

# 2011 Financial Managers Meeting

Updates from NRECA



# Topics

## Conferences and Training

- Basic Benefits Training Conference
- Benefits Update Conferences

## Target Date Portfolio Updates

## Website Improvements

## Eligibility Tools

## PTO Plan Conversions

# Conferences and Education Information

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## Conferences

NRECA, CFC, NRTC and Federate  
These include national and region  
executives and staff. These events  
effectiveness in serving their mem

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of conferences and events each year.  
professional conferences for directors,  
specifically for electric co-ops to enhance

### Upcoming Events

- >> [Connect '11 - 05/09/11](#)
- >> [Benefits Update Conference - Fort Worth, TX - 06/07/11](#)
- >> [Benefits Update Conference - Seattle, WA - 07/12/11](#)

### Calendar

#### Conferences

- >> Accounting, Finance & Tax
- >> Annual Meeting
- >> Benefits Update
- >> CEO Close-Up
- >> CFC District Meetings
- >> CFC Forum
- >> CFC IBES
- >> CONNECT
- >> CRN Summit
- >> Directors
- >> Exec/Admin Assts
- >> Human Resources
- >> Legislative
- >> New and Emerging Technologies (NET)
- >> PowerUp
- >> Regional Meetings
- >> TechAdvantage

### Education

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# Basic Benefits Training Conference (BBTC)

- When: September 19 - 22, 2011
- Where: Arlington, VA
  - For co-op employees who are either new to employee benefits administration or new to NRECA-sponsored health, life or retirement plans. The course is also helpful for those who may want a refresher course on how to use NRECA's employee benefit programs and services to administer their systems' plan effectively.

# Benefits Update Conferences

- **June 7 - 9, 2011**  
Fort Worth, TX
- **July 12 - 14, 2011**  
Seattle, WA
- **August 9 - 11, 2011**  
Nashville, TN

# Agenda Posted on Cooperative.com

## 2011 BENEFITS UPDATE CONFERENCE

Enhancing, Changing, Engaging.

### Agenda

#### DAY 1

6:00 am – 6:30 am	Wellness Walk
7:30 am – 8:00 am	Breakfast
8:00 am – 8:45 am	Welcome & Opening Remarks
8:45 am – 9:30 am	Health Care Cost Crisis
9:30am – 9:45 am	Break
9:45 am – 11:00am	Investment Update
11:00 am – 11:15 am	Break
11:15 am – Noon	Benefit Plan Rating Redux
Noon – 1:30 pm	Lunch on Your Own
1:30 pm – 2:00 pm	Employee Benefits Web Site— Making it Work for You
2:00 pm – 3:00 pm	Group Term Life Enhancements for 2012
3:00 pm – 3:15 pm	Break
3:15 pm – 4:15 pm	Wellness: A New Collaboration Results in New Opportunities
4:15 pm – 4:30 pm	Announcements
4:30 pm	Adjourn
5:15 pm – 7:00 pm	Reception

#### DAY 2

6:00 am – 6:30 am	Wellness Walk
7:30 am – 8:00 am	Breakfast
8:00 am – 9:00 am	NRECA Compliance Explains: The Perils of Part-time
9:00 am – 9:15 am	Break
9:15 am – 10:00 am	The Tale of Multiple Choices: Betting on Lump Sums vs. Annuities
10:00 am – 11:00 am	Group Benefits Update
11:00 am – 11:15 am	Break
11:15 am – Noon	Side Accounts— Front and Center
Noon – 1:30 pm	Lunch on Your Own
1:30 pm – 2:30 pm	Personal Investment and Retirement Consulting—Roth 401(k): An Option for All Ages
2:30 pm	Adjourn
3:00 pm	Optional Group Activity (time and activity vary by location)

#### DAY 3

6:00 am – 6:30 am	Wellness Walk
7:30 am – 8:00 am	Breakfast
8:00 am – 8:30 am	Working With Congress— The New Normal
8:30am – 10:00 am	Putting it All Together— Incorporating Consumerism and Wellness into a Health Plan Strategy
10:00 am – 10:30 am	Closing Ceremony



# 2011 BENEFITS UPDATE CONFERENCE

Enhancing, Changing, Engaging.

## All General Sessions

The myriad of changes to healthcare and financial governance legislation has caused worry for many as our country works to clarify how these changes will impact each of us. NRECA's Employee Benefits team continues its mission to provide customized benefit solutions for the cooperative community while reducing the complexity of benefits administration. We continue to work with Congress, enhance our group insurance and retirement programs, and strengthen our tools and resources. We're excited to share the work of the past few months and our plans for the future during the 2011 Benefits Update Conference.

### Health Care Cost Crisis

After all the public debate, has the passage of the Affordable Care Act in fact made health care more affordable? Unfortunately, evidence suggests that the health reform legislation did little to ratchet back cost increases for care and services. In this session, we'll take a look at the facts and let you know what you can do to reduce the costs of health care.

### Investment Update

The investment market place recovered nicely in 2009 and 2010. But will the recovery continue? This session will give you the tools you need to help your employees remember the basics of saving and investing wisely through their 401(k) Plan and on their own to complement other retirement benefits.

### Benefit Plan Rating Redux

Does that mean increased reliability, enhanced speed, fewer screens, cleaner navigation and functionality that you have requested? It sure does. We'll show you how to model your unique benefits offerings and initiate your co-op's annual enrollment process with the new Benefit Plan Rating tool.

### Employee Benefits Web Site— Making it Work for You

We know you're waiting to see the new site. It's coming—in the meantime, we have incorporated many of your suggestions. Now it's time to focus on how you can maximize your experience using tools available on the site. Learn how to run reports, optimize the message center and prepare for activities like annual enrollment and contribution submissions.

### Group Term Life Enhancements for 2012

Several exciting enhancements have been made to the NRECA Group Life Insurance program. Co-ops participating in this program will benefit from reduced life insurance rates and additional voluntary options including portability for departing employees. It gets better! Supplemental AD&D will feature several new program elements including: physical therapy benefit, child care benefit, child education benefit and spouse education benefit. This session also includes updates on LTD and STD programs.



# 2011 BENEFITS UPDATE CONFERENCE

## Enhancing, Changing, Engaging.

### **Wellness: A New Collaboration Results in New Opportunities**

Learn about NRECA's partnership with an innovative leader in the wellness industry. This exciting partnership will offer co-ops opportunities to take their wellness strategies to the next level. NRECA and our new partner will describe how this collaboration complements NRECA's overall wellness strategy and can support co-op's individual worksite wellness efforts.

### **NRECA Compliance Explains: Perils of Part-Time**

Don't miss this in-depth discussion about how to administer NRECA Plans when dealing with part-time employment issues. This session will spotlight different part-time employment situations as they relate to eligibility rules under the retirement and group plans.

### **The Tale of Multiple Choices: Betting on Lump Sums vs. Annuities**

There are a wide variety of choices in distribution options for both the RS and 401(k) Plans, generating many questions from participants. This session features a case study examining two similarly situated employees and the effects they will realize by making different choices in their distribution options at retirement.

### **Group Benefits Update**

Find out what's in store for 2012 and beyond for the NRECA medical, prescription, dental and vision programs. We'll also discuss changes and updates to Medicare Part D.

### **Side Accounts—Front and Center**

Managing all the requirements and documents for co-op-sponsored 125 Plans (Flexible Spending Accounts), Health Reimbursement Arrangements and Health Savings Accounts can be difficult. As more co-ops move from traditional PPO and indemnity plans to High Deductible Plans, you need more help in educating your employees, planning for the change from a 125 Plan to an HRA or HSA and resources to help you make the switch. Join us for an overview of the new tax-advantaged side accounts tool kit.

### **Personal Investment and Retirement Consulting—Roth 401(k): An Option for All Ages**

The Roth 401(k) is a type of retirement account that can be used by older and younger employees alike, but potentially for very different reasons. This session is about finding the balance between the retirement needs of employees of every age group. Learn the basics of Roth 401(k) features, rules, and potential ways it can be used by participants for purposes of tax diversification and estate planning.

### **Working with Congress—The New Normal**

Will there be a return to collegiality and compromise or will partisan positions harden as the 2012 elections loom over the horizon? Whatever happens, every employee benefits plan—including the NRECA Group Benefits and Retirement Trusts—needs to be on alert to ward off attempts by the Federal Government to increase revenue by taxing various employee benefits. Your dedicated NRECA Employee Benefits lobbyist will share the "new normal" with you and entertain your questions.

### **Putting it All Together: Incorporating Consumerism and Wellness into a Health Plan Strategy**

We'll wrap up the overall conference theme by examining the basic elements of an effective consumer strategy integrated with an incentive-driven wellness program. Participate in interactive polling questions and hear your peers share their thoughts and perspectives on the challenges and rewards they have encountered while implementing an integrated strategy at their co-op. Consumerism is not a co-op trend. It is a reality.



# Target Date Portfolios - Updated

- Effective April 1, 2011, Target Date Portfolios will be enhanced to include a small allocation to commodities.
- The amount of commodities included in each TDP will range from 3–5%.

# Target Date Portfolios - Updated

- These changes were made to help achieve the funds' objectives over the long term.
- Investing in a range of these commodities is intended to provide more inflation protection for the funds and also helps improve each portfolio's diversification.

# Website Improvements

- BA Assistant – In Progress
  - Meant to replace old green administration binders.
  - Will debut at BUC but some pieces available now.

My Co-op's Insurance

My Co-op's Retirement

My Co-op's Salaries

Employee Life Events

Employment Events

Annual Enrollment for Employees

View Reports

General Administration

**BA Assistant**

Learn About Benefit Plans

Your Tasks and Responsibilities

Help Your Employees

Contacts and Glossary

# BA Assistant

Please take a look at this Beta (not final) version of the BA Assistant. We will continue to add more information throughout the rest of the year and into next year. Send your feedback about the content here, plus what you'd like to see us post soon, to [Site.Feedback@nreca.coop](mailto:Site.Feedback@nreca.coop).

Welcome to your guide to managing benefits at your co-op. Get explanations of benefits, checklists and tips to help you run benefits for your co-op and employees.

## Learn About Benefit Plans

Understand the inner workings of each of the benefits NRECA offers, and find out what you need to do to support those plans.



## Your Tasks and Responsibilities

Find out what duties you are expected to complete as a benefits administrator.



## Help Your Employees

Learn what to do when your employees go through life events, have an employment event like a retirement or need help with their own benefits.



## Contacts and Glossary

Still not sure what to do? Not sure what something means? Use this information to get the help you need.



## Resources

The BA Assistant is set up to help you find the information you need to do your job as a benefits administrator. [Learn how to use the BA Assistant](#)

My Co-op's Insurance

My Co-op's Retirement

My Co-op's Salaries

Employee Life Events

Employment Events

Annual Enrollment for Employees

View Reports

General Administration

BA Assistant

**Learn About Benefit Plans**

401k Pension Plan

Group Insurance Benefits

Eligibility

**Retirement Security Plan**

Your Tasks and Responsibilities

Help Your Employees

Contacts and Glossary

## Retirement Security Plan

The NRECA Retirement Security (RS) Plan is a defined benefit pension plan. That means employees get a set amount of benefit based on options your co-op sets up. Some of these options include the level of benefit or when employees can retire and get benefits without paying penalties. The Plan is tax qualified, which means the benefits are not taxable when accrued and may qualify for special tax treatment when paid out.

The RS Plan is a calendar year plan. We call it the Plan Year - the 12-month period starting January 1 and ending December 31. We file Plan records with the government, send employees their statements and bill your co-op based on the Plan Year.

Your co-op can choose to

- cover the whole cost of the RS Plan - that is called a **noncontributory plan**
- ask employees to contribute some money to the plan every paycheck after their taxes are taken out - that is called a **contributory plan**

Either way, you keep track of contributions from the co-op and employees through the payroll system and send those contributions to us for processing. These contributions pay for a benefit for participants when they retire or leave the co-op or their beneficiaries if they die. The taxable part of their benefit may be subject to income tax when it is paid.

When we get your co-op's contributions, we put them in a trust fund. The trust fund works like a pool of money for your co-op's employees. Some of those funds go to run the plan. Other funds get invested. But investment gains or losses do not change the benefits employees get when they leave the co-op. Those benefits come from that pool of money no matter what.

RS Plan benefits supplement benefits from Social Security and other retirement plans employees may have. This Plan is one source of retirement security, along with personal savings and investments.

### What You Need to Do

You are in charge of

### Checklists

[How to start or change a retirement plan](#)

[How to send your co-op's RS Plan contributions](#)



- My Co-op's Insurance
- My Co-op's Retirement
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- Annual Enrollment for Employees
- View Reports
- General Administration
- BA Assistant
  - Learn About Benefit Plans**
  - 401k Pension Plan
  - Group Insurance Benefits
  - Eligibility**
  - Retirement Security Plan
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## Eligibility

Eligibility tells you which employees at your co-op can be part of your co-op's plans. You have a lot to think about when you figure out if someone is eligible.

### The Basics

#### Waiting/Eligibility Periods

Waiting and eligibility periods are the timeframes employees must wait before they can participate in a plan. The group benefits use waiting periods. The retirement plans use eligibility periods.

Your co-op set up these timeframes when it first joined each plan. And they are not set in stone. They can change like other provisions.

Jump to waiting/eligibility periods for

- [Group plans](#)
- [Retirement Security Plan](#)
- [401\(k\) Pension Plan](#)

#### Contribution requirements

There are two overall structures for paying for plans.

#### Non-contributory plans

**Non-contributory plans** are plans your co-op pays for 100%. Employees do not make any contributions. That means they pay nothing into the plans. They also pay no premiums for Group coverage.

All eligible employees (and dependents, for Group plans) must be enrolled in a non-contributory plan.

#### Contributory plans

**Contributory plans** are plans for which employees pay some or all of the cost. If the plan is

# Eligibility Rules Assistance

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## Hours of Service - The 1,000 Hour Rule

An hour of service is an hour for which employees receives direct or indirect compensation from your co-op. This includes

- paid vacation
- holidays
- sick leave
- leave under the Family Medical Leave Act
- jury duty
- military training or service
- disability

Applying hours of service is different for group and retirement plans.

### Group Benefits Program

Participation is limited to employees you expect to work 1,000 hours in their first 12 months at your co-op. The employee has to work 1,000 hours each calendar year after that.

You do not need to count hours for your directors or retained attorney.

### Prior Employment May Count

If the person's separation date at the last co-op is less than six months from the hire date at you co-op, all time worked at the last co-op within the last 12 months must be applied to your plan's waiting period. The new employee may not have to fulfill the waiting period. But, he/she must apply for coverage within 31 days from the date of hire or wait until the next annual enrollment, life event or employment event.

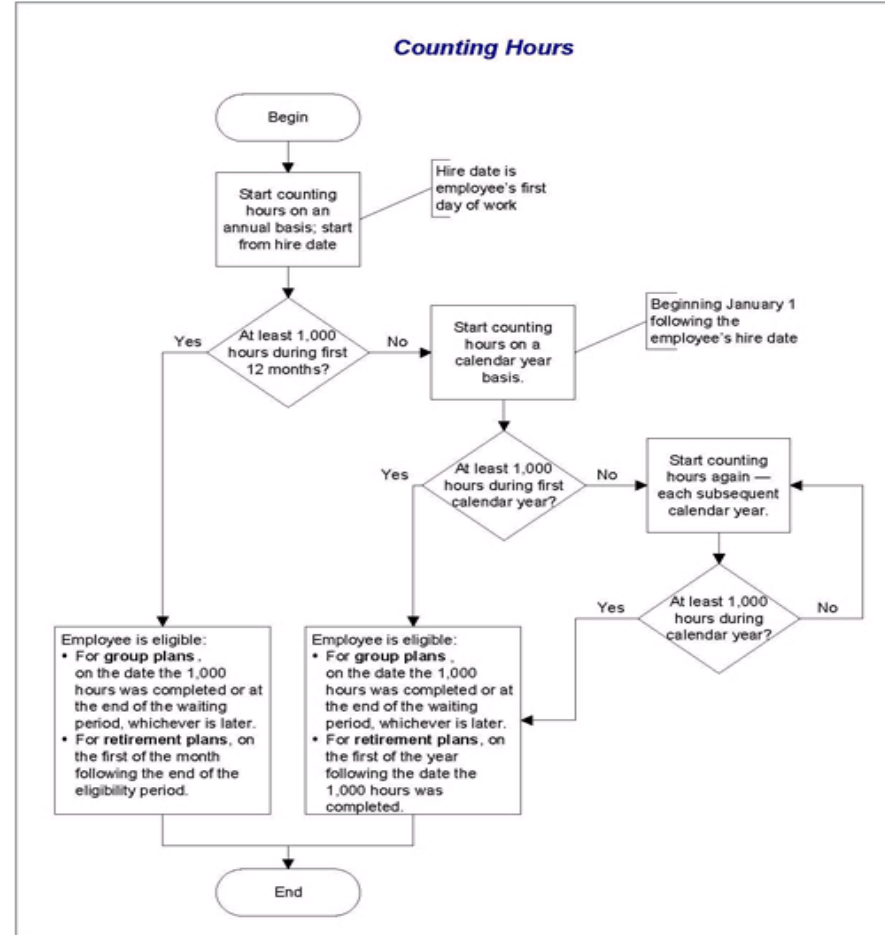
If the work at the last co-op qualifies (meaning you count it) and the time worked there is longer than your plan's waiting period, this fulfills the waiting period. If the time worked at the last co-op is less than your plan's waiting period, the employee has to work only the time that is left before becoming eligible.

If the break in employment is greater than six months, none of the previous employment can be applied to the new waiting period and the new employee will have to meet your waiting period requirements.

### 401(k) Pension and Retirement Security Plans

Participation in the retirement plans is based on the eligibility period your co-op chose in your Adoption Agreement.

## Counting Hours



# Converting Sick / Vacation to PTO

- Rule #1
  - There is no set plan on how to convert your current time off plans to PTO.

You need to decide what will work best at your cooperative.

# Converting Sick / Vacation to PTO

- Rule #2:
  - Develop a list of objectives

Outline what you hope to accomplish when you are done converting the plans so you have a clear set of goals.

## For example:

- Eliminating large pools of sick time on books
- Reduce coop's time off expenses
- Provide flexibility to employees
- Ensure everyone has paid time off for disability

# Converting Sick / Vacation to PTO

- Rule #3:
  - Consider employee perceptions and morale issues.
  - Time off is a tricky benefit to change. Employees can be very suspicious of changes so education and presentation is vital.

# Converting Sick / Vacation to PTO

- Rule #4:
  - Be aware of any contractual or legal issues involved.

## For Example:

- Union contracts
- Accrued benefits that must be paid upon termination (see State Laws).

# Converting Sick / Vacation to PTO

- Options to Consider:
  - Add STD or LTD plans to replace Sick Leave accrual policy
  - Possibly offer less PTO than Sick + Vacation because of flexibility
  - Be sure to review employment policies to avoid last minute call-ins for vacation purposes

**QUESTIONS?**

Caryn Alexander  
NRECA Senior Relationship Manager  
[Caryn.Alexander@NRECA.Coop](mailto:Caryn.Alexander@NRECA.Coop)  
(414) 217-2010