UNIVERSITY CONFERENCE SERVICES

October 2014 Benefits Spotlight

The Long View on Employer-Provided Benefits

Before we become totally immersed in this year's open enrollment season, it may be a good time to look at the challenges and opportunities that lie ahead for employee benefit plans. In this issue, we highlight the American Benefits Council's strategic perspective on how employers, employees and government should approach benefits to keep up with the changing dynamics of the employer-employee relationship and global competition. We also offer a look at some "here and now" concerns and responsibilities that we hope you'll find helpful--or at least informative!

An Updated Perspective on Employer-Provided Health and Retirement Benefits

The American Benefits Council recently released "A 2020 Vision: Flexibility and the Future of Employee Benefits," a strategically focused plan that sets forth principles and policy recommendations to ensure the long-term sustainability of employer-provided benefits. Building on its 2004 public policy plan, "Safe and Sound: A Ten-Year Plan for Promoting Personal Financial Security," the new plan acknowledges the changing regulatory, legislative and global competitive forces that have affected employee benefits in the ten years since the earlier plan's publication. Most notably, A 2020 Vision moves away from focusing strictly on personal financial security to embrace the concept of personal health and financial well-being, where health and retirement benefits are no longer viewed as residing in separate and distinct silos. In the new plan, both are seen as integral parts of employee income protection tools that also integrate other benefits such as life insurance, disability and long-term care. Citing the need for continuing favorable tax treatment of employer-sponsored benefits as its central tenet, the new document spells out 46 specific policy recommendations, including:

- Re-definition of "highly compensated" employees to avoid sweeping middle-income wage earners into the category
- A new safe harbor default contribution of 6% for sponsors of 401(k)/defined contribution plans and elimination of the 10% auto escalation cap
- Reducing or combining the number of retirement plan information disclosure requirements
- An increase in DC plan catch-up contribution limits and lowering of eligibility to age 45
- Establishment of financial education as a secondary school graduation requirement
- Government support of national goals and benchmarks for healthcare quality improvement that encompasses outcomes-based research and evidence-based medicine
- Greater quality and price transparency in the healthcare system
- Repeal or modification of COBRA in light of PPACA's impact on the availability of coverage in the individual health insurance market
- Repeal of PPACA's automatic enrollment mandate
- Repeal or modification of the excise tax on high-cost health plans

A copy of "A 2020 Vision" is available **here**.

Retirement Delayed

A **September 2014 report** by TowersWatson discusses dynamics in the U.S. labor market and elsewhere that are changing retirement patterns worldwide. According to the article, delaying retirement is becoming more common as today's less physically demanding jobs enable people to continue working beyond the age of workers in the past. Then, too, economic necessity factors into retirement decisions. Without the luxury of a defined benefit plan, some "near retirees" are inadequately prepared to finance their retirement. Many are still trying to shore up the deficits in their savings caused by the 2008 financial crisis or inadequate savings rates. Delayed retirements and the later entry into the workplace by younger adults who may have decided to stay in school rather than compete in today's tight job market are both contributing to what the article calls "old age labor force participation." While some employers may welcome and even encourage key employees to postpone retirement, the article's profile of those most likely to continue working past typical retirement age indicates they may not be the employees that employers want to stick around. According to the author, older employees who are disengaged from their employers or who are in ill health are more likely to say they will delay retirement, reflecting financial need rather than the desire to remain engaged and actively involved in their occupations. In short, they cannot afford to give up their salaries or their healthcare benefits. The article concludes that employers need to encourage good saving habits early on in workers' careers to ensure their long-term financial security.

Help in Obtaining a Health Plan Identifier (and understanding those terms!)

The Center for Medicare and Medicaid Service (CMS) offers a **quick reference guide** on their website with step-by-step instructions for obtaining a controlling health plan (CHP) health plan identifier (HPID) under HIPAA. The guide explains that to obtain a Controlling Health Plan Health Plan Identification (CHP HPID), website visitors can use the CMS Enterprise Portal, access the Health Insurance Oversight System and apply for the HPID. The compliance deadline for obtaining the identifier is coming up quickly: November 5, 2014, is the deadline for controlling health plans. Small controlling health plans--those with claims totaling $5 million or less--have another year to obtain an I.D. Confused about what all of those terms mean? You will find more information on HPIDs, including links to definitions of "controlling health plan" and "sub-health plans," **here**.

The Last Word

And now SCOTUS will have the last word on how long fiduciaries can be held responsible for their decisions to keep imprudent investments in 401(k) plans. The U.S. Supreme Court has agreed to review Tibble et al. vs. Edison International et al. to settle conflicting decisions between lower courts on how to interpret ERISA's statute of limitations on fiduciary breach lawsuits. Don't look for an answer soon, though. It's likely to be June before the Supremes hand down their decision.