

MONTHLY BENEFIT

News and Developments

Employee Benefits

Upcoming Key Dates

12/15/17 – Open enrollment ends for health insurance purchases on the ACA exchanges, for coverage to be effective beginning on 1/1/2018.

12/15/17 (annual periods after) – Effective date of FASB accounting rule on pension costs for publicly traded companies, unless earlier adoption is elected.

1/1/18 – PBGC flat-rate premiums for single-employer plans increase to \$74 per participant by statute, and variable-rate premiums increase to \$38 per \$1,000 of unfunded vested benefits, capped at \$523 per participant. Multiemployer plan premiums remain at \$28 per participant.

1/1/18 (plan years beginning on/after) – Required use of IRS updated mortality tables by single-employer plans for calculating lump-sum distributions and, unless relying on available one-year delayed relief, for funding and related purposes.

1/1/18 – Applicability date of the DoL's final rule on disability benefits claims procedures (note: a 90-day delay has been proposed).

1/1/18 – DoL begins enforcement of most of its fiduciary/conflict-of-interest final rule.

1/31/18 – Deadline for various tax filing, tax payments, retirement plan and group health plan requirements under extended relief for victims of recent disasters.

2/28/18 – Deadline to submit request to use substitute mortality tables by single-employer pension plan sponsors.

4/30/18 – Deadline for publicly traded companies to provide pay-ratio disclosures on SEC Form 10-K and/or registration, proxy, or information statements for fiscal years beginning on or after 1/1/2017.

Legislative Activity on the Benefits Front

After months of work to set a fiscal year 2018 spending plan, the House and Senate voted to approve a budget resolution that will permit passage of a tax reform bill with a simple majority under budget reconciliation rules in the Senate. The resolution approved does not include mandatory spending cuts and permits the House Ways and Means and the Senate Finance committees to cut up to \$1.5 trillion in taxes without offsets over the 10-year budget window.

The budget resolution (H.Con.Res.71) is not sent to the President and does not become a law. Rather, it provides a blueprint for spending and policy issues for Congress to address.

A House tax bill is expected to be released in early November, followed soon after by formal consideration in the Ways and Means Committee. A separate Senate proposal will be offered a week or two after the House version is unveiled. Congressional Republican leaders are optimistic that they will be able to deliver a final bill to the President in December.

Because tax cuts appear to be a major focus, questions remain on what tax code provisions – including employee retirement and health benefits, along with other programs offered in an employment context – could change, either in the name of simplification or for the revenues needed to pay for the tax cuts. One idea that has been floated is to limit the amount that may be contributed on a tax-deferred basis to 401(k) and similar plans; however, the President voiced his opposition to such a change.

FY2018 Appropriations Funding

While tax reform remains a top priority for the Republicans, work continues on another major concern: appropriations measures to fund the federal agencies beyond Dec. 8, when the temporary funding enacted in September expires. As that deadline nears, there will be added pressure to package the individual bills into an omnibus bill, leaving open the question of whether certain provisions will survive. For example, the House-approved bill (H.R.3354) funding the Labor Department would reverse the fiduciary/conflict-of-interest rule while the Senate version (S.1771) at this time contains no similar language.

President's Decisions on the ACA

The President signed an Executive Order, "Promoting Healthcare Choice and Competition across the United States" directing regulators to draft rules to: allow small businesses to band together to buy insurance across state lines; let insurers sell short-term, non-Affordable Care Act-compliant plans; and permit workers to use funds from employer-sponsored health reimbursement accounts to pay for insurance on the ACA exchanges.

The President also announced the immediate discontinuation of the ACA cost-sharing reductions that covers copayments and out-of-pocket expenses for low-income individuals. The reimbursements to insurers remain the subject of a legal dispute and have been a key to stabilizing the ACA marketplace. Although there is some support for a bipartisan Senate bill to authorize the reimbursements and make other changes that would provide greater flexibility under the ACA, no formal action has been scheduled.

Public Pension Funding

Milliman's *2017 Public Pension Funding Study* finds that as of June 30, 2017, the estimated aggregate funded ratio of the nation's 100 largest public pension plans is 70.7%, up from 67.7% at the end of the plans' latest reported fiscal years (generally June 30, 2016). Total assets at the plans' fiscal year-ends were reported at \$3.19 trillion, and as of June 30, 2017, are estimated to have jumped to a combined \$3.44 trillion, thanks to strong market performance in late 2016 and early 2017. The study notes that at their latest fiscal year-ends, the plans reported an aggregate total pension liability of \$4.72 trillion; this figure is estimated to have risen to \$4.87 trillion as of June 30, 2017.

CBO Reports on Retirement, Social Security

The Congressional Budget Office's *Measuring the Adequacy of Retirement Income: A Primer* explains the various measures and approaches for quantifying the adequacy of retirement income, providing a framework for further analysis. The CBO also issued *Changes to CBO's Long-Term Social Security Projections Since 2016*, which indicates a slight improvement in the financial outlook for Social Security since the projections made in July 2016. And the CBO released *2017 Long-Term Projections for Social Security: Additional Information*, in lieu of publishing a separate report providing additional information on the agency's long-term projections for Social Security.

GAO on the Nation's Retirement System

The Government Accountability Office released *The Nation's Retirement System (GAO-18-111SP)*, which explores how trends in retirement security affect the nation and why, if no action is taken, a retirement crisis could be looming. The report examines the fundamental changes that have occurred in the retirement system since the enactment of ERISA and summarizes the GAO's recently published work on three key challenges facing workers: obtaining access to workplace retirement savings plans, accumulating sufficient retirement savings, and ensuring financial resources throughout retirement. The GAO notes that the current system may be unable to ensure adequate benefits for a growing number of Americans and describes how the nation's piecemeal approach to addressing retirement security challenges may no longer be sufficient.

Regulatory Roundup

Disaster Relief:

- The IRS and the Pension Benefit Guaranty Corporation released additional relief for individuals and businesses affected by the recent hurricanes and the California wildfires, including: IRS [Announcement-17-15](#), [Notice 2017-62](#), [IR-2017-172](#), [SC-2017-01](#) and [LA-2017-03](#); and PBGC [Disaster Relief No. 17-19](#), [Disaster Relief No. 17-18](#), and [Disaster Relief No. 17-17](#).

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

- An [interim final rule](#) to expand the ACA's exemptions for contraceptive coverage to protect the religious beliefs and moral convictions of individuals and a similar [interim final rule](#) covering entities. Relatedly, the DoL issued a [notice](#) seeking comments on the contraceptive coverage changes under the President's Executive Order issued in May.

From the Department of Treasury/IRS:

- [Final rule](#) prescribing updated mortality tables to be used by single-employer defined benefit plans, along with [Notice 2017-60](#) setting forth the mortality table to be used during a one-year transition period and the mortality table to be used to calculate certain optional forms of payments beginning in the 2018 plan year, and [Revenue Procedure 2017-55](#) on obtaining approval to use plan-specific mortality tables in lieu of the standard mortality tables (see [Client Action Bulletin 17-3](#)).
- [Revenue Procedure 2017-58](#), providing the inflation adjustments for various tax provisions (e.g., certain fringe benefits) for the 2018 tax year.
- [Revenue Procedure 2017-57](#) on obtaining IRS approval for a change in single-employer and multiemployer defined benefit pension plans' funding methods and [Revenue Procedure 2017-56](#) on automatic approval of a funding method change for single-employer defined benefit plans.
- [Notice 2017-67](#) on "qualified small-employer health reimbursement arrangements."
- Revised [Notice 2017-64](#), providing the inflation-adjusted amounts for qualified retirement plan limits for 2018 (see [CAB 17-4](#)).
- [Notice 2017-61](#), announcing the Patient-Centered Outcomes Research Institute (PCORI) fee (\$2.39 per covered life) for plan years that end on or after Oct. 1, 2017, and before Oct. 1, 2018.
- [2017 Instructions for Forms 1094-C and 1095-C](#), the forms used to report and transmit information on healthcare coverage by an "applicable large employer" under the ACA's employer shared responsibility requirements.
- [Publication 5258](#) (Rev. 10/2017), an updated reference guide to ACA Information Returns (AIR) submissions.
- [Memorandum for Employee Plans Examination Employees](#), directing examiners not to challenge a qualified retirement plan for a violation of the required minimum distribution requirements relating to missing participants if the plan takes steps the memo outlines.

From the Department of Labor:

- A [proposed rule](#) that would delay the applicability of the final rule on disability benefits claims procedures until Apr. 1, 2018.

From the Pension Benefit Guaranty Corporation:

- An [announcement](#) of the 2018 premium rates.
- A new [pilot program](#) to offer mediation in certain Termination Liability Collection and Early Warning Program cases.

From the Social Security Administration:

- An [announcement](#) and [fact sheet](#) on the 2% cost-of-living adjustment for benefits in 2018 (see [CAB 17-4](#)).

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