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Regional Counselor Visits Now Being Scheduled

Employers with Preferred Visit Dates Should Contact the Division

Counseling staff in the Division of Retirement and Benefits will begin setting their FY13 travel schedules and budgets in May. Any employer with requests for a specific time of year for a regional counselor visit should contact [Larry Davis](#), Counseling Supervisor.

March Benefits Fair Very Successful

The March Benefits Fair held in Fairbanks was a great success with over 800 people in attendance.

Sessions offered this year included retiree health plans, Medicare, Supplemental Annuity and Deferred Compensation plans, retirement processing, and a retirement application workshop. Sessions on Social Security benefits and investment education offered by Great-West Retirement Services were also provided.

Some feedback from attendees:



"Representatives were knowledgeable, patiently answered questions, friendly and were interested in giving helpful information."

"I think that seminars like these should be mandatory for all new employees. I came from the private sector and had no idea what PERS/SBS or any of my benefits were about. It should be part of the new hire process."

"Employers should encourage their employees to attend seminars offered by the Division of Retirement and Benefits. You can help them take the mystery out of how to plan and prepare for retirement in the future."

Benefits Fairs allow employees to learn about their benefits while gaining additional information they may not have ever thought to ask. Employees who were unable to attend a benefits fair can learn more by attending a [retirement seminar](#) offered throughout the year, by making an [appointment with a retirement counselor](#), or they can attend the next benefits fair offered in their area.

Understanding the Calculation of the Health Reimbursement Arrangement (HRA) Amount

PERS (Tier IV) and TRS (Tier III) members participate in the Health Reimbursement Arrangement Plan (HRA). The HRA is employer funded. Employer contributions are placed into individual member accounts. When a member becomes eligible they may use their HRA account to reimburse qualifying health care expenses. The HRA Plan is codified in Alaska Statute (AS) Article 5, Section 39.30.300 through 39.30.495. Some important items of the plan include:



1. Established for PERS/TRS members who first become a member of either plan on or after July 1, 2006, who were non-vested defined benefit members who converted to the PERS/TRS DCR Plan or who are defined benefit members working for a participating employer that only participates in the PERS/TRS DCR Plan.
2. Allows for reimbursement of eligible medical care expenses from special purpose savings accounts established for eligible persons.
3. Is employer funded; no member contributions allowed.
4. The Alaska Retirement Management Board (ARMB) is the fiduciary of the fund.

Only participating PERS and TRS employers can make contributions to the HRA, and they must be made on a schedule that coincides with the employer's payroll period. Employers have asked why they must contribute a flat dollar amount per employee rather than an amount based on a percentage of compensation.

The Division is not able to provide a percentage rate for the HRA employer cost because the Internal Revenue Code (IRC) prohibits discrimination based on salary. IRC Section 105(h) prohibits discrimination with respect to both eligibility and benefits in the HRA plan:

- For eligibility nondiscrimination, the HRA plan cannot discriminate in favor of highly compensated individuals if the plan meets either a percentage test or a classification test. Basically, the HRA plan should not discriminate based on job description or salary.
- For benefits nondiscrimination, all of the benefits which are provided for participants who are highly compensated individuals (and their dependents) must also be provided for all other participants (and their dependents). In this case, the HRA plan should not discriminate based on salary. What one eligible person gets in benefits, the whole group gets in benefits.

In order to be nondiscriminatory, the HRA plan was set up so that each eligible person in the plan receives the same dollar amount of benefit regardless of position, wages paid, or employer. If a calculation was based on a percentage, the eligible person who makes \$1,000/month would receive a lower HRA employer contribution than the eligible person who makes \$3,000/month.

AS Section 39.30.370 states that “For each member of the plan, an employer shall contribute to the Teachers’ or Public Employees’ retiree Health Reimbursement Arrangement plan trust fund an amount equal to three percent of the average annual compensation of all employees of all employers in the Teachers’ Retirement System and Public Employees’ Retirement System.” That is why the HRA amount is the same for each eligible member no matter the salary, position, or employer.

While the HRA flat dollar amount may be troublesome for the calculation of employer charges, it is a necessity to make sure all members benefit equally.

FY 2013 Health Reimbursement Arrangement Amounts Now Available

Health Reimbursement Arrangement (HRA) amounts have been updated on the [Employer Contribution Rates Web page for fiscal year 2013](#). Once at the Web page, click on the "HRA Amt - DBUL Calc" link in the box near the top of the page to see the amounts.

eReporting Updates Moving Forward

Since the Employer Conference, we have made great progress in improving eReporting. We took the feedback we received from employers and made updates to accommodate your needs.

Some updates include:

- A payroll may now be **created** 30 days prior to the pay period end date. This will allow you to enter hire, LWP, and STAT events as they occur. This change should decrease errors on events and accommodate every employer.
- A payroll can be **submitted** 20 days prior to the pay period end date. This upgrade was necessary to accommodate school districts and for reporting during winter break. **Please note:** The Division of Retirement and Benefits cannot process the payroll more than seven days before the pay period end date.
- Intelligence has been added to error handling. Now when you receive an error, the type of error will be identified. Errors now include validation, import, payroll, and adjustment errors.

PERS and TRS Handbooks Available at Alaska.gov/drb

Share with Employees in the Defined Benefit Plans



PERS and TRS Information Handbooks are available for download from the Division of Retirement and Benefits Web site. Since the Division no longer prints the handbooks for distribution, it is important to share these links with employees on a regular basis. The information in the handbooks is valuable and clearly explains the PERS (Tier I, II, and III) and TRS (Tiers I and II) programs for employees.

- [PERS Handbook](#)
- [TRS Handbook](#)

Employees without Internet access, should [contact the Division](#) toll-free at (800) 821-2251 or in Juneau at (907) 465-4460 for a printed copy of the PERS or TRS Handbook.

Who to Contact

[Contact the editor](#) with questions or suggestions about this newsletter. [Archives to 2008](#) are available.

- [Audit Section](#) (907) 465-5707
- [eReporting/Payroll Processing](#)
- [Financial Education and Advice Services](#) (800) 232-0859
- [Health and Optional Benefits Section](#) (907) 465-4460

- [Retirement Counseling Services](#) (907) 465-4460
- [Retirement Customer Service Center](#) (907) 465-4460
- [HealthSmart \(formerly Wells Fargo TPA\)](#) (877) 517-6370

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