysis](#), which notes that the “implicit subsidies” in the tax code for private and publicly provided healthcare are “sometimes overlooked in public debates.” The report aims to provide insights into these tax expenditures by analyzing historical data estimates.

## CFPB Issues Guide on Pension Payout Options

The Consumer Financial Protection Bureau posted [Key Tips to Consider if Choosing a Lump-Sum Pension Payout](#) to help consumers who are offered an option of taking a pension in a lump sum at retirement. The posting includes links to documents on seeking help from a financial professional and on how taking a lump sum could affect an individual’s retirement security.

## Conference on Aging Report

The White House issued the [2015 Conference on Aging Final Report](#), which specifies the steps the Administration will take to advance retirement security, healthy aging, and related issues. Among the initiatives being undertaken on retirement security are: building on the rollout of myRA accounts for people without a workplace retirement plan; facilitating state efforts to provide workplace-based retirement savings opportunities; and requiring retirement advisers to put their clients’ interests first.

## Regulatory Roundup

### Jointly from the Departments of Treasury and Health and Human Services:

- A [fact sheet](#) providing information on available tools regarding the Affordable Care Act’s (ACA) tax filing responsibilities.

### From the Department of Treasury/IRS:

- [Proposed rule](#), providing nondiscrimination relief for closed defined benefit plans and additional changes to retirement plan nondiscrimination requirements.
- [Proposed rule](#), on applying the normal retirement age regulations to governmental pension plans.
- [Notice 2016-16](#), on mid-year changes to a 401(k) and 401(m) safe harbor plans.
- [Notice 2016-14](#), on the ACA’s health insurance provider’s fee for expatriate health insurance.
- [Notice 2016-06](#), on the transit benefit and qualified parking exclusion parity after Dec. 31, 2014.
- [Notice 2016-03](#), announcing upcoming guidance in light of the agency’s 2017 changes to the determination letter program.
- [Private Letter Ruling 201605006](#), on the treatment of an unsubsidized lump sum from a defined benefit plan and a lump sum equal to the account balance of a defined contribution plan when the plans are aggregated for nondiscrimination testing.
- [Reporting and Disclosure Guide for Employee Benefit Plans](#), summarizing basic requirements for retirement plans.
- [AIR Submission Composition and Reference Guide, v. 4.0](#), on composing and submitting health enrollment and coverage forms to the IRS.

### From the Department of Labor:

- [Administrator’s Interpretation 2016-1](#) on joint employers’ responsibilities and obligations under the Fair Labor Standards Act, along with [Fact Sheet #28N](#), covering the Family Medical Leave Act.
- [Selecting an Auditor for Your Benefit Plan](#) to help plan administrators select an auditor and review the audit work and report.

### From the Pension Benefit Guaranty Corporation:

- [Revised forms and instructions](#) for reportable events reporting.
- A web posting announcing that the agency can now process [2016 PBGC premium filings](#) through My PAA.
- [2015 Annual Report of the PBGC’s Participant and Plan Sponsor Advocate](#), which offers recommendations on four participant issues and five plan sponsor issues.

### From the Department of Health and Human Services:

- [Proposed rule](#) to expand access to analyses and data that could help providers, employers, and others make more informed decisions about healthcare delivery.
- Proposed 2017 Medicare Advantage, Prescription Drug Plan, Employer/Union-Only Group Waiver Plan (EGWP) [applications and instructions](#).
- A [notice](#) announcing the federal poverty levels for 2016.

### From the Equal Employment Opportunity Commission:

- [Proposed rule](#) to revise the Employer Information Report (“EEO-1”) to collect pay data by employee race, gender, and ethnicity from large employers to reveal potentially discriminatory pay practices.
- [Draft proposed rule](#) with enforcement guidance on retaliation against employees and related issues under federal employment antidiscrimination laws.

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