

MONTHLY BENEFIT

News and Developments

Employee Benefits

Tax Reform: Retirement Plans

The Senate Finance Committee's five bipartisan working groups on tax reform released their reports, with the Savings and Investment group citing three key policy goals: increasing access to tax deferred retirement savings; increasing participation and levels of savings; and discouraging leakage while promoting lifetime income. The options for legislation include: "open" multiple employer plans; expanded tax credits for employer sponsorship; changes to the rules for long-term, part-time employees; a tax exclusion of annuity payments; and enhanced lifetime income options in defined contribution plans.

www.finance.senate.gov

Upcoming Key Dates

9/1/15 (first day of open enrollment beginning on or after) – Application of the final rule on summary of benefits and coverage, for those enrolling or reenrolling in coverage.

9/30/15 – Expiration of E-Verify program that is mandatory for federal contractors and some employers in 19 states that require its use.

10/1/15 – Implementation of ICD-10 standard code sets and procedures by group health plans that engage in electronic transactions.

10/30/15 – New deadline to submit on-cycle applications for preapproved defined benefit plans, and opening of preapproved plan program for cash balance plans.

11/1/15 – 2016 open enrollment begins for health insurance under the ACA exchanges.

11/15/15 – Second annual reporting of enrollment of covered lives (for 2015) by self-insured and insured group health plans under the ACA transitional reinsurance program, as well as deadline to make final payment for 2014 if paying under the split schedule.

*This August **Monthly Benefit News and Developments** covers developments through Aug. 5; with Congress in recess until Sept. 8, the next MBND will be the October issue.*

Legislative Activity on the Benefits Front

Facing a July 31 expiration of funding for highway programs, Congress voted for, and the President signed into law (P.L.114-41), a short-term extension (H.R.3236, the "Surface Transportation and Veterans Health Care Choice Improvement Act") that includes two items of interest for some benefit plan sponsors:

- a four-year extension, through 2025, of the tax code and ERISA provisions that allow employers to transfer excess defined benefit plan assets to retiree medical accounts and group-term life insurance accounts; and
- permission for employers to disregard employees who have medical coverage under TRICARE (or certain other VA health programs) when determining whether the employer meets the 50-worker threshold to be considered a "large" employer under the Affordable Care Act's (ACA) employer responsibility requirements.

Benefits and Related Items in Tax "Extenders" Proposal

The Senate Finance Committee approved a "tax extenders" bill (unnumbered) that would extend through 2016 more than 50 tax provisions that expired at the end of 2014 or that will expire on Dec. 31, 2015, including:

- parity for employer-provided transit and vanpool benefits, so that the monthly exclusion would increase from \$130 to the parking benefits level of \$250, while newly expanding the present-law exclusion for qualified bicycle commuting reimbursements to include employer reimbursements of expenses employees incur for using a bicycle-share program for commuting;
- the small-employer tax credits for making differential wage payments for activated military reservists, and newly expanding the credit availability to employers of any size and increasing the credit from 20% to 100% of eligible differential wage payments (up to \$20,000); and
- other business tax credits, such as those available for hiring specified targeted groups (e.g., Native Americans, the long-term unemployed), and the ability of small employers to allocate certain research and development credits as a payroll tax credit.

The full Senate could act on the extenders bill in September. Meanwhile, the House Ways and Means Committee has yet to develop a comparable bill. Rep. Paul Ryan (R-WI), the chairman of the committee, is likely to do so unless he is able to move forward this year with a tax reform measure (either comprehensive or focused only on international matters), about which he remains optimistic.

FASB Update

The Financial Accounting Standards Board released Accounting Standards Update No. 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient* (consensuses of the Emerging Issues Task Force), which apply to employee benefit plans with fiscal years beginning after Dec. 15, 2015 (with earlier adoption permitted).

www.fasb.org

Public Pension Funds

The U.S. Census Bureau's *Annual Survey of Public Pensions* offers a comprehensive look at the financial activity of state- and locally-administered defined benefit pension systems, including cash and investment holdings, receipts, payments, pension obligations, and membership information.

www.census.gov

BLS on Savings/Thrift Plans

The Bureau of Labor Statistics' *Beyond the Numbers: Selected Characteristics of Savings and Thrift Plans for Private Industry Workers* finds that the prevalence of these types of plans increased 10 percentage points from 2009 to 2012, unlike other types of defined contribution plans, which prevalence did not change significantly.

www.bls.gov

Workplace & Financial Literacy

The Government Accountability Office's *Financial Literacy: The Role of the Workplace* (GAO-15-639SP) summarizes discussions at a forum held earlier this year that covered: the role and effectiveness of the employer in promoting financial literacy; how best to serve low-income and other underserved populations; and the federal government's role in supporting these efforts.

www.gao.gov

Multiemployer Pension Plans

The Congressional Research Service's *Multiemployer Defined Benefit Pension Plans: A Primer and Analysis of Policy Options* includes data on participation, funding levels, and funding options.

www.fas.org

Regulatory Roundup

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

- *Final rule* on women's and other preventive services coverage and cost sharing under the Affordable Care Act.

From the Treasury/IRS:

- *Notice 2015-53*, updating the static mortality tables for defined benefit pension plans for 2016.
- *Notice 2015-52*, addressing the taxpayers that are liable for the 40% excise tax on high-cost health plans and the allocation of the tax among applicable employers.
- *Notice 2015-49*, prohibiting defined benefit pension plans from replacing a joint-and-survivor annuity, a single-life annuity, or other annuity that is currently being paid to participants with a lump-sum payment or other accelerated form of distribution.
- *Announcement 2015-19*, describing significant changes to the determination letter program for tax-qualified retirement plans (see [Benefits Alert 15-2](#)).
- A *web update* providing guidance on if and how single-employer defined benefit pension plan sponsors may change a plan year to delay the effect of the PBGC premium increases under the MAP-21 law.
- A *web posting* and an article in the *Employee Plans News* newsletter announcing that the Employee Plans unit no longer will accept technical questions through email or via Customer Account Services.

From the Department of Labor:

- *Field Assistance Bulletin 2015-02*, clarifying plan sponsors' fiduciary obligations when selecting an annuity product for a defined contribution retirement plan.
- *Administrator's Interpretation 2015-1: The Application of the Fair Labor Standards Act's "Suffer or Permit" Standard*, which analyzes the FLSA's determination of workers as "employee" or "independent contractor."

From the Pension Benefit Guaranty Corporation:

- *Proposed rule* amending the annual financial and actuarial information reporting regulations (under ERISA section 4010) to codify changes made by recent laws.

From the Department of Health and Human Services:

- An *announcement* projecting that the average premium for a basic Medicare Part D prescription drug plan in 2016 will remain stable, estimated at \$32.50 per month.
- *The 2015 Medicare Trustees Report*, which projects that the trust fund that finances Medicare's hospital insurance coverage will remain solvent until 2030, unchanged from 2014 but with an improved long-term outlook from last year's report.

From the Securities and Exchange Commission:

- A *final rule* requiring publicly traded companies to disclose the ratio of their chief executive's annual pay to the median annual pay of all their employees.
- A *proposed rule* that would require publicly traded companies to adopt policies governing the return of erroneously awarded incentive-based compensation paid to executive officers.

From the Social Security Administration:

- *Final rule* on the revised government pension offset regulations affecting individuals who receive governmental pensions and worked in jobs not covered by Social Security.
- *The 2015 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, which presents the financial status of the Social Security trust funds and notes that the OAS portion has enough money to pay full benefits until 2035, a year later than last year's report, but that the DI portion faces an urgent threat of reserve depletion.

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