



Compliance Update



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Compliance Update

- Health and Welfare
- Wellness
- Retirement



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Health and Welfare

- The Patient Protection and Affordable Care Act (PPACA) Fees for 2017
- Paid Family Leave - NYS
- IRS proposed opt out rules
- 5500 proposed changes



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PPACA Fees and Taxes

1. PCORI Fee

- Patient-Centered Outcomes Research Institute (PCORI)
- Applies to both fully insured and self-funded plans
- Funds research

2. Health Insurance Industry Fee

- Applies to fully insured plans only
- Suspended in 2017
- Funds federal and state exchanges

3. Reinsurance Fee

- Collected over 3 years starting in 2014
- Applies to both fully insured and self insured plans
- Funds a reinsurance pool
- No provision to continue tax in 2017

4. Excise “Cadillac” Tax

- 40% tax on high cost coverage
- Delayed from 2018 to 2020



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Paid Family Leave

- Provides paid time off to care for a new child or a sick family member
- Applies to all private-sector employers, regardless of size
- Funded entirely by *employee* contributions

Effective	Benefit (EE AWW)	Maximum (state AWW)	Length
2018	50%	50%	8 weeks
2019	55%	55%	10 weeks
2020	60%	60%	10 weeks
2021`	67%	67%	12 weeks



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IRS Opt Out Rules

- Employer offering cash payment for those employees that waive employer coverage
- 1/1/2017 opt out payments are included as part of employee's contribution when calculating affordability which makes more difficult to achieve
- “Conditional “ Opt-out are those based on the availability of other coverage such as through a spouse
- If “Conditional” & employee provides reasonable evidence of other coverage payment is disregarded for purposes of affordability



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Proposed Modernization of Form 5500

- Under 100 for health and welfare
- Would remedy the current failure to collect data about a large sector of health plans
- Need Plan Documents to be in order
 - Wrap document



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CMS Data Match

Letter from CMS – DO NOT IGNORE IT !!

- Confirming active employees taking Medicare coverage
- If working for an employer with 20+employees, group plan primary, not secondary
- Cannot provide incentive for medical eligible participant to take medicare vs. group plan



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EEOC Issues Final Rules on Employer Wellness Programs

- ADA and GINA applications:
 - Effective January 1, 2017
 - Maximum Incentive for Health Contingent Programs:
 - 30% the cost of self-only coverage for the employee's participation
 - Spouses can earn the same incentive as the employee
 - Safeguarding of Health Information:
 - Employers may only receive aggregate data
 - Employers must distribute a notice describing how participants' privacy and information is protected



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Retirement Plans

- Who is a fiduciary?
- Plan Pricing
- Benchmarking
- 3rd party Investment Monitoring
- Money Market Reform
- DOL Fiduciary Definition



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Fiduciaries

- Who are they?

Functional Duties

- Implementing plan related decisions
- Carrying out processes and procedures in regard to plan management
- Acts carried out on behalf of the plan
- Selection of provider, investments or investment manager

Non-Functional Duties

- Decision to establish a plan
- Include plan features
- Terminate a plan
- Business decisions in regard to a plan

- What are their responsibilities?
- What is their liability?



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Plan Pricing

- Confirm all vendors providing services
 - Investment Manager
 - Recordkeeper
 - Administrator
 - Advisor
 - Auditor
 - Attorney
- Understand all plan costs
- Confirm value for services

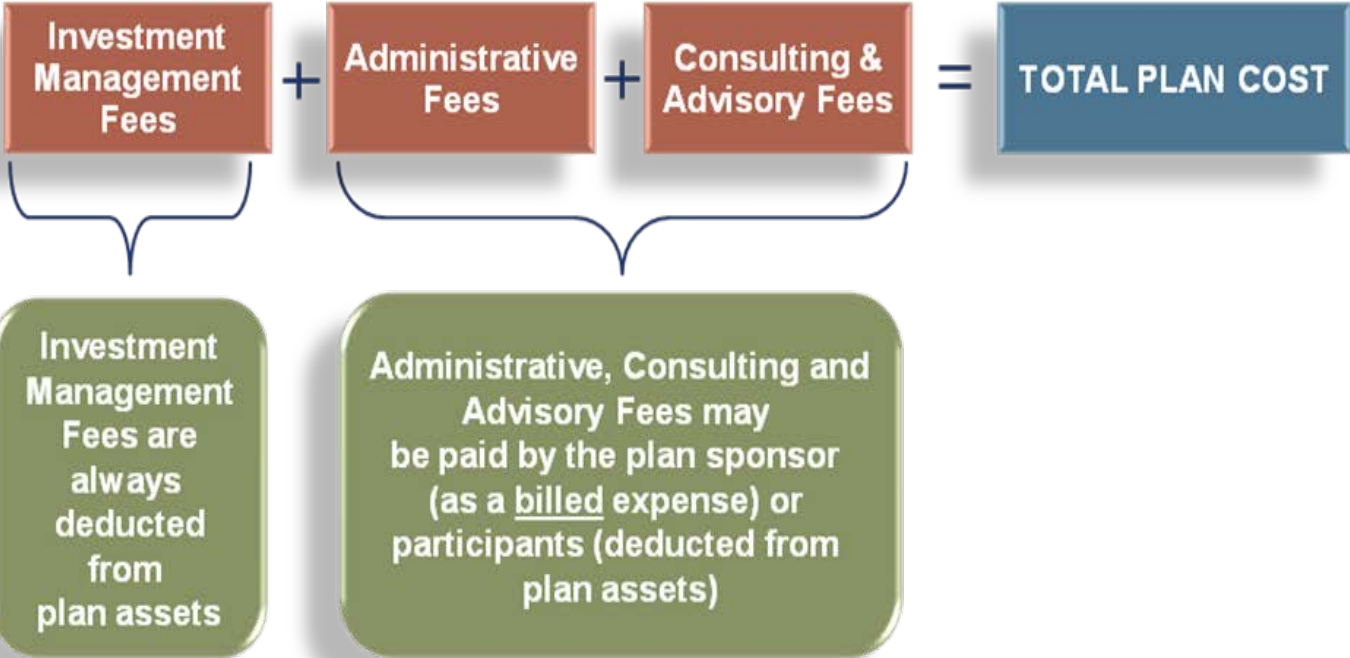


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Fees & Expenses



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Share Classes



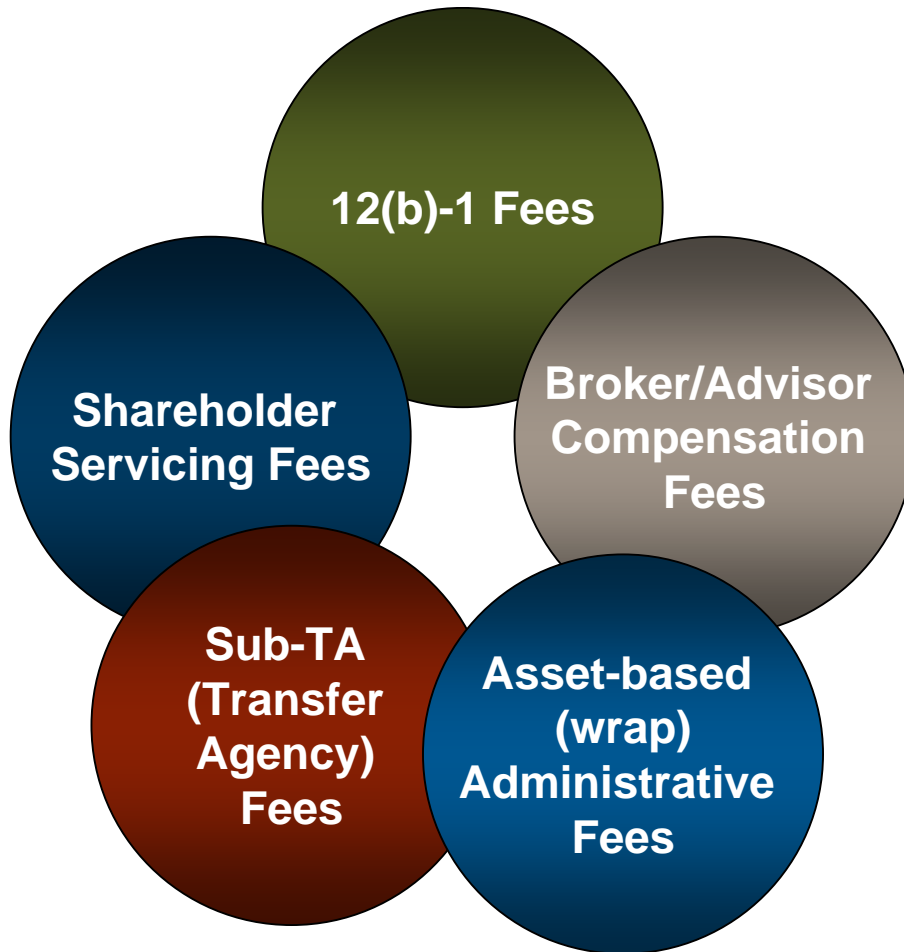
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<i>Name</i>	<i>Description</i>
A	Standard share class. Might include 12(b)-1 fee. No loads or sales charges
I	"I" = Institutional share class. Typically the next lowest expense class below "A"
B & C	Applies only to very small plans (<\$1M) and individual type investment accounts
R1 – R5	"R1" typically has the highest expense, decreasing with R2, R3, R4 and R5 share classes
Y, L, Z, N, S, etc.	Many investment providers have developed their own investment share class terminology that is <u>not</u> consistently applied across 401(k) industry products

Revenue Sharing



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Collection of Fees

- Bill to employer
- Collect from participant accounts



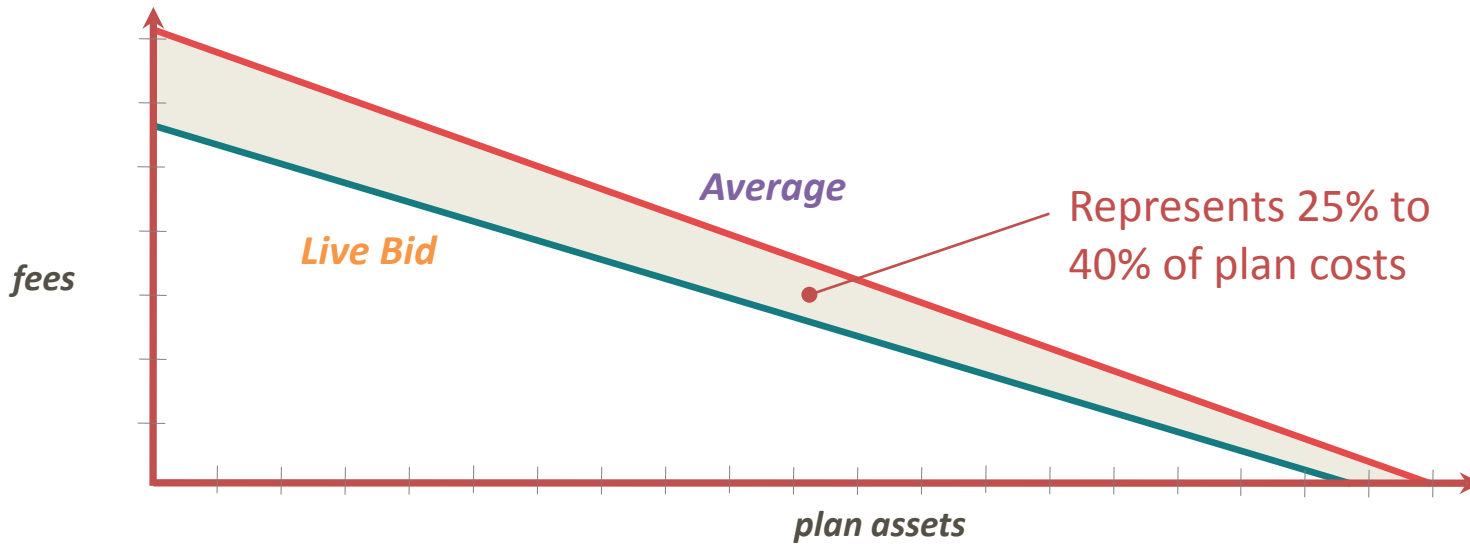
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	Revenue Sharing	Fee Deduction
How is it collected?	Built into investment expenses	Either pro-rata based on account balance or flat-dollar per participant
What does the participant see?	Lower returns from investments	Line-item on statement



Benchmarking



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Investment Monitoring

1 Process

2 Document

3 Third Party



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Money Market Reform

- SEC's money market reform overview
 - New distinctions between institutional and retail money market funds
 - Some funds may implement liquidity restrictions and redemption fees
 - Some funds will no longer have stable \$1 NAV

Fund type	Floating net asset value (NAV)	Liquidity fee/redemption gate
U.S. Treasury		
U.S. government		
Retail tax-exempt		X
Retail prime		X
Institutional tax-exempt	X	X
Institutional prime	X	X



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Money Market Reform

- Understand how money market reform may impact your plan
- Consider other cash alternatives
 - Stable Value
 - Guaranteed/Fixed Account
- Develop participant communication plan



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DOL Definition of Fiduciary

- Established under ERISA
- DOL expanded definition

Result

- More difficult to provide advice to the plan and provide advice to participants

Result

- Plan sponsors will likely seek different advisors at plan level than participant level

Result

- Plan level advisors likely to shift to fee-based model vs. commission-based



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Questions?

Thank you!



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