UNIVERSITY CONFERENCE SERVICES

September 2014 Benefits Spotlight

It's a Changing World for Employer-Provided Health and Retirement Benefits

Employer-provided benefits have always had challenges to overcome, but the years between 2008 and 2014 have produced more than a few shock waves to the system. It seems we have been lurching from one "crisis" to another. Runaway increases in healthcare premiums pre-dated the financial meltdown. And while the Great Recession reduced the rate of increase in healthcare costs, it caused serious damage to that other benefit--the 401(k) retirement savings account. People nearing retirement in those dark days took a big hit, as did the reputation of the 401(k) industry. Then came the Patient Protection and Affordable Care Act in 2010, a catalyst for huge changes in healthcare and the cause of angst--whether real or imagined--among employers and health benefits experts. It's within this perceived context of crisis that the Employee Benefit Research Institute (EBRI) held its 74th Policy Forum this past May. The Forum brought together an array of benefits experts, congressional and executive branch staff and representatives from academia and labor who delved into the current and future status of retirement readiness, employer-provided healthcare and the emerging concept of financial wellness programs. Their conclusion: While the sky is not falling, there is uncertainty ahead in the benefits arena. Insurance exchanges--whether those created by the ACA or by private sector companies--will, over time, have an impact on employer-provided health care; but experts seem to agree the change will be gradual. In the retirement realm, it seems that Gen Y workers have the best chance of achieving a stable retirement since they have the longest time horizon for contributing to their 401(k) plan--assuming they make continuous contributions and roll over account balances as they move from job-to-job over their careers. The outcome may be different for Gen Xers who haven't already gotten into the savings habit. But they, too, have an opportunity to make up for lost time as the financial responsibilities associated with their stage of life--raising a family and buying a home--take less of a bite from their incomes. As for Baby Boomers, they are either set for retirement or not. Some who have the luxury may opt to delay retiring; most will at least be able to rely on Social Security. The Forum also highlighted financial wellness, a workforce management strategy that employers may consider in the future. According to the experts who participated in this discussion, offering these types of programs can be a win-win for the employer and employee. The employer wins with a more productive, engaged workforce; and employees win with reduced levels of stress, both physically and fiscally. A summary of the Forum's presentations can be found in EBRI's August 2014 ***Issue Brief***.

ACA's Employer Shared Responsibility - Brush Up Now Before the 2015 Effective Date

While the outlook for the future of employer-provided benefits may be cloudy, it's fairly plain to see that it's time to make plans to comply with the Affordable Care Act's Employer Shared Responsibility provision. If it has been some time since you reviewed this aspect of the law, you might want to consider a refresher in the form of an **IRS Q&A** issued in February 2014. The questions are grouped into 10 categories covering everything from which employers are subject to the provisions to calculating any payments that may be due.

For a quick reference guide to the effective dates of the ACA's other provisions that apply to group health plans, see Sibson Consulting's **ACA Timeline for Employers: 2014-2017**.

The Last Word

If you haven't heard by now, ERISA turned 40 years old in early September. Is that a good or bad thing? It depends on who you talk to, as this **article** in P&I Online demonstrates.