

MONTHLY BENEFIT

News and Developments
Employee Benefits

Milliman 2014 Pension Study

Milliman released its 2014 *Pension Funding Study*, which analyzes the 100 largest U.S. corporate pension plans. In 2013, the plans experienced historic improvement, with liabilities decreasing by 7.5% and assets improving by 9.9%, representing a \$198.3 billion improvement in the funded status deficit from 2012. The year was a “win-win” for most sponsors, with those having higher equity allocations performing the best.

www.milliman.com

Upcoming Key Dates

5/1/14 – First day the IRS will accept applications for individual determination letters from employers under the second six-year remedial amendment cycle for defined contribution preapproved plans.

5/31/14 – Deadline for Cycle C determination letter applicants who timely filed an intent to adopt a preapproved cash balance plan to withdraw their applications and request a user fee refund.

6/15/14 (fiscal years beginning after) – Effective date of GASB Statement 68, *Accounting and Financial Reporting for Pensions*, for public-sector pension plan sponsors and governmental nonemployer contributing entities.

6/30/14 – Last day of permitted use of IRS pre-December 2013 Forms 5300 and 5310 for requesting determination letters.

7/1/14 (plan years beginning on/after) – Applicable date of the Mental Health Parity and Addiction Equity Act final regulations.

7/1/14 (with earlier application permitted) – Applicable date of IASB’s *Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)*.

Legislative Activity on the Benefits Front

Congress in March approved and sent to the President the following bills:

- The “Protecting Access to Medicare Act” (H.R.4302), which provides for Medicare physician reimbursements for one year. This “doc fix” bill includes a repeal of the Affordable Care Act’s (ACA) annual deductible limits for employer-sponsored plans in the small-group health insurance market.
- The “Cooperative and Small Employer Charity Pension Flexibility Act” (H.R.4275), which establishes special funding rules for defined benefit retirement plans sponsored by nonprofit cooperative associations and small charitable organizations.

The President will sign both bills. *Separately*, the President signed a memorandum directing the Secretary of Labor to begin the process of addressing overtime pay protections. The memorandum instructs the Labor Secretary to update regulations on who qualifies for overtime protection.

House and Senate Advance Bills

The House approved the following bills, with Senate consideration expected:

- The “Equitable Access to Care and Health Act” (H.R.1814), which would provide an additional religious exemption from the ACA’s individual mandate for those who attest that their “sincerely held religious beliefs” would cause them to object to medical care covered by the law’s minimum essential coverage requirement (but not treatment or examinations required by law or third parties, such as a prospective employer);
- The “Hire More Heroes Act” (H.R.3474), which would allow employers not to take into account, under the ACA’s employer mandate, employees with coverage under TRICARE or the Veterans Administration; and
- The “Protecting Volunteer Firefighters and Emergency Responders Act” (H.R.3979), which would similarly exclude such personnel under the ACA’s employer mandate.

H.R.3979 has become the vehicle to provide emergency unemployment benefits, under an agreement reached on a bipartisan basis in the Senate. The bill, which is slated for a final vote in early April, also includes provisions to extend the pension funding relief under the “MAP-21” law and to permit prepayment of PBGC premiums. House action on this revision or on the bill’s underlying unemployment extension is uncertain.

Revised Definition of “Full-time” Work Set to Advance

The “Save American Workers Act” (H.R.2575), which would replace the ACA’s 30-hour per week threshold for classification as a full-time employee with a 40-hour per week requirement, is set to be considered by the full House in early April. Although the bill has strong support from Republicans, seven Democrats are cosponsors. The White House has said the President will veto the measure if it reaches his desk.

Public Pensions

The U.S. Census Bureau's *Quarterly Survey of Public Pensions: Fourth Quarter 2013* found that the 100 largest public pension funds had cash and security holdings totaling \$3,191.5 billion in the fourth quarter of 2013, the highest level since the agency began collecting data in 1968. Employee contributions had a quarter-to-quarter increase of 25.5%, from \$8.3 billion to \$10.4 billion in the fourth quarter of 2013, and a year-to-year increase of 0.8%, from \$10.3 billion in the fourth quarter of 2012.

www.census.gov

GASB Toolkit

The Governmental Accounting Standards Board released an online toolkit designed to help preparers, auditors, and users of state and local government financial reports understand and apply the revised pension accounting and financial reporting standards that were approved in June 2012. The toolkit complements the one released in November 2013 to implement GASB Statement No. 67, Financial Reporting for Pension Plans.

www.gasb.org

Money Market Fund Reform

The Securities and Exchange Commission released staff analyses on money market fund reform, examining: liquidity during crisis periods; government money market fund exposure to nongovernment securities; municipal money market funds exposure to parents of guarantors; and demand and supply of safe assets in the economy.

www.sec.gov

Criminal Background Checks

The Equal Employment Opportunity Commission and the Federal Trade Commission co-published:

- *Background Checks: What Employers Need to Know*, which reminds employers that they must comply with federal laws protecting applicants and employees from discrimination, and explains how to dispose of such information.
- *Background Checks: What Job Applicants and Employees Should Know*, which explains the federal laws and advises employees or job applicants how to contact the appropriate agencies if an employer has broken the laws.

www.eeoc.gov

Regulatory Roundup

Jointly from Treasury, Labor, and Health and Human Services:

- *Request for information* on the Affordable Care Act's (ACA) provision prohibiting a group health plan or health insurer from discriminating against a healthcare provider "who is acting within the scope" of his or her state license or certification.

From the Department of Treasury/IRS:

- *Final rule* on the ACA's information reporting requirements, providing guidance on the reporting of minimum essential coverage and of healthcare coverage (see [Client Action Bulletin 14-4R](#)).
- *Final rule* explaining when a payer is designated to perform the acts required of an employer and is liable for employment taxes for individuals performing services for the payer's client.
- *Revenue Procedure 2014-28*, updating procedures for the IRS's issuance of opinion and advisory letters for 403(b) prototype and volume submitter plans.
- *Notice 2014-24*, providing a temporary safe harbor for entities reporting expatriate health insurance premiums when determining the ACA health insurance providers' fee.
- *Announcement 2014-16*, stating that the IRS will accept applications for individual determination letters under the second six-year remedial amendment cycle for defined contribution preapproved plans starting May 1, 2014, and ending Apr. 30, 2016.
- *Chief Counsel Memorandum 201413005*, providing guidance on health flexible spending arrangement (FSA) carryovers and eligibility for a health savings account; and *CCM 201413006*, correcting procedures for improper health FSA payments.
- A *web posting* that provides information on the consequences of using unreasonable assumptions in actuarial certifications of post-retirement medical benefits.

From the Department of Labor:

- *Proposed rules (and fact sheet)* that would require covered service providers to furnish a guide to help plan fiduciaries review the disclosures required by the final regulations if the disclosures are contained in multiple or lengthy documents.
- *EBSA Could Improve Its Usage of Form 5500 Data (Report No. 05-15-003-121)*, a report from the DoL's Office of Inspector General.

From the Pension Benefit Guaranty Corporation:

- *Final rule* that generally requires small plans to base the variable-rate premium on prior year data, coordinates the due date for terminating plans with the termination process, and expands premium penalty relief.

From the Department of Health and Human Services:

- *Final rule* governing insurance on the health exchanges in 2015, which includes the transitional risk reinsurance program fee that insurers and self-funded plans must pay.
- An *announcement* that noncompliant health plans in the small group and individual insurance markets have an additional two years to comply with the ACA requirements.

From the Equal Employment Opportunity Commission:

- A *final rule* providing the inflation-adjusted penalty for violations of the notice-posting requirements in the 1964 Civil Rights Act, the Americans with Disabilities Act, and the Genetic Information Nondiscrimination Act.
- *Question-and-answer guide* and *fact sheet* on workplace rights and responsibilities regarding religious dress and grooming under Title VII of the 1964 Civil Rights Act.

From the Department of Commerce:

- *Interim final rule* providing temporary requirements on becoming a certified person able to use the Death Master File.

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