

OnePurdue Initiative

Concepts of Benefits

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HR Concepts Overview

- The OnePurdue system will introduce new concepts and terminology to clients.
- Clients are eager to learn about the new concepts.
- The HR team hosted a series of presentations to help future users of the system learn new concepts and terminology before attending formal training sessions.

HR Concepts Overview

- The presentations are strictly an overview of new terminology and concepts.
- The presentations do not replace formal classroom training.
- The presentations will not fully detail the new business processes.
- The presenters will focus strictly on the session topic.

Scheduled Presentations

- May 18, 2006: Concepts of Organizational Management Objects and Enterprise Structure
- June 1, 2006: Concepts of Personnel Administration
- June 29, 2006: Concepts of Time & Leave Management
- July 20, 2006: Concepts of Payroll
- July 27, 2006: Concepts of Benefits

Let's Get Started

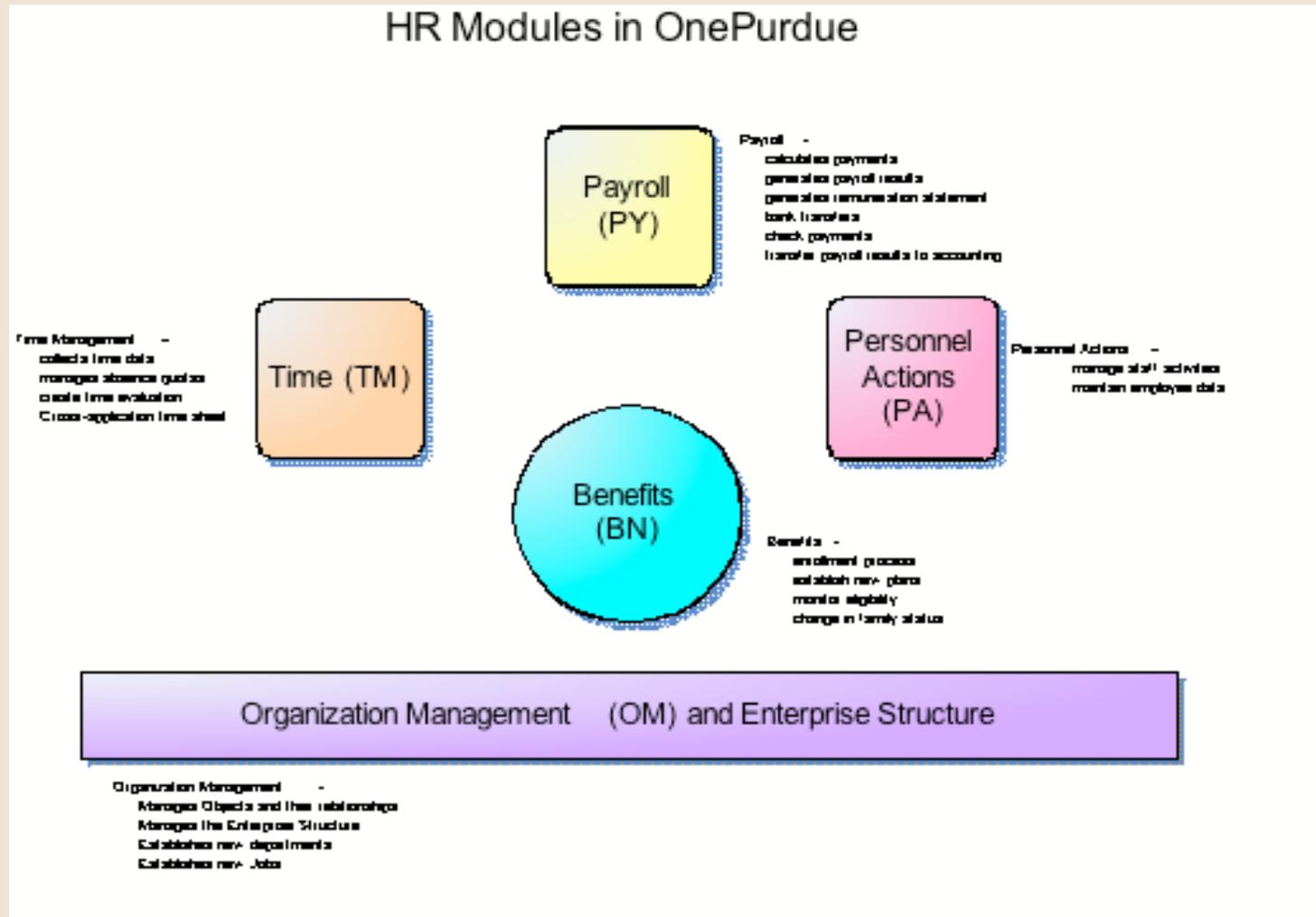
- Today, we're discussing Concepts of Benefits.



What Is Benefits Administration?

- Benefits Administration manages activities associated with people's benefits. The four major benefit plan areas are:
 - Health Plans
 - Insurance Plans (PAI, Term Life, STD, LTD, Dependent Life)
 - Savings Plans (Retirement, TDAs)
 - Spending Accounts (FSAs)

HR Modules



Benefit Area

- The benefit area could be defined as a benefit plan pool. In the new OnePurdue system, campus locations will be used as benefit areas.
- The University has established the following personnel areas:
 - Calumet
 - IPFW
 - North Central
 - West Lafayette
 - IUPUI

Benefit Group (1st Program Grouping)

- The benefit group is used to sort employees into distinct groups based on plan eligibility. We will use the following groups:
 - Pay with Benefits
 - Pay without Benefits
 - Non-Pay with Benefits
 - Non-Pay without Benefits

Benefit Group (2nd Program Grouping)

- The benefit status is used to further sort employees within a benefit group into a more distinct sub-group based on plan eligibility. The benefit status will also be used to select the benefit plans presented to enrollees through Employee Self-Service. In the future, we will use the following statuses:

Benefit Group (2nd Program Grouping) (cont'd)

- Admin/Prof
- Clerical
- Continuing Lecturer
- Faculty
- Fellow Post Doctoral
- Fire/Police BW Salary
- Fire/Police Management
- Graduate Staff
- Management/Professional
- Non-Exempt Prof
- Operation Assistants

Benefit Group (2nd Program Grouping) (cont'd)

- Police Hourly
- Police/Fire Administrative
- Post Doc Associate/Vet Intern/Res
- Service
- Visiting Emeritus Faculty
- FEHB
- PAA/PRF/1 PO4
- Other Non-Eligible
- LTD
- Retiree
- COBRA

Infotypes

- Infotypes are a logical grouping of data fields.
- Infotypes can be thought of as screens with similar information.
- Data associated with one infotype is usually entered at the same time.
- Examples of Infotypes: health plan, TDA, address, basic pay, work schedule, personal data, etc.

Effective Dates

- Each action requires an effective begin and end date.
 - The end date will default to 12/31/9999.
- The date typically applies to all infotypes in an action.
- Future dated transactions are critical.
 - Go-live guidelines allow entry only one month in advance.

Benefits deductions and/or reductions while not being paid

When staff are not being paid (such as an unpaid leave of absence, EVPR) there are five choices of how they can pay for benefits:

1. Deductions will automatically go into arrearage installations and be collected from the first check when the return.
2. Deductions can be spread out over several pay periods before they leave, while the employee is still being paid.
3. Deductions can be spread out over several pay periods after the person returns to work and is being paid (this is different than arrearage installations since deductions would be spread out over several pay periods).
4. Deductions can be “pre-paid” in the form of a check for the full amount.
5. Billing through Accounts Receivable can be established only if no other option is reasonable.

Arrearage Installations

- Totally new concept to Purdue in that it will take the deductions automatically.
- OnePurdue will calculate amounts due when an employee does not have enough net pay to handle all deductions.
- If the deduction wage type is “arrears eligible,” the system will record any deduction that could not be taken due to insufficient funds, then attempt to collect any amounts due from the employee’s next pay.
- The system also provides the ability to establish a repayment plan for employees with significant arrearages.

Proration of Benefit Deductions and Reductions

- OnePurdue will prorate benefit deductions based on the type of benefit.
- The four major benefit plan areas for proration purposes are:
 1. Medical plans
 2. Insurance plans
 3. Savings plans
 4. Flexible Spending Account (FSA) plans

Proration of Medical Plan and Insurance Plan Deductions

- Medical plans (Incentive PPO, etc.) and Insurance plans (PAI, STD, etc.) will be prorated to take deductions on a “daily basis” based on the effective date. This allows for getting contributions for a partial pay period.
- Each infotype record that falls into the current payroll period is evaluated and prorated according to the number of calendar days on which the record is valid in the payroll period.
- **EXAMPLE:** A staff member drops medical coverage on a dependent on the 12th day of the month. The first 11 days the coverage amount is for Employee and Child coverage. The other 19 days would be at the Employee Only coverage amount. Instead of the entire pay period being charged at one rate, only the specific days of that coverage option are at the different rate.

Proration of Savings Plan Deductions

- TDA savings plan elections can be either a flat rate or a percentage or BOTH (e.g., \$25.00 or 2% OR both).
- Savings plans will be prorated by date, but will take the employee election for the entire pay period based on the last % or rate it finds.
(EXAMPLE: An employee is making \$25,000 and gets an increase Feb 17, making their new salary \$28,000. The TIAA contribution taken when payroll is written Feb. 26 will be based on the \$28,000 for the whole month of February.)

FSA Contributions

- Newly hired staff will be able to begin a medical FSA during the year and not have to wait for the next calendar year.
- EXAMPLE: A new hire on July 20, monthly paid staff, elects a \$1200 annual medical FSA. When payroll is written at the end of July, the amount deducted would be \$200. (\$1200 divided by the number of pay periods remaining in the year.)
- FSA contributions will not be prorated. The system will take the elected amount for the pay period.

FY or AY Deduction Frequency

- Deductions for benefits will be based on either a Fiscal Year or Academic Year deduction frequency. This includes a “biweekly academic year,” which is 18 pay periods instead of 26. Any appointments that are currently “off cycle,” known as BK/BJ, etc., will move to AY frequency.
- If a person is not working (not getting a paycheck), their deductions will go into arrearage installments if they have not made prior arrangements with Staff Benefits to prepay.

Cost of benefits Are Based on FTE

- The “value” of a person’s benefits are proportionate to the full-time equivalent.
- If an employee's FTE drops from 100% to 50%, the “cost” of benefits will also drop proportionally for those benefits based on salary. EXAMPLE: an annual salary at \$60,000 working 100% FTE (above tier for medical plan contribution). If FTE drops to 50% and salary drops to \$30,000, then contributions would drop to below tier for medical.
- The exception to this is the EVPR status. Those employees are allowed to keep full benefits.

Employee Self-Service for Benefits Enrollment

- Open Enrollment for Benefits will be done online, by the employee, through Employee Self-Service.
- No more mailing of bulky packets and filling out forms to return.
- The ESS system will be available during specific dates for the enrollment period in the fall. Employees can enroll whenever it's convenient for them.
- Confirmation statements can be printed by staff members as soon as they enroll. There will be no more waiting for these to be returned from Staff Benefits after being keyed.
- This will be for the 2008 Enrollment, which will be in the fall of 2007.

Benefits Administrator Role

- This person has enhanced reporting capabilities (standard and ad hoc queries) and ensures that all transactions processed in the Shared Service organization are appropriately approved and accurate.
- Manages the various processes of employee arrears installations, reports, data entry for one-time and recurring deductions.
- When necessary, completes data entry of benefit enrollment information into OnePurdue; prints enrollment and confirmation forms; approves CIFS forms and enters appropriate CIFS reason into OnePurdue system; and deals with all COBRA activities.
- Held by selected positions in Staff Benefits (in Human Resource Services).

Benefits Processor Role

- Performs basic benefit data entry, prints enrollment forms, confirmation forms, and changes in family status forms.
- Basic reporting capabilities
- Held by selected positions in Shared Service Organization areas, including the regional campus HR areas.

Employee Role

- This employee is responsible for enrolling themselves in the various medical, insurance, savings and Flexible Spending Account (FSA) plans.
- The employee is also responsible for keeping their information updated by notifying Benefits within 30 days of a Change in a Family Status event.

Questions?



Evaluation of Session

Please take a few minutes to complete the evaluation form and provide feedback about the session. Your feedback will be used to improve future training sessions.

The evaluation form is available at the following URL:

http://www.purdue.edu/onepurdue/resources/onepurdue_hr_concepts_education_datalinks.shtml

Also at this link:

- *Learn more about other HR concepts.*
- *Send e-mails for future questions.*

Thank you for participating!