

---

# New York Metropolitan Area Chapter-ISCEBS



*e-Newsletter Second Quarter (and a Few Extra Days) 2007*

---

## **A MESSAGE FROM THE PRESIDENT...**

We are almost halfway through 2007. During this quarter, we have already presented two educational programs: Pension Protection Act - Decoded and Form 5500 Filing Preparation Workshop. A program to be hosted by MetLife is planned for the end of June.

In May, the Chapter presented its Health and Welfare Plan Fundamentals. This one-day seminar is designed for recent entrants to the employee benefits field and more experienced benefits professionals seeking to reinforce their skills and to keep current with the constantly changing environment of the industry. The success of the program was due to our chairperson, Stacy Isquith-Donck, our speakers, and our attendees. We hope that our Retirement

and Pension Plan Fundamentals Seminar in the fall will be just as successful.

As you know, the chapter is composed of volunteers. We would like to thank all of the chapter members who have offered to serve on our committees and the companies that have provided speakers or have hosted our educational meetings.

We look forward to offering interesting programs during the rest of 2007 and we hope that you will continue to support us.

Pamela C. Lee, CEBS  
2007 President, New York Metropolitan Area  
Chapter – ISCEBS  
pamclee@optonline.net

\* \* \*

## **New York Metro Area Chapter – ISCEBS 2007 Board of Directors**

President:	Pamela C. Lee, CEBS
Vice President:	Edwin J. Buehner, CEBS
Treasurer:	Louis F. LiBrandi, CEBS
Secretary:	Fred Farkash, CEBS
Past President:	George L. Bueno, CEBS
Directors:	Stacy Isquith, CEBS Randi Weingarten, CEBS Joseph Remeika, CEBS Arthur Grutt, CEBS

\* \* \*

**We would love to hear from VOLUNTEERS! If you are interested, please contact Mary Jo at: [silent@worldnet.att.net](mailto:silent@worldnet.att.net)**

\* \* \*

## **IN THIS ISSUE...**

President's Letter.....	1
ISCEBS-NY Metro – 2007 Board.....	1
Pension Protection Act - Decoded .....	2
2007 ISCEBS Symposium .....	2
Form 5500 Developments.....	2
Health & Welfare Plan Fundamentals ..	3
Interview with an ISCEBS Graduate ....	4

## The Pension Plan Protection Act - Decoded

May 1, 2007

**Omar Aridi**, Regional Vice President of Ameriprise Financial Services provided an update on the Pension Protection Act (PPA). Omar's presentation focused on the provisions of PPA having the greatest impact on individuals as participants in a Retirement program. Ameriprise provided handouts regarding the PPA for the audience and concluded their presentation by offering a "roof top" tour of the building. We think that may have been a first for the chapter.

**Michael Sangirardi**, Senior Financial Advisor for Ameriprise Financial Services, Inc. accompanied Omar and gave a brief presentation on the types of services a financial planner might typically provide to compliment employer sponsored services in this area.

\* \* \*

## 26<sup>th</sup> Annual ISCEBS Symposium

September 16-19, 2007  
Westin Hotel • Seattle, WA

Register Now!

<http://www.iscebs.org>

## Form 5500 Developments

May 31, 2007 – Hosted by Bank of America

**Sandy Wheeler**, Director of Global HR Solutions, National Technical Consulting Unit at PriceWaterhouseCoopers reviewed the preparation and processing of Form 5500s, reviewed the changes to the 2006 Form 5500 and instructions, discussed how to report delinquent participant contributions and mentioned the electronic filing requirements and proposed revisions for the future.

Form 5500s are annual reports of employee health & welfare and retirement benefit plans that are used to satisfy the annual reporting for the DOL, IRS and PBGC. They are due on the last day of the 7<sup>th</sup> month after plan year-end with extensions permitted for an additional 2½ months. For 2006, Schedule P has been eliminated and there have been changes to lines 6 & 7 and Schedule B to reflect interest rate changes due to the new Pension Plan Protection Act.

It is considered a prohibited transaction if participant contributions are not remitted to the plan at the earliest date on which such contributions can reasonably be segregated from the employer's general assets with a maximum outer limit of 15 days of the month following the month in which the contribution was made (pension plans) and within 90 days following the contribution for welfare plans. If a filing is deficient or flagged for other reasons, a rejection letter is sent. If it is not responded to within the specified time frames, penalties may be assessed.

In July 2006, DOL finalized regulations that would require electronic filing of the 2008 Form 5500 due in 2009. It is expected that this deadline will be delayed since DOL has not yet identified a contractor. Along with the electronic filing, the Form 5500 filing requirements are expected to be significantly modified.

\* \* \*

# Health And Welfare Plan Fundamentals

May 23, 2007

Legislative Update presented by **William B. Duff**, Katten Muchin Rosenman LLP

According to ERISA, a Welfare Plan is defined as a plan providing medical, surgical, hospital care or other benefits for sickness, accident, disability, death, unemployment, vacation, apprenticeship and other training programs, day care centers, scholarship funds, prepaid legal services and certain holiday and severance benefits.

Electronic distribution of plan documents and Summary Plan Descriptions is allowed if conditions of consent, confidentiality, notice, receipt, and paper copy availability are met.

Section 409A of the Internal Revenue Code specifies that if Deferred Compensation as the legally binding right of any service provider to payment of compensation in one taxable year that will actually be paid in a later taxable year. If such Deferred Compensation does not meet an applicable exemption under section 409A, both the form and the timing of the benefit must be specified in advance to avoid taxes and penalties. This applies not only to benefits in the form of cash payments, but also to other non-cash benefits including health continuation coverage, outplacement services, and legal fee reimbursements.

Life and Disability presented by **James Garrity**, Genworth Financial

A discussion of the various plan designs for group term life insurance, Accidental Death & Dismemberment, Dependent Life, Voluntary Life, and Retiree Life took place. Plans can range from a multiple of earnings to a benefit based on occupational class or a combination of both. When designing a plan, a basic life maximum, maximums without requiring Evidence Of Insurability (EOI), age reductions, premium waivers, accelerated death benefits, and conversion need to be determined.

Disability plans are important in order to protect earnings in the event of disability due to illness or injury. For disability, plan provisions include elimination periods, benefit percentages, maximum benefits, integration and duration of benefits, pre-existing limitations, definition of disability, employee versus employer contributions to the premium, claim adjudication, conversion privileges, and reserves for future claims.

Employer Sponsored Health Care Programs, presented by **Mary Harrison**, Buck Consultants

Health insurance is the largest non-wage component of total compensation. The evolution of medical plans has consisted of Indemnity Plans to Network Plans such as PPOs, HMOs, and POSs, to the current Consumer Directed Plans and HRAs/HSAs. How employers can finance the cost of providing employee benefits and how health plans can finance the cost of reimbursing doctors are ongoing issues. Employers have used fully insured or self-insured arrangements based on what is tolerable in their organization and health plans have used fee for service or forms of capitation for provider payments. Managing utilization in addition to managing price is critical.

On a positive note, the rate at which healthcare costs are increasing appears to be on the decline.

Flexible Benefits Programs, presented by **Len Comberiate**, The Great Atlantic & Pacific Tea Company

In this presentation, the history of Flex plans was discussed in addition to the steps to implement a Flex Plan, the types of Plans, non-discrimination issues, reporting issues, communication, and what we can expect in the future regarding Flex Benefits.

In 1978, Section 125 of the IRC was established. This enabled employees to choose between receiving cash (a taxable benefit) and certain non-taxable benefits ranging from premium only plans to a more comprehensive approach. Different types of benefits (some of which can be part of a section 125 flexible benefit plan) are subject to additional rules under the following IRC sections—105 (h): self-funded medical; 79: life insurance; 129: dependent care; 137: adoption care FSA; 132: transit plans; and 105: disability, vision, and dental.

When performing the non-discrimination testing for the dependent care FSA, employees earning less than \$25,000 may be excluded. Basically, the average deferral for non-highly compensated employees must be at least 55% of the average deferral of highly compensated employees. Form 5500s are not required for section 125 and 137 plans.

\* \* \*

## Interview with an ISCEBS Grad Latricia Parker, Estee Lauder

*Recently ISCEBS-New York Board Member Randi Weingarten, CEBS had the opportunity to present a series of interview questions to fellow CEBS graduate, Latricia Parker of Estee Lauder. Following are Ms. Parker's responses based on those interview questions.*

---

I started in the Benefits field 21 years ago as an intern at Avis Rent A Car. I worked at the then world headquarters location and had the responsibility of keying in employee 401(k) elections into the recordkeeping system and other clerical duties.. After I graduated from Hofstra University, I was hired full time as a Benefits Clerk. Of course, holding a front line position, I interacted with employees at all levels. I enjoyed describing the various plans to employees and was particularly satisfied when employees walked away with resolution to their problem or a greater understanding of how the plans worked. It was during this time that I decided that I wanted to pursue a career in Employee Benefits. (Later in my career, my satisfaction would be derived from participating in the design of those programs and communicating the value of the benefit plans to employees). It would be about 7 years before I would learn of the CEBS program.

Sometime in the early 90's I began working on my designation-- back when the tests were not computerized (smile). The curriculum interested me because it gave me exposure to all aspects of the Benefits Field. I was young in my career and not sure what area of Benefits I wanted to specialize in. My experience at that time was primarily in Group Benefits. Over the next few years, I focused more on my career and my schedule became very demanding. Participating in classroom

study was increasingly becoming a challenge. Online classes did not work well for me either. Finally, I found that home study fit my schedule best and I used that approach to complete my designation. I received my CEBS designation in December of 2006. I also received the RPA and GBA designations as well.

Do I apply what I have learned in my day-to-day job? Absolutely. Because it took me so long to complete my CEBS designation, I have also had the benefit of applying what I have learned over the last decade! For those areas of benefits that were not within my scope, the program provided a basic understanding of the concepts that supported a particular area of concentration. In my current role as Director of Benefits Administration, I have the responsibility of delivering the US benefit program to our employees, identifying and interpreting all compliance requirements as well as setting corporate standards for administrative procedures. Every aspect of the Benefits Industry impacts how I run my business. Therefore, I find the newsletters and ISCEBS website a valuable information resource. I have not yet had an opportunity to actively participate in the NY Chapter-- although that it is on my list of things to do.

What message would I like to share with other people who are working towards their designation? Simply put, "Complete the program." It is an amazing accomplishment. The CEBS designation is recognized and respected by Benefits professionals around the world. I also would want to say, "Continue to educate yourself". Our industry is every changing. Legislation is passed every day that could potentially impact the administration and design of our benefits programs. We must keep abreast of the trends so we can better service our employees.

\* \* \*