



AUBURN

UNIVERSITY

Employee
Benefits Update

Mandatory Retirement Plan Changes

- SB388
 - Creates a Tier 2 defined benefit plan for employees joining after January 1, 2013.
- HB255
 - Allows retirement contributions on overtime pay with a cap of 120% of base pay for all members of TRS/ERS – Effective upon governor's signature.

Tier 1 and Tier 2 Comparison

	<u>Tier 1</u>	<u>Tier 2</u>
Effective Date	Member prior to 1/1/2013	Member after 1/1/2013
Employee Contribution	7.50%	6%
Retirement Eligibility	25 YOS at any age	No 25 year retirement
	10 YOS at age 60	10 YOS at age 62
Retirement Factor	2.0125%	1.65%
Avg Final Salary	Avg of highest 3 of the last 10 years	Avg of highest 5 of the last 10 years
Benefit Cap	None	80% of Avg Final Salary
Contribution on OT Pay	Earnable Comp can't >120% of base	Earnable Comp can't >125% of base
Sick Leave Conversion	Yes	No

Challenges with Implementation

- Definitions
 - Earnable Compensation
 - Base Pay
 - Overtime
- Matching our compensation types to the state's definitions
- Reviewing compensation data in Banner
- Programming Banner to implement the changes

Elements of Compensation

	Earnable Compensation	Included in Base
1 Time Salary Supplement	X	X
Lead Pay/Shift Differential	X	X
Overtime, Overload, Z Jobs	X	No
Out of Class Pay	X	X
Professorships	X	X
Bonuses	If Contracted	No
Awards	No	No
Scholarly Incentive Plan	No	No

Dependent Audit

- Why is AU doing an audit?
 - Our plans are self-funded
 - 6/1/11 – 5/31/12 – Total Claims of **\$39,628,179**
 - Paying claims for ineligible participants raises the cost of coverage for all employees
 - Average of **3-7%** of participants are ineligible
 - Average per member cost - **\$3,500**
 - Average number of dependents – **6,200**
 - Potential Savings for Auburn - **\$500,000-1,000,000+**

Dependent Audit

- Has it worked for others?
 - PEEHIP Results
 - 4,996 ineligible, savings of \$14,285,212 per year
 - Universities of Alabama, Georgia, North Carolina, Texas Tech, Kentucky, Duke, and UAB have conducted dependent audits
- Who is Continuous Health?

Dependent Audit

- What do I have to do to comply?
- How do I know my data is secure?
- Who decides if someone is eligible?
- What is “Soft Landing”?
- What is an amnesty period?
- When will AU conduct our audit?

Contact Information

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