



# {Employee Benefits Update.}

Michigan Community College Business Officers - Fall 2012 Workshop

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# Employee Benefits Update

## A little about our practice...

- We assist clients with design, implementation and ongoing compliance of retirement and welfare plans.
- We assist clients identify and work with health & welfare and retirement vendors.
- Provide support for payroll and payroll tax compliance related issues.

# Employee Benefits Update

## What we'll cover today...

- We will cover current issues and planning opportunities we are seeing related to:
  - Health Care Reform - Reporting
  - MPERS Reforms
  - Other issues
    - PA 152, PA 106, Deferred compensation issues

# Employee Benefits Update

## Health Care Reform

- The health care reform legislation adds a number of reporting obligations for employers, insurers and health plans
  - W-2 reporting
  - Self-insured plan participant-level reporting
  - Minimum essential coverage reporting

# Employee Benefits Update

## Health Care Reform

- W-2 Reporting
  - Employers must report the “aggregate cost” of “applicable employer-sponsored coverage”
    - Required only if you issue 250 or more Forms W-2
  - Beginning with Forms W-2 issued in January 2013
  - “Applicable employer-sponsored coverage” generally means benefits excluded from income under IRC 106, or that would be excluded from income if paid by the employer

# Employee Benefits Update

## Health Care Reform

- W-2 Reporting
  - Exceptions include
    - Long-term care
    - Stand-alone vision or dental coverage
    - Certain excepted benefits (e.g., accident, etc.)
    - HRA benefits (transitional)
    - Salary reductions under a health FSA

# Employee Benefits Update

## Health Care Reform

- W-2 Reporting
  - Employers should be...
    - Tracking amounts to be reported
    - Working with TPA's, agents, etc. to determine the amount to be reported
    - Coordinating with payroll providers to ensure appropriate amounts are reported

# Employee Benefits Update

## Health Care Reform

- Health care reform requires any person who provides “minimum essential coverage” to an individual to report certain information to the IRS
  - Beginning on or after January 1, 2014 (first report to be filed in 2015)
  - Generally applies to insurance carrier
    - However, applies to employers in the case of self-insured plans
  - We are still awaiting guidance



# Employee Benefits Update

## Health Care Reform

- Health care reform requires employers to report to the IRS whether they offer their employees “minimum essential coverage”
  - Beginning on or after January 1, 2014 (first report to be filed in 2015)
  - Generally applies to any “large” employer (i.e., 50 or more full time employees)
  - We are still awaiting guidance

# Employee Benefits Update

## MPSRS Reforms

- Public Act 300 is expected to shrink the long-term unfunded liabilities facing MPERS by more than \$15 billion
  - State projections indicated that without changes, retirement cost would top 35 percent of payroll by 2016
  - Changes include increased employee contributions and limits choices available for employees and changes to retiree health
  - Litigation is pending...stay tuned

# Employee Benefits Update

## MPSRS Reforms

- Employee options include
  - Maintain current calculation but pay a higher rate
  - Pay a higher rate until 30 years of service then revert to current rate and a multiplier of 1.25 on years over 30
  - Maintain current contribution and earn a 1.25% future service credit
  - Freeze current pension and move to dc plan (4% employer contribution)
  - Litigation is pending...stay tuned

# Employee Benefits Update

## Other Issues

- Michigan Public Act 152 limits public employer's expenditures for employee medical benefit plans
  - Generally an 80% hard cap of the total annual costs
  - Employers should have already incorporated this change – or with the next collective bargaining agreement
  - Employers should consider providing lower cost options (e.g., qualified high deductible plans with HSA component)

# Employee Benefits Update

## Other Issues

- Michigan Public Act 106 still applies
  - Now includes proof of compliance
  - Requires bids from at least 4 carriers (including 1 VEBA) at least every 3 years
  - Remember, the Act does not require employers to act on bids
    - There may be different methods of complying with the Act to minimize work and associated direct/indirect costs of compliance

# Employee Benefits Update

## Other Issues

- Deferred compensation arrangements
  - 457(b) opportunities and pitfalls
  - 457(f) opportunities and pitfalls

Questions?



Thank You.

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most. C'mon, no one's perfect.

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