

MSBO Annual Conference Certification Class 194- Benefits & Retirement

April 21, 2026 1:15 – 4:30 p.m.



Presenters

- Leslie Cicalo, BOM, Payroll Supervisor
- Genesee ISD
- lcicalo@geneseeisd.org

- Sara Rajter, Area Vice President
- Gallagher Benefit Services
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- Mike McEvelly & Sean Shearon, GLP Financial Group
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Today's Agenda

Part 1: Practical Applications

- Total Compensation
- HSA/FSA/Open Enrollments
- Employee Resources
- ORS Coding Structure
- Reporting new hires to ORS
- Reconciling ORS
- Q&A

Part 3: Retirement Options

- The Retirement Pie
- MPSERS Options
- PHC Fund
- 403b/457s
- ORS Employee Resources
- Q&A

Part 2: Employee Benefits Compliance

- COBRA
- MI ESTA
- MI PA 152
- ACA Tracking and Reporting
- Q&A

Part 1

Practical Applications

LESLIE CICALO

Payroll Supervisor, GISD



Encouragement

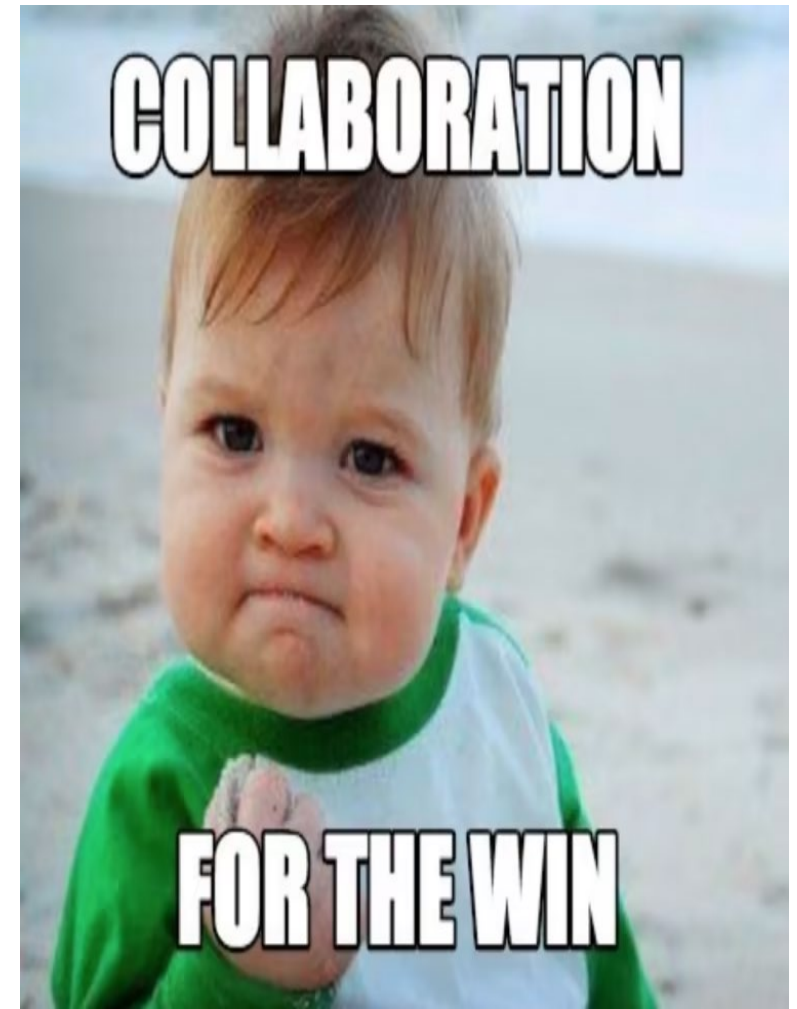


WHO'S AWESOME?

You're awesome!

MAY YOU BE PROUD
OF THE WORK YOU DO
THE PERSON YOU ARE
AND THE DIFFERENCE
YOU MAKE

Teams working together to provide the best experience for our staff



Communication

Keep your employees informed!

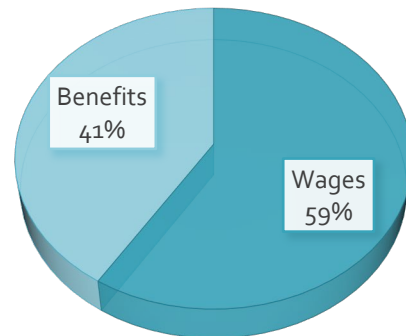
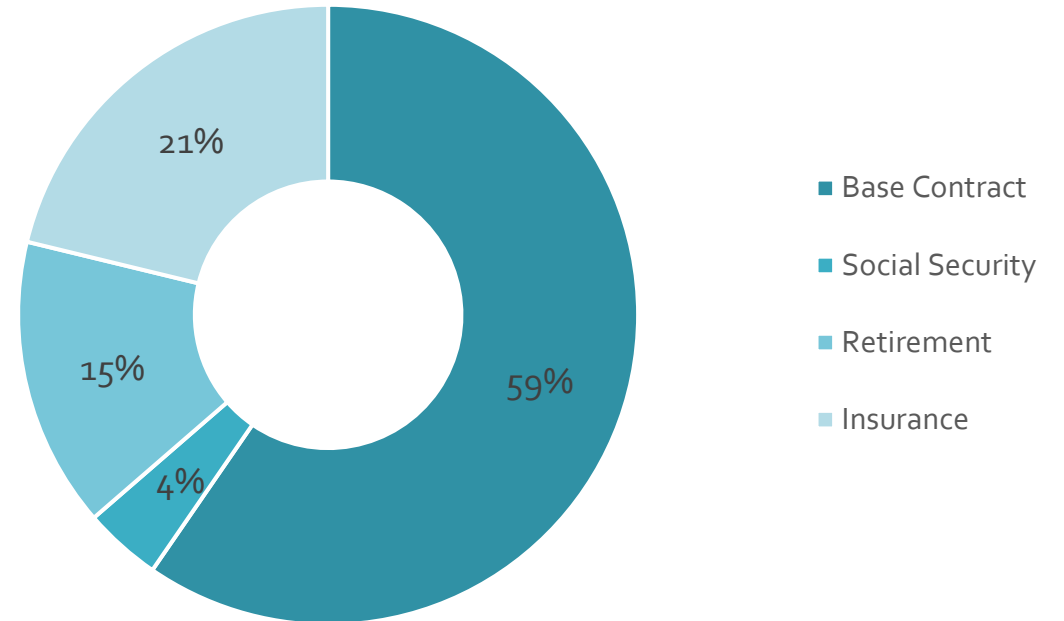
Necessary for:

- Compliance with legal requirements
- Educating and equipping employees to manage their benefits wisely
- Obtaining a high level of understanding about salary and benefits
- Creating a positive work culture

Total Compensation Package

Sample:		Amount	% of Total
Base Contract		\$ 55,000.00	59%
Social Security	7.65%	\$ 4,207.50	4%
Retirement	26.18%	\$ 14,399.00	15%
Insurance	Health FF	\$ 21,837.96	
	Disability	\$ 271.44	
	Life	\$ 78.00	
	Vision	\$ 261.48	
	Dental	\$ 1,170.96	
	Worker's Comp	\$ 396.00	
	Employee Contribution	\$ (3,948.24)	
	Total Insurance	\$ 20,067.60	21%
Total Compensation Package		\$ 93,674.10	100%

Total Compensation



Help employees to understand their paychecks

Taxes

Description	Amount	YTD Amount
FICA	159.20	797.65
MEDI	37.23	186.55
FIT	192.58	979.02
SIT	93.84	474.92
TOTAL	482.85	2,438.14

Pre-Tax Deductions

Description	Amount	YTD Amount
FLEXH	116.00	580.00
PENSPLUS	171.75	858.75
DC2/1	134.18	563.58
PHF	53.67	268.35
TOTAL	475.60	2,270.68

Employer Paid Benefits

Description	Amount	YTD Amount
FICA	159.20	797.65
MEDICARE	37.23	186.55
DENTAL	0.00	257.00
VISION	0.00	52.46
LTD	0.00	53.38
LIFE	0.00	36.68
PENSPHF	703.92	3,519.60
DC2/1	26.84	134.20
PHF	53.67	268.35
UAAL	453.27	2,266.35
Taxable		
LIFE>50	0.00	27.00
TOTAL	1,434.13	7,599.22

Open Enrollment Questions – HSA/FSA

Which should I choose?

- What does your District Offer?
- When can I sign up or make changes?
- Which is better?
- Can I have both?
- How much can I contribute?
- When will I get my cards?
- How do I use it?
- Etc., Etc., Etc.

Health Savings Accounts

- Health Savings Accounts (HSA); EE and ER can contribute- carryover allowed
- Health Reimbursement Accounts (HRA); ER funded only. Employee requests reimbursement
- IRS Publication 969, "Health Savings Accounts and Other Tax-Favored Health Plans"
- IRS Publication 502, "Medical and Dental Expenses"

HOW TO HSA

An HSA paired with an HSA-qualified health plan empowers you to invest in your healthcare and create long-term savings.



Maximize tax savings

Enjoy tax-deductible contributions, tax-free earnings and tax-free distribution for qualified expenses.¹



Pay for healthcare

HSAs cover thousands of qualified medical expenses, including doctor visits and over-the-counter medications.



Roll over funds

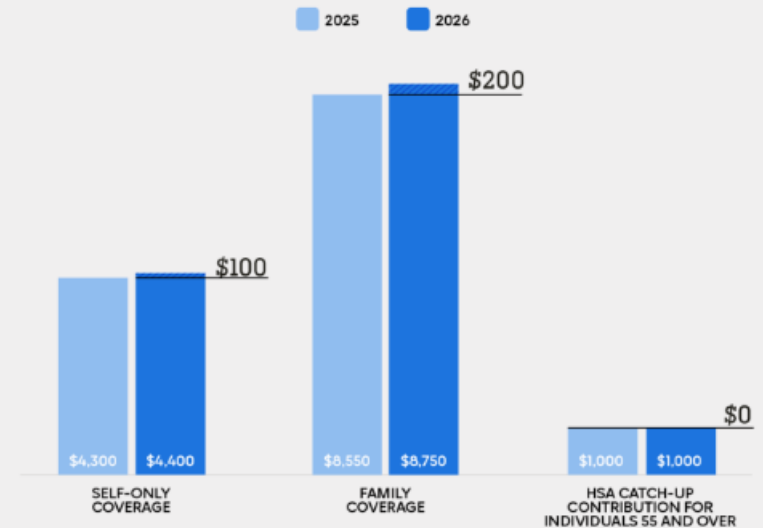
Keep your HSA dollars year after year—even if you change employers or health plans.



Save for retirement

An HSA works like a second 401(k). Invest² your money and build the ultimate retirement nest egg.

Comparing 2025 and 2026 HSA Contribution Limits



GoodRx Health

For more information about investing with Advisor, visit:

HealthEquity.com/Advisor

Flexible Spending Accounts

- IRS Section 125
- District must have a written plan
- Amounts elected cannot be changed unless there is a qualifying event (marriage, divorce, birth, adoption)
- Use it or lose it rule
- Health Care and Dependent Care
 - Dependent care maximum election \$7500 (\$3750 if married and file separately)
 - Health Care maximum election is determined by the District's plan - \$3,400 maximum 2026.

Medical FSA

A medical FSA covers eligible healthcare expenses not reimbursed by a medical, dental or vision care plan you or your dependents may have (but not health insurance premiums). You may submit claims for yourself and your eligible dependents, including your spouse, children, and any other person who is a qualified IRS dependent.

Dependent Care FSA

With the dependent care FSA, you can reduce your tax burden by using pretax dollars to pay expenses for eligible childcare or adult care for senior-citizen dependents that live with you.

FSA and HSA Features

The following chart will help you compare the various consumer-directed options.

Feature	FSA	HRA	HSA
Are employee contributions made on a before-tax basis?	Yes	n/a	Yes
Can vision or dental expenses be reimbursed?	Yes	Yes	Yes
Can over-the-counter medical expenses be reimbursed (with a prescription for most medications)?	Yes	Yes	Yes
Can debit cards be provided?	Yes	Yes	Yes

Both? **NO DOUBLE DIPPING....**

If you participate in a health savings account (HSA), you may be reimbursed under the medical FSA only for uninsured dental and vision care expenses incurred after the minimum annual deductible under your high-deductible health plan is satisfied. Further, you cannot submit claims to both your medical FSA and your HSA for the same expense.

Health Insurance Open Enrollment

Suggestions to make your life easier

- Conducted annually on district-wide basis given the district's plan year (Nov for Jan)
- Early Advertisement
- Staff newsletters emailed months prior to open enrollment
- Outline plan changes, meeting dates/times, personal assistance in onsite Computer Lab
- Hardcopy enrollment package delivered to Building?
- Contains, Instructions for Enrollment, Dependent Audit, Waiver Form
- Workbook detailing plan descriptions and offerings
- **Online Open enrollment**
- Change in status permits mid-year changes – **LIFE EVENTS – Caution...**

Employee Resources – Direct to Websites!

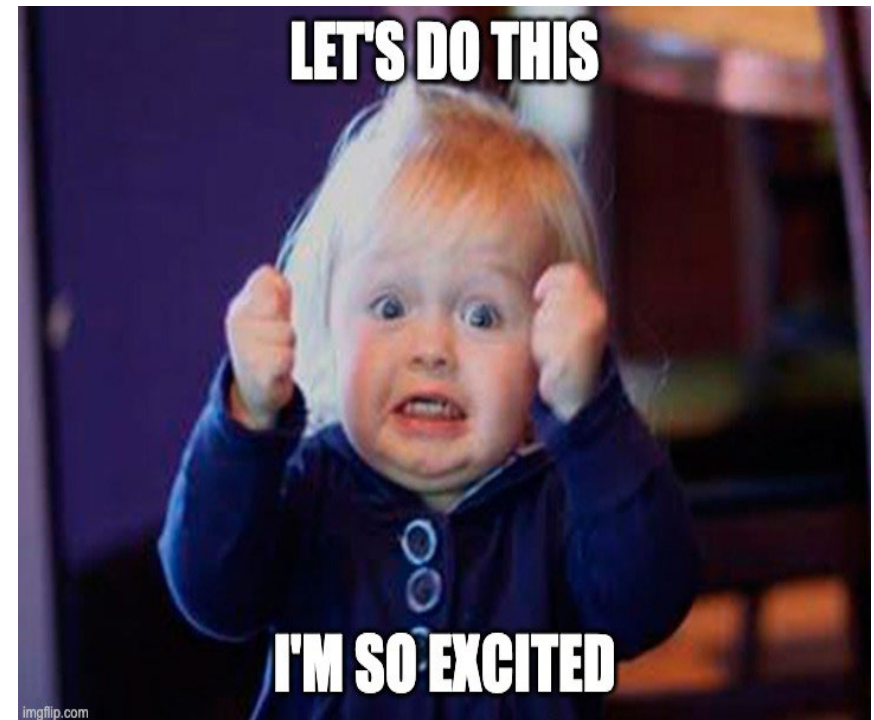
Examples

Direct employees to the following websites for assistance during Open Enrollment.

- <https://www.healthequity.com/>
- <https://secure.messa.org/MemberPortal/Account/Login>
- <https://setseg.org/>
- <https://www.tsacg.com/individual/plan-sponsor/michigan/>
- <https://maisd.munisselfservice.com/default.aspx>
- <https://www.hap.org/>
- <https://www.omni403b.com/>

Switching Gears... RETIREMENT REPORTING

- Over 20 active retirement plans
- Processing new employees in the ORS system
- Only two current plan options
- Reconciling retirement—
FUN STUFF!! 😊



Sooooo... Many retirement plans!



MPSERS Member, Retiree, and Employer Contribution Rates for K12 Districts, ISDs, Charter Schools/PSAs, Libraries, and Community Colleges

Effective Oct. 3, 2024 - Sept. 30, 2025

Benefit Plan	Healthcare Plan	Active Members Employee DB Contribution Rates (DTL2)			Active Members and Retirees Employee DC Contribution Rates (DTL4)			Active Members Employer DB Contribution Rates (DTL2)					Active Members and Retirees Employer DC Contribution Rates (DTL4)					
		DB Contributions	Premium Subsidy	DB TOTAL	DC Contributions	PHF Contributions	DC TOTAL	Pension Normal Cost	Pension UAAL	Pension Total	Health Normal Cost	Health UAAL	Health Total	DB TOTAL	Mandatory	Matching*	PHF*	DC TOTAL
Basic	Premium Subsidy		3.00%	3.00%				9.15%	20.96%	30.11%	1.25%	0.00%	1.25%	31.36%				
Basic	PHF					2.00%	2.00%	9.15%	20.96%	30.11%		0.00%	0.00%	30.11%			2.00%	2.00%
Basic 4%	Premium Subsidy	4.00%	3.00%	7.00%				9.15%	20.96%	30.11%	1.25%	0.00%	1.25%	31.36%				
Basic 4%	PHF	4.00%		4.00%		2.00%	2.00%	9.15%	20.96%	30.11%		0.00%	0.00%	30.11%			2.00%	2.00%
Basic DC Converted	Premium Subsidy		3.00%	3.00%	3.00%		3.00%	20.96%	20.96%	20.96%	1.25%	0.00%	1.25%	22.21%	4.00%	3.00%		7.00%
Basic DC Converted	PHF				3.00%	2.00%	5.00%	20.96%	20.96%	20.96%		0.00%	0.00%	20.96%	4.00%	3.00%	2.00%	9.00%
MIP Fixed	Premium Subsidy	3.90%	3.00%	6.90%				9.15%	20.96%	30.11%	1.25%	0.00%	1.25%	31.36%				
MIP Fixed	PHF	3.90%		3.90%		2.00%	2.00%	9.15%	20.96%	30.11%		0.00%	0.00%	30.11%			2.00%	2.00%
MIP Graded	Premium Subsidy							9.15%	20.96%	30.11%	1.25%	0.00%	1.25%	31.36%				
		Salary: \$0 - \$5,000.00	3.00%	3.00%	6.00%													
		\$5,000.01 - \$15,000.00	3.60%	3.00%	6.60%													
		over \$15,000.00	4.30%	3.00%	7.30%													
MIP Graded	PHF					2.00%	2.00%	9.15%	20.96%	30.11%		0.00%	0.00%	30.11%			2.00%	2.00%
		Salary: \$0 - \$5,000.00	3.00%		3.00%													
		\$5,000.01 - \$15,000.00	3.60%		3.60%													
		over \$15,000.00	4.30%		4.30%													
MIP Plus	Premium Subsidy							9.15%	20.96%	30.11%	1.25%	0.00%	1.25%	31.36%				
		Salary: \$0 - \$5,000.00	3.00%	3.00%	6.00%													
		\$5,000.01 - \$15,000.00	3.60%	3.00%	6.60%													
		over \$15,000.00	6.40%	3.00%	9.40%													
MIP Plus	PHF					2.00%	2.00%	9.15%	20.96%	30.11%		0.00%	0.00%	30.11%			2.00%	2.00%
		Salary: \$0 - \$5,000.00	3.00%		3.00%													
		\$5,000.01 - \$15,000.00	3.60%		3.60%													
		over \$15,000.00	6.40%		6.40%													
MIP 7%	Premium Subsidy	7.00%	3.00%	10.00%				9.15%	20.96%	30.11%	1.25%	0.00%	1.25%	31.36%				
MIP 7%	PHF	7.00%		7.00%			2.00%	2.00%	9.15%	20.96%		0.00%	0.00%	30.11%			2.00%	2.00%
MIP DC Converted	Premium Subsidy		3.00%	3.00%	3.00%		3.00%	20.96%	20.96%	20.96%	1.25%	0.00%	1.25%	22.21%	4.00%	3.00%		7.00%
MIP DC Converted	PHF				3.00%	2.00%	5.00%	20.96%	20.96%	20.96%		0.00%	0.00%	20.96%	4.00%	3.00%	2.00%	9.00%
Pension Plus	Premium Subsidy				2.00%		2.00%	5.31%	20.96%	26.27%	1.25%	0.00%	1.25%	27.52%		1.00%		1.00%
		Salary: \$0 - \$5,000.00	3.00%	3.00%	6.00%													
		\$5,000.01 - \$15,000.00	3.60%	3.00%	6.60%													
		over \$15,000.00	6.40%	3.00%	9.40%													
Pension Plus	PHF				2.00%	2.00%	4.00%	5.31%	20.96%	26.27%		0.00%	0.00%	26.27%		1.00%	2.00%	3.00%
		Salary: \$0 - \$5,000.00	3.00%		3.00%													
		\$5,000.01 - \$15,000.00	3.60%		3.60%													
		over \$15,000.00	6.40%		6.40%													
Pension Plus 2	PHF	6.20%		6.20%	2.00%	2.00%	4.00%	6.20%	20.96%	27.16%		0.00%	0.00%	27.16%		1.00%	2.00%	3.00%
DC	PHF				3.00%	2.00%	5.00%		20.96%	20.96%		0.00%	0.00%	20.96%	4.00%	3.00%	2.00%	9.00%

*The rates in these columns reflect the maximum employer match. See the Member Benefit Plan link on the Employer Reporting website for more information.

New hire ORS process

Michigan.Gov [Logoff](#)

Working with : LAKE ORION COMMUNITY SCHOOL #3, 28110

View Member Benefit Plans

This process allows you to review basic information about an MPSERS member

To view member information:

1. Enter the member's Social Security Number in the SSN field.
2. Click the OK button.

SSN Search Form

Enter the SSN :

Things To Do


- [Employer Home](#)
- [Work on Reports](#)
- [View DC Feedback File](#)
- [View Election Status](#)
- [View Payroll Calendar](#)
- [Work with Contacts](#)
- [View Employee Info](#)


Member Benefit Plans


[Retirement Accounts](#)


Check the member benefit plan for all new hires

SAMPLE EMAIL SENT TO ALL EMPLOYEES NEW TO THE RETIREMENT SYSTEM --

 R0606C_Retirement_Plan_Election_Guide.pdf 835 KB

 R0607C_RetirementPlanDecisionGuide.pdf 589 KB

 403b updated intral letter.pdf 76 KB

 employee online guide updated 2023-24.docx 208 KB

Welcome!

As a new employee at Lake Orion Community Schools you have a decision to make about your future! Please review the information available at PickMiPlan.org to understand your options and consider what fits you best. You can also watch this short video, [Choosing Your Retirement Plan](#) that helps to explain the two plan options

About three to five weeks after the first day you work, you'll receive a letter from the Michigan Office of Retirement Services (ORS) with information, including an account number that you will need to make your election on miAccount. In the meantime, we hope you'll review the information and consider your future

I have attached employee online instructions for you. Your employee ID number is *****

I have also attached information for you regarding our 403b option available to you and some valuable retirement information.

Thank you,

NEW HIRE ORS PROCESS CONTINUED.....

Things To Do

[Employer Home](#)

[Work on Reports](#)

[View DC Feedback File](#)

View Election Status

[View Payroll Calendar](#)

[Work with Contacts](#)

[View Employee Info](#)

[Member Benefit Plans](#)

[Retirement Applicants](#)

[View Employer Statement](#)

[Update My Profile](#)

[Admin Web Accounts](#)

Benefit Plan ↕	Elected/Defaulted Date ↕	DTL4 Adjustments Comp
Defined Contribution	01/31/2024	<input checked="" type="checkbox"/>
Defined Contribution	12/20/2023	<input checked="" type="checkbox"/>
Defined Contribution	02/29/2024	<input checked="" type="checkbox"/>
Defined Contribution	01/31/2024	<input checked="" type="checkbox"/>
Defined Contribution	02/10/2024	<input checked="" type="checkbox"/>
Pension Plus 2	12/18/2023	<input type="checkbox"/>
Defined Contribution	03/14/2024	<input type="checkbox"/>
Defined Contribution	01/31/2024	<input checked="" type="checkbox"/>
Defined Contribution	03/14/2024	<input type="checkbox"/>
Defined Contribution	01/31/2024	<input checked="" type="checkbox"/>
Defined Contribution	12/20/2023	<input checked="" type="checkbox"/>

For New hires who elect the DC plan adjustments will need to be made.

Balancing – ORS vs. Payroll System

emp ret plan, amt, wages and hours and totals report	REPORTABLE WAGES for pay 3/8/24					TOTAL WAGES	EXEMPT WAGE	TOTAL
	Retirement Gross mdc hcf, mdc phf, ppdc phf	Retirement Gross b hcf, mip hcf, mip phf,	Retirement Gross pensplus, pensphf, pensphf2		PA 464 RET. Rep total	RETIREES-basic		
Retirement codes:	DC converts	All MIP/ Basic	HYBRIDS		ADJUSTMENT	REPORTABLE	RETIREES	TOTAL REPORTABLE WAGES
	278,998.28	1,578,011.33	415,976.87			2,272,986.48	8,058.10	2,281,044.58
	DC CONVERTED EMPLOYER DB CONTRIBUTIONS	MIP/BASIC EMPLOYER DB CONTRIBUTIONS	PENSION PLUS EMPLOYER DB CONTRIBUTIONS					
DC converts w /PHF 20.96%	2,821.21					2,821.21	Comments:	
DC converts w /HCF 21.21%	55,894.55					55,894.55		
MIP/BASIC w /HCF 25.56%		475,288.17				475,288.17		
MIP/BASIC w /PHF 25.31%		17,410.09				17,410.09		
HYBRID w /HCF 24.28%			12,875.54			12,875.54		
HYBRID w /PHF 24.03%			98,578.45		(426.61)	98,151.84	dc elect adjust	
RETIREES-reportable -								
TOTAL BASIC CONT.						662,441.40		
EE Defined Benefit DEDUCTIONS		82205.87	25,878.89	47,473.36		155,131.51	dc elect adjust	
					-426.61			
TDP						865.00	PAYMENT DATE	CONF. #
						818,437.91		
Employee contributions	EMPLOYEE AND EMPLOYER DEFINED CONTRIBUTIONS							
PHF						13,728.28		
DC 2/1						31052.97		
DC PP6/3						4933.12		
DC 3/3 and DCBM0/4								
DC SSC (small steps) 436/ DC 457 - 438					68.81	16,136.38	dc elects	
Employee DC total:						74,384.70	60,656.42	
Employer contributions								
PHF						13,728.28		
DC 2/1						4,141.93		
DC PP6/3						1,135.50		
DC 3/3								
DC 0/4%					412.85	7,442.46	dc elect	
DC 4%/ small steps						1,327.15		
Employer DC total:						9,985.14	24,032.18	
						37,760.46	PAYMENT DATE	CONF. #
						112,145.16		
					TOTAL DC PAYMENT:			

Reconciling Download Detail

Important Payroll/HR Responsibility

Information Message
DC feedback file has been added in the past 4 days

Information Message
You have employees who require action on the View Election Status page. DTL4 adjustments may be required.



Unposted Reports

ORG Fix Required	Status	% Complete DB	% Complete DC	Date Submitted	Begin Date / End Date	Delete	Edit	Report Accepted	Edit Report	View Totals
Yes	Suspended	99.60	99.90	03/12/2024	02/24/2024 - 03/08/2024	delete	edit	03/14/2024	View Report	View Totals/Accept
Yes	Suspended	99.76	100.00	02/23/2024	02/10/2024 - 02/23/2024	delete	edit	02/29/2024	View Report	View Totals/Accept

Report Totals for Regular and Adjustments Download Detail	
Total Gross Wages	\$ 482,509.01
Total Gross Wages (Retirees)	\$ 66.41
Total Member DB Contributions	\$ 30,696.75
Total Member DC Contributions	\$ 2,622.21
Total Employer DB Contributions	\$ 119,278.30
Total Employer DC Contributions	\$ 1,103.53
Total Member PHF Contributions	\$ 1,232.04
Total Employer PHF Contributions	\$ 1,232.04
Total TDP Deduction Amount	\$ 748.87

Accept

Unaccept

REMINDER : Once you have accepted a report and any records post, you cannot delete the report.


What are the discrepancies?

\$ 30,696.86	\$30,649.56	\$ (47.30)	\$ 119,278.31	\$ 119,264.93	\$ (13.38)	\$ 2,617.76	\$ 2,622.21	\$ 4.45	\$1,088.29	\$1,103.53	\$ 15.24	\$1,230.26	\$1,232.04	\$ 1.78	\$1,203.33	\$1,232.04	\$ 28.71
Member Contributions Reported	Member Contributions Calculated	Member Contributions Discrepancy	Employer Contributions Reported	Employer Contributions Calculated	Employer Contributions Discrepancy	Reported Member DC Contributions	Calculated Member DC Contributions	Member DC Contribution Discrepancy	Reported Employer DC Contributions	Calculated Employer DC Contributions	Employer DC Contribution Discrepancy	Reported Member PHF Contributions	Calculated Member PHF Contributions	Member PHF Contribution Discrepancy	Reported Employer PHF Contributions	Calculated Employer PHF Contributions	Employer PHF Contribution Discrepancy

Save the entire file – then make it manageable to review and reconcile.

SSN	Name	Benefit Plan as of 09/12/2017	Employer Reported Wages	Employer Reported Wages (Retirees)	Exception Wages	Member Contributions Reported	Member Contributions Calculated	Member Contributions Discrepancy
xxx	DOE JANE	Pension Plus	1573	0	0	94.38	47.19	-47.19

We know we added Jane Doe correctly. What is up with this? She's not Pension Plus. She's MIP Graded. Hmm... Wrong SSN. First pay and fixed. What happens if it went on for 6 months...6 years?



Reconciled, corrected, balanced, and now pay!

Q&A – Short Break Time

Questions we can answer today?

Do you have any burning question(s) you are asked by employees regarding the following?

- HSA
- FSA
- Dependent Care
- Salary and Benefits
- Website Resources
- ORS Codes
- Retirement reconciliation and new hire processing

Thank you

- Leslie Cicalo, BOM
- Genesee ISD
- lcicalo@geneseeisd.org



Gallagher

Insurance | Risk Management | Consulting

Part 2: Employee Benefits Compliance

Sara Rajter
Area Vice President
Gallagher Benefit Services



Consolidated Omnibus Budget Reconciliation Act (COBRA)



Consolidated Omnibus Budget Reconciliation Act (COBRA)

Loss of Coverage under the plan

- **36 months**
 - Employee death
 - Employee becoming entitled to Medicare
 - Employee divorce or legal separation
 - A child's loss of dependent status
- **18 months**
 - Employee termination or reduction in hours

Notices

- General – within 90 days of enrollment
- Qualifying Event – within 30 days
- Election – within 14 days of event notice

Beneficiary Election

- 60 days from the event or Election Notice to enroll, whichever is later
- Coverage is retroactively applied

Cost

- 102% of premium
- Initial premium due within 45 days of election
- 30 day grace period for each monthly payment thereafter



Publicly Funded Health Insurance Contribution Act – PA 152



PA 152 History

Signed into law in 2011 for a 2012+ effective date

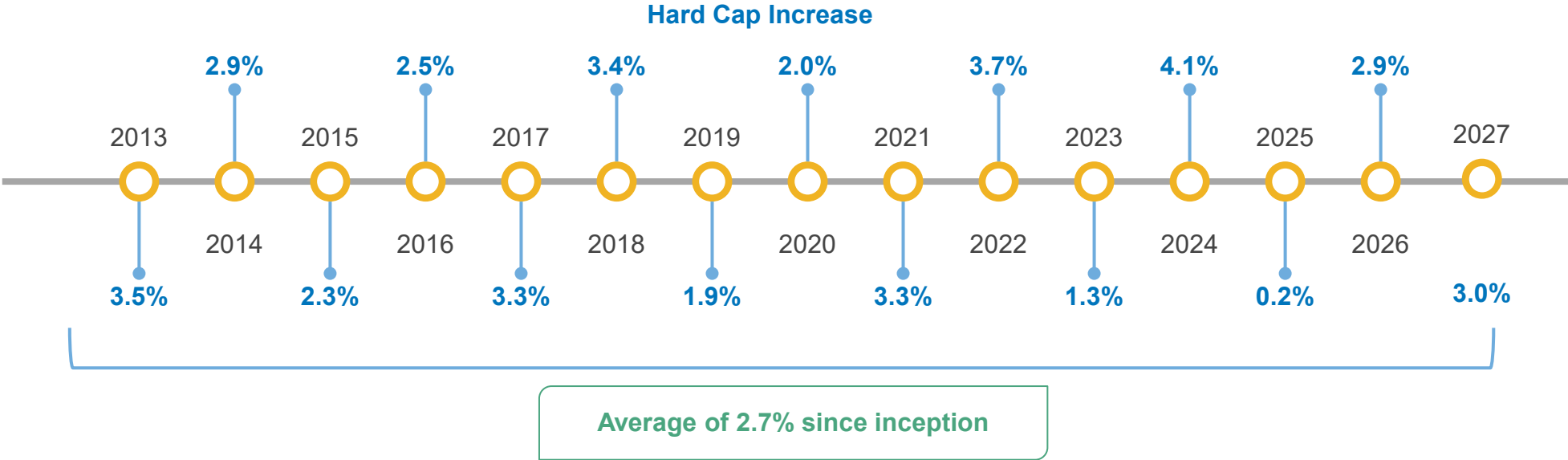
Goal was to limit a public employer's healthcare costs through one of two methods (local units of government can opt out)

- Hard Cap: Specific dollar cap set for 2012, indexes annually
- 80/20

Employer “may allocate the employees’ share of total annual costs of the medical benefit plans among the employees of the public employer as it sees fit”

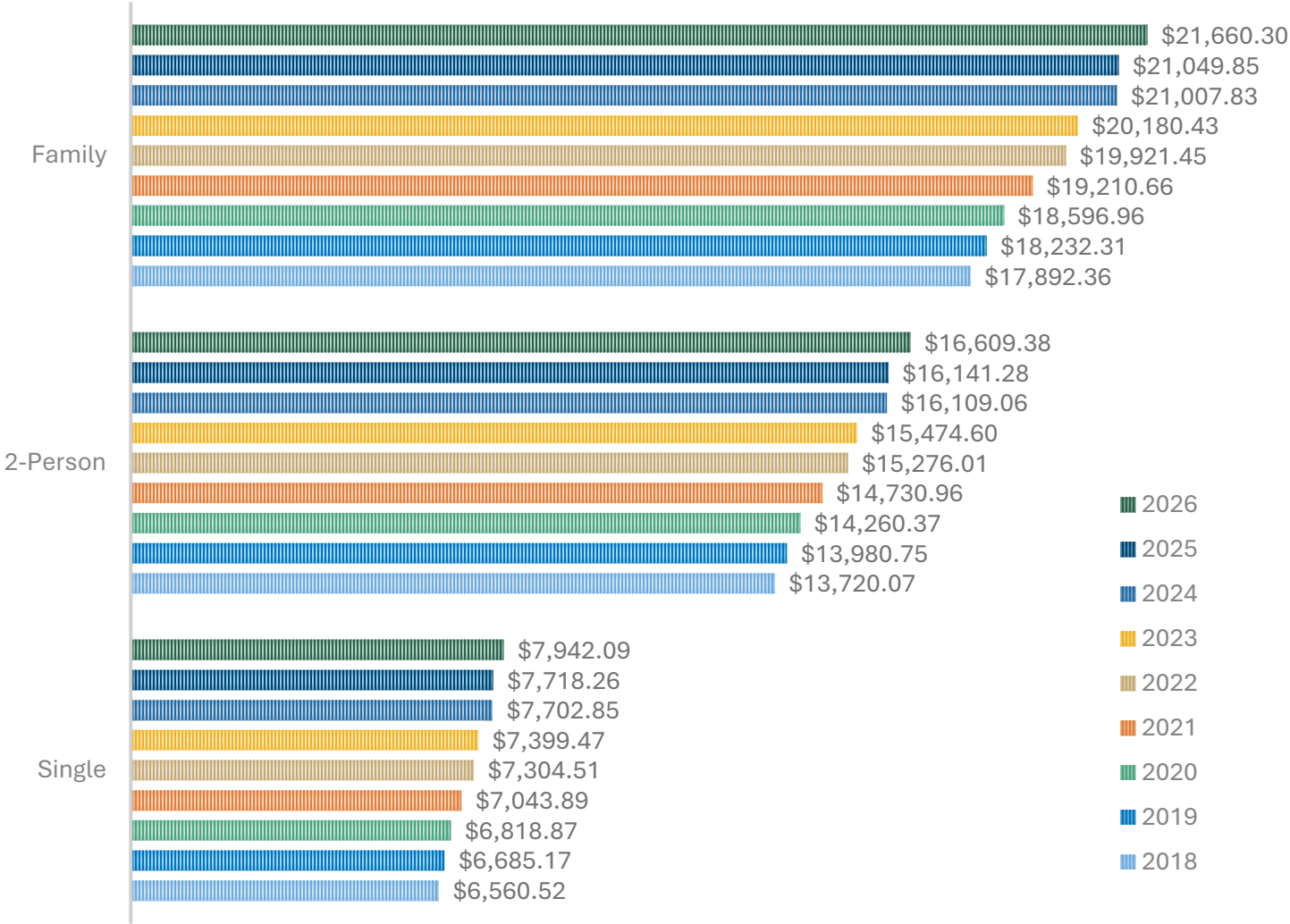
PA 152 Hard Cap

History of hard cap increases by year since inception



Average healthcare trend over this time period, based on observed annual healthcare trend study numbers, averaged roughly 8%

PA 152 Hard Cap Rates



PA 152, Proposed Amendment – HB 6058

Update, Status of Amended PA 152 bill:

The MI House and Senate each introduced bills throughout 2024 to modify PA 152

In late 2024, the Michigan Senate passed a proposed bill and the House agreed to the full title

The bill was referred to the House Clerk for enrollment printing and presentation to the Governor

House adjourned without a quorum

Bill was not presented to Governor Whitmer for signing
New legislative session began, bills not sent to Governor, creating litigation

Late October 2025, Appeals Court ruled that house republican leadership must transmit bills to Governor Whitmer's desk, which includes PA 152 updates (HB 6058)

In December, the House appealed to the state Supreme Court, where some feel the result will be consistent with the Appeals Court ruling....but will Gov Whitmer sign?

Affordable Care Act (ACA) Overview



Affordable Care Act

General

Impacts Employers, Group Health Plans, Insurers And Individuals

Plan design requirements

Requires large employers to offer health coverage to full-time employees and their dependents, or pay a penalty (“employer mandate”)

Requires most individuals to have health coverage; penalty has been reduced to 0 (“individual mandate”)

Reporting requirements

Taxes



Determining Applicable Large Employer (ALE) Status



Employer Mandate

Two general requirements

Large employer =
an average of at least 50
full-time and full-time
equivalent (FTE)
employees in prior
calendar year

**Minimum Essential Coverage
(MEC)** is broadly defined

Applicable large employer (ALE)
must offer minimum essential
coverage (“MEC”) to at least 95%
of FTEs and their dependents
(or pay a penalty)

Offer must be “affordable” and
provide “minimum value”
(or pay a penalty)



Employer Mandate

Controlled group issues

Large employer status is determined by aggregating all employers in a controlled group or affiliated service group



Each separate employer in an ALE group is referred to as an “ALE Member” and must comply with the employer mandate rules

- Must offer coverage to at least 95% of its employees
- Must do IRS reporting

Employee Classification and Measuring Methods



Employer Mandate

Offer Requirement

FTE = average of at least
30 hours of service per week
or 130 hours per month

Employer has two options to
determine:

1

Monthly – if work 30 hours
per week/130 hours in a
month, considered full-time
for that month

2

Look back – if work 30
hours per week/130 hours
per month during applicable
look back period, considered
full-time for following stability
period

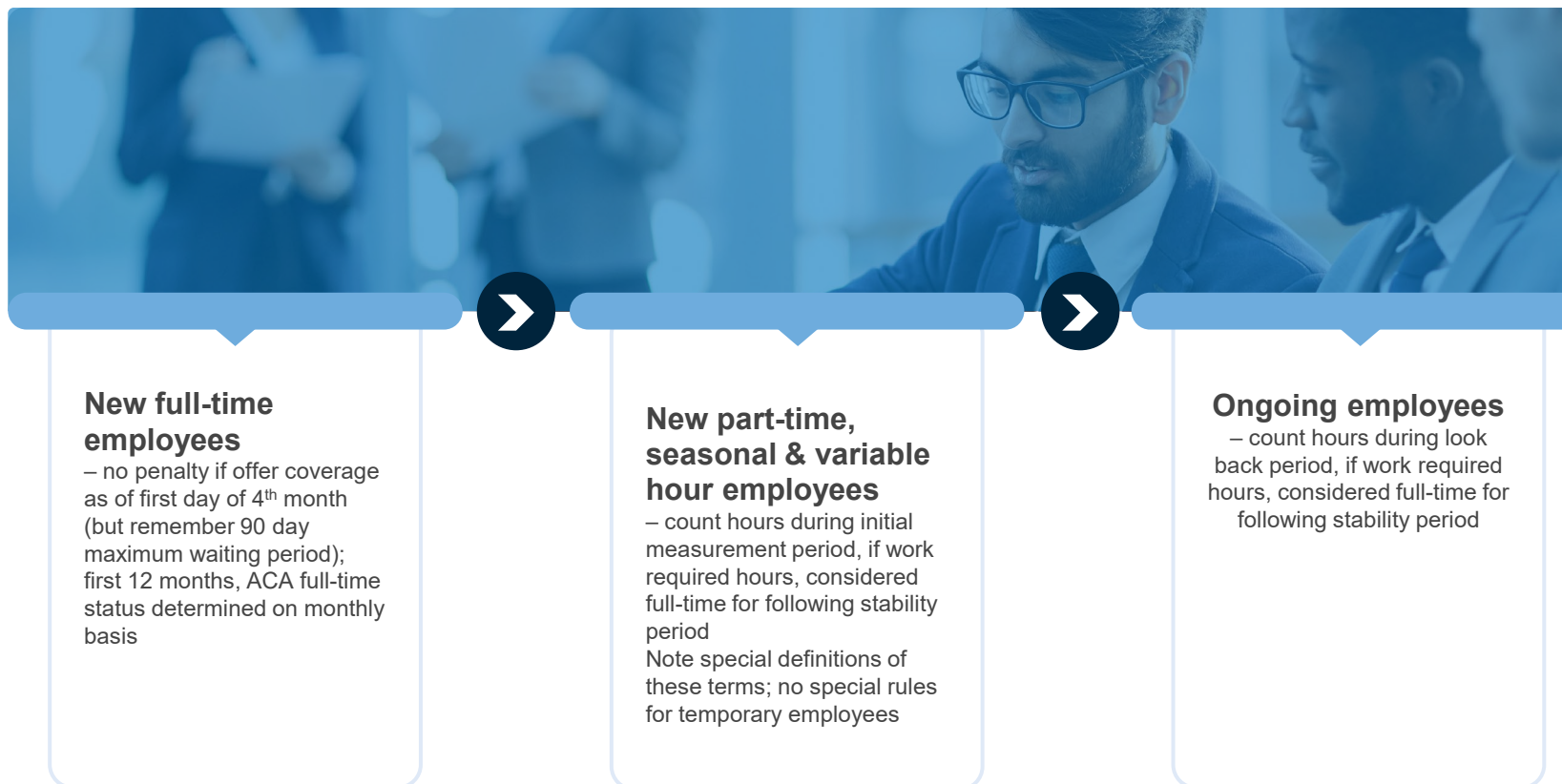
**Hours of Service = any hour for
which an employee is paid or
entitled to payment even when
duties are not performed such as
vacation, holiday, illness,
incapacity (including disability),
layoff, jury duty, military duty, or
leave of absence**

*There are additional special rules for
counting hours for educational
employee*



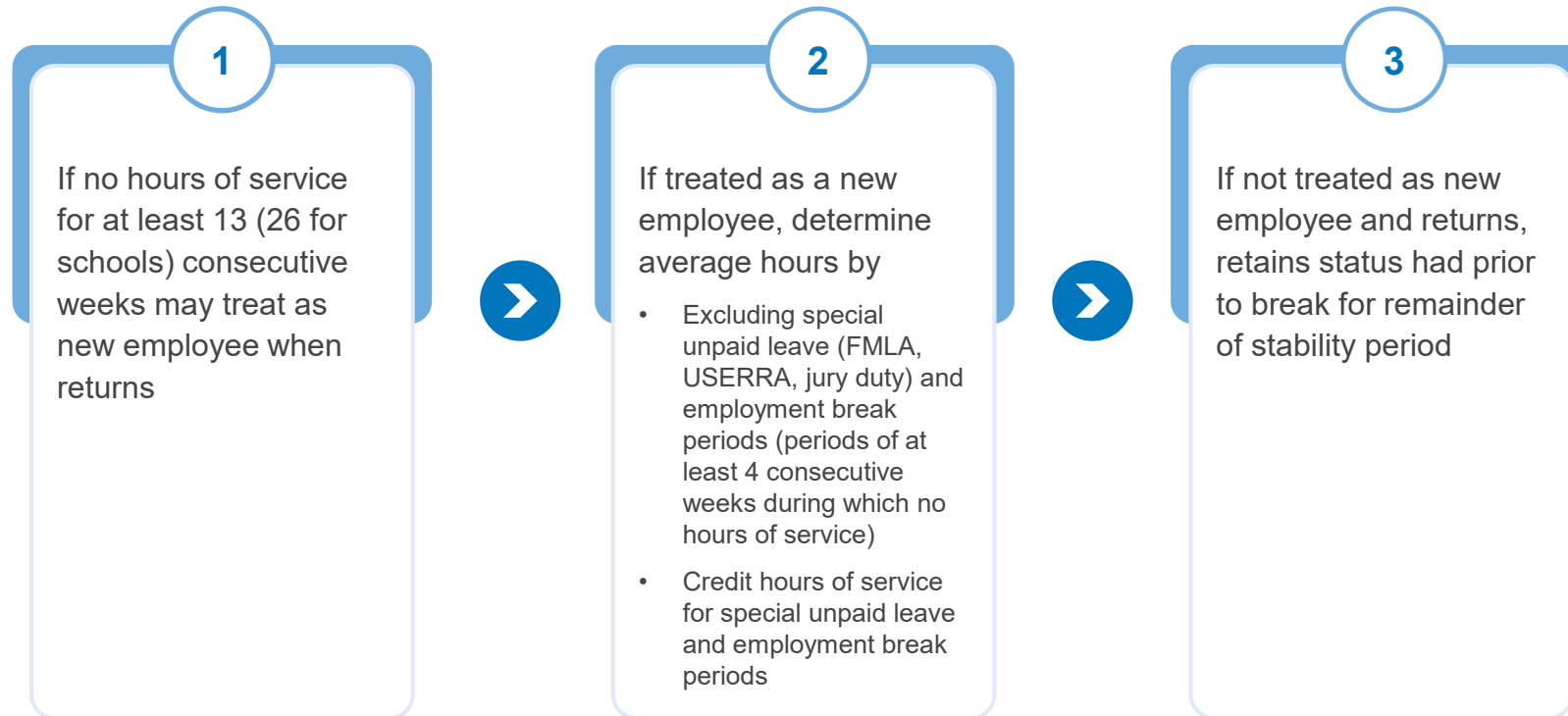
Employer Mandate

Look back measurement method



Employer Mandate

Employment breaks



Employer Mandate

Common issues

1

Plan eligibility vs. ACA full-time status

May not be eligible for coverage under terms of plans

- Look for plan exclusions – temporary, seasonal, students, interns

But may be considered full-time for ACA purposes

- 95% offer
- Reporting

2

Generally, must use same method for employees who work full-time hours and those who work less, stable hours



Minimum Essential Coverage Requirements



Plan Design Requirements

Waiting period 90 calendar day maximum

Rescissions prohibition

- Willful and intentional misrepresentations
- Need language in plan document and notice prior to coverage termination

No annual or lifetime limits on Essential Health Benefits (EHB)

No pre-existing condition exclusion

No cost-sharing on preventive care

- Screenings, immunizations, preventive exams
- Women’s contraceptives (though church employers are exempt from the contraceptive mandate, and other types of religious organizations may apply for an “accommodation” from the mandate)
- COVID vaccines
- Exemption for grandfathered plans
- NEW Supreme Court to decide whether full preventive care list will continue

Out-of-Pocket maximum (OOP Max) for EHBs

- Applies to all participant expenses for in-network “essential health benefits”
- Includes deductibles, co-insurance, co-payments, etc. (does not include premiums)
- Plans with an out-of-pocket maximum for family coverage exceeding the self-only limit must apply an “embedded” out-of-pocket maximum to each individual with family coverage no higher than the self-only limit
- Qualifying HDHPs with an HSA are subject to a lower out-of-pocket maximum limit under IRS rules.
- Exemption for grandfathered plans

Clinical trial expenses

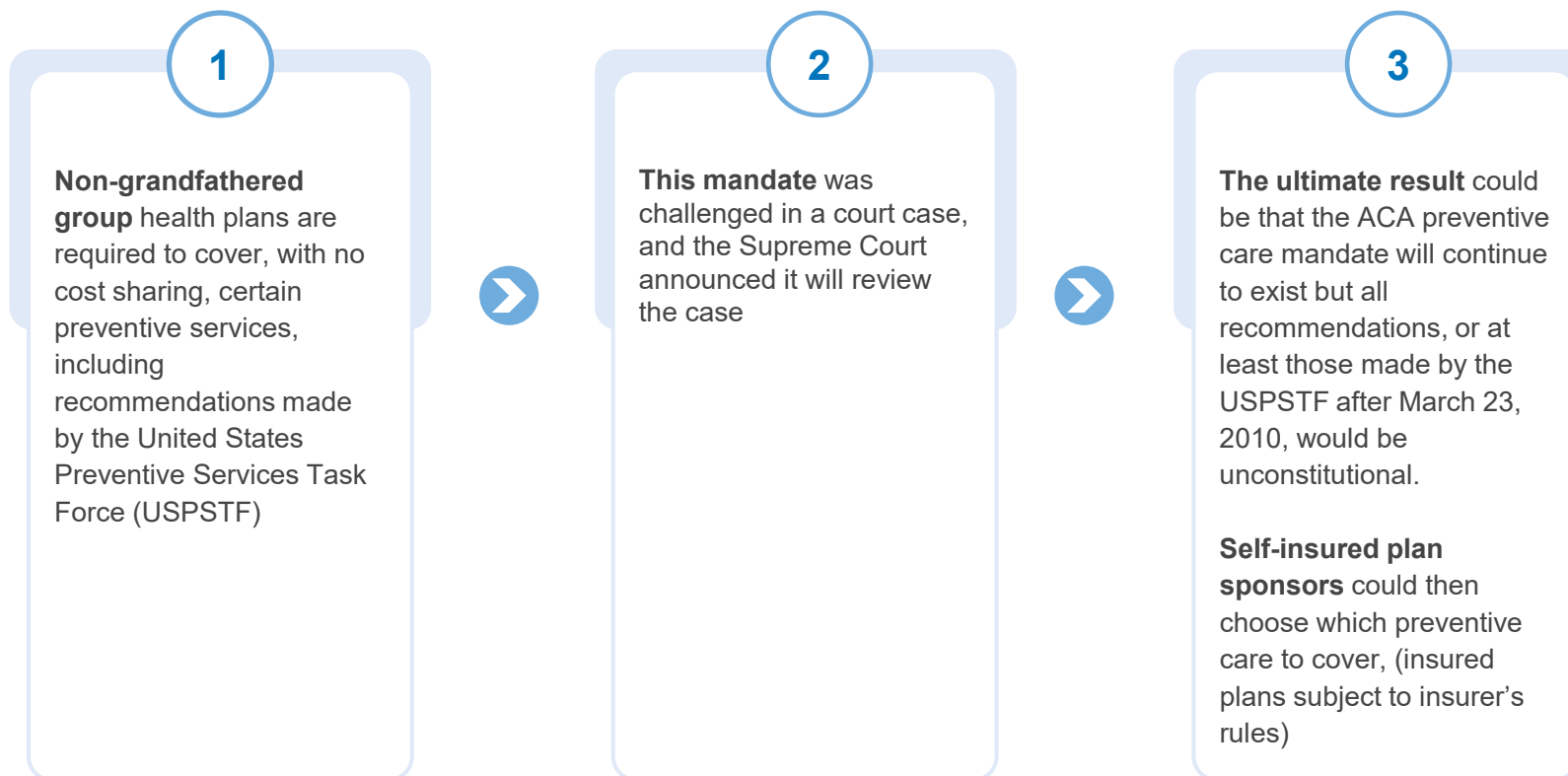
- Must be FDA approved clinical trial
- Exemption for grandfathered plans

Emergency care

- No preauthorization requirements for OON emergency care
- Identical coverage for in and OON emergency care
- Exemption for grandfathered plans

Dependent coverage to age 26

Preventive Care Mandate



Section 1557

Coverage of gender affirming medical or surgical treatments

Issue

Whether – and to what extent – group health plans must cover gender-affirming medical or surgical treatments

Section 1557

Section 1557 of the Affordable Care Act prohibits discrimination on the basis of race, color, national origin, sex, age, or disability in specified health programs or activities, including those receiving federal financial aid assistance

Final Regs

Final regulations clarify many provisions:

- Effective first day of plan year beginning on or after January 1, 2025
- Discrimination on the basis of sex includes, but is not limited to, discrimination on the basis of sexual orientation, gender identity, sex characteristics, pregnancy or related conditions and sex stereotypes

Section 1557

Coverage of gender affirming medical or surgical treatments

Before the election, regulations were subject of litigation

- A court in Mississippi issued a nationwide injunction and stay on portions of the Section 1557 regulations in so far as they extend “discrimination on the basis of sex” to include gender identity
- A court in Texas stayed all provisions of the regulations in Texas and Montana
- To the extent that a provision has been stayed, statutory language and the regulations (minus certain portions previously set aside by courts) remain in effect

Employer action steps:

- Review plan provisions to determine coverage for gender affirming care
- If excluded, discuss exclusion with legal counsel
- Stay tuned

Uncertain how Trump administration’s executive order regarding the meaning of sex and gender identity will affect compliance requirements

Small Employer Coverage Requirements

Essential health benefits (EHBs)

1 Ambulatory patient services

2 Emergency services

3 Hospitalization

4 Maternity and newborn care

5 Mental health and substance use disorder services *(including behavioral health treatment)*

6 Prescription drugs

7 Rehabilitative & habilitative services & devices

8 Laboratory services

9 Preventive and wellness services and chronic disease management

10 Pediatric services, including oral & vision care

Large employer, self-insured, and small grandfathered plans not required to offer EHBs, BUT, EHBs that are offered are subject to prohibition on annual/lifetime limits flexibility in defining EHBs

Grandfathered Status

Grandfathered plan

- Same plan design that was in place prior to March 23, 2010
- Exempt from certain ACA provisions:
 - Preventive care
 - Clinical trials
 - Patient Protections
 - Out of pocket maximums

Loss of grandfathered status

- 5 plan design changes that can result in loss of status
 - Must include notice in all “material” documents
- Elimination of benefits
 - Increase in % of cost sharing
 - Increase in fixed-amount cost sharing
 - Decrease in employer contributions
 - Adding annual limit



ACA Employer Penalties



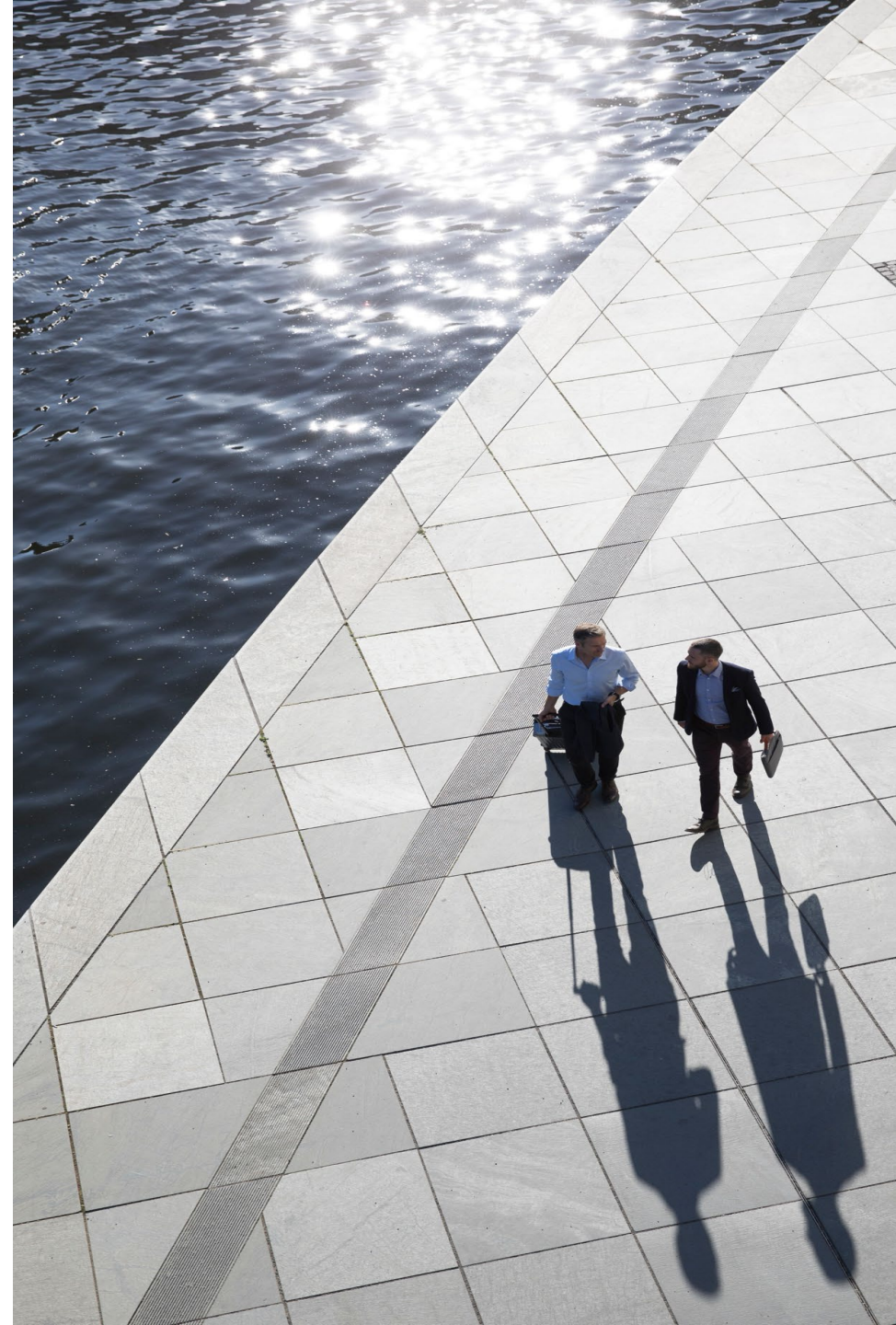
Employer Mandate Penalties

Penalty	2020	2021	2022	2023	2024	2025	2026
4980H(a)	\$2,570	\$2,700	\$2,750	\$2,880	\$2,970	\$2,900	\$3,340
4980H(b)	\$3,860	\$4,060	\$4,120	\$4,320	\$4,460	\$4,350	\$5,010
Annual Change	+2.8%/2.9%	+5.1%/5.2%	+1.8%/1.5%	+4.7%/4.9%	+3.1%/3.2%	-2.35%/2.46%	+15.17

- At least one full-time employee must get premium tax credit for coverage purchased through the marketplace in order to trigger either penalty
- 4980H(a) – failure to offer MEC to at least 95% of FTEs and their dependents, assessed per each PTE (minus the first 30)
- 4980H(b) – failure to offer affordable/minimum value coverage, assessed per FTE that receives a marketplace subsidy



Affordability Safe Harbors



Employer Mandate

Affordability

1 Requirements

Employee's required contribution for lowest cost option for employee-only coverage that provides minimum value must be affordable

2 Defined

9.5% (adjusted – 9.02% in 2025, 9.96% in 2026) of employee's household income

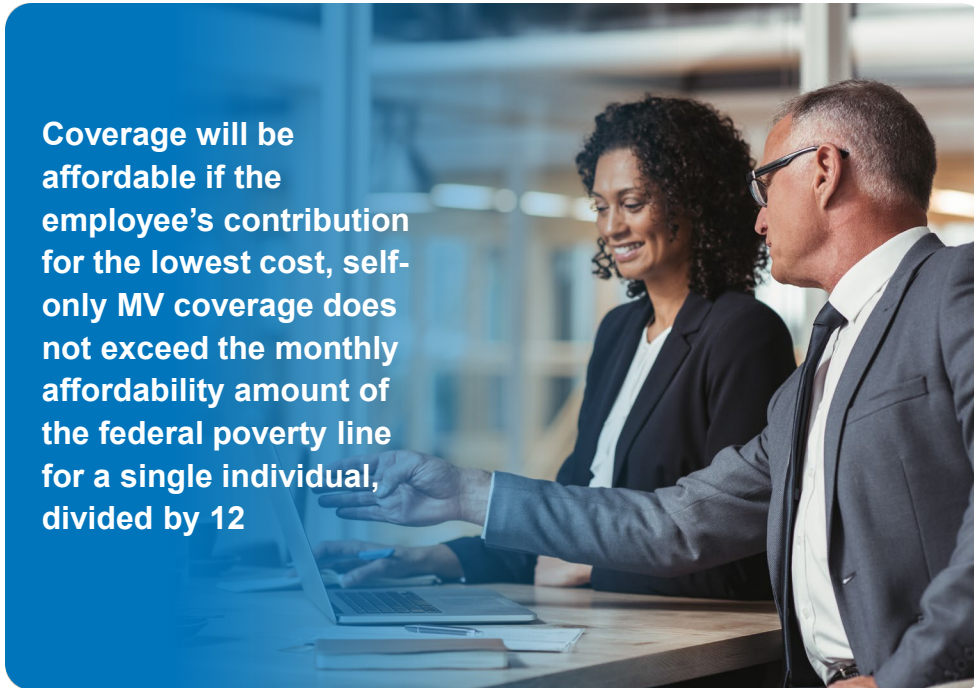
3 Safe Harbors

Federal poverty level
Rate of pay
W-2



Affordability

Federal poverty level



For 2025, the maximum monthly premium contribution for CY plans is \$113.20

Based on 2024 FPL (\$15,060 x 9.02%)

For 2026, the maximum monthly premium contribution for CY plans is \$129.90

Based on 2025 FPL (\$15,650 x 9.96%)

Affordability Safe Harbors

Rate of pay

Hourly employees

On a monthly basis:

- (1) Take the lower of the employee's hourly rate of pay as of the first day of the coverage period (generally the first day of the plan year), or the employee's lowest hourly rate of pay during the calendar month;
- (2) Multiply that rate by 130 hours per month;
- (3) Determine affordability based on the resulting monthly wage amount.

Example:

Larry and his dependent children are offered MV coverage by his employer. Larry is paid \$15.50 per hour in 2025. His monthly wage, for purposes of affordability is \$2,015 (130 hrs x \$15.50) and the monthly contribution for the lowest cost, self-only, MV coverage is \$145. Because \$145 is less than 9.02% times his monthly wage ($\$145 < 130 \times \$15.50 \times 9.02\%$), the coverage offered is affordable

Non-hourly employees

(e.g., salaried employees). On a monthly basis, compare the employee contribution for the lowest cost, self-only, MV coverage to the employee's monthly salary as of the first day of the coverage period.

Example:

Larry and his dependent children are offered MV coverage by his employer. His monthly wage, for purposes of affordability is \$2,500 (\$30,000 annual salary / 12 months) and the monthly contribution for the lowest cost, self-only, MV coverage is \$145. Because \$145 is less than 9.02% times his monthly wage ($\$145 < \$2500 \times 9.02\%$), the coverage offered is affordable.



Affordability

W-2

Employee share of the lowest cost, self-only, MV coverage \leq
Affordability rate x W-2 Box 1 wages
(or, if applicable, adjusted Box 1 wages)

The employee's required contribution must remain a consistent
amount or percentage of all Form W-2 wages during the
calendar year
(or during the plan year for non- calendar year plans)

Employers are not permitted to make discretionary adjustments
to the required employee contribution for a pay period

Application of this safe harbor is determined after the end of the
calendar year and on an employee-by-employee basis



Affordability

Certain plan designs can affect affordability
– for instance, non-tobacco related wellness incentives, opt-out credits, or flex/defined contribution dollars

See the Affordability Safe Harbor Chart and these Spotlights

- Flex Credits and Affordability
- Opt-Out Bonuses and Affordability



Reporting Requirements



ACA Reporting and Disclosure Requirements

Marketplace notice

- Info about the marketplace and general info about employer's plans (if applicable)
- New hires must receive within 14 days of date of hire
- If info about the employer's plans and coverage changes, update the Notice

Summary of Benefits Coverage (SBC)

Applies to all health plans subject to ACA

W-2 Reporting

- Currently only applies to employers that file more than 250 W-2s during the calendar year (controlled group rules do not apply for this purpose)
- Box 12, Code DD = employer + employee cost for coverage

ACA IRS Reporting

1095-C and 1094-C

Employer mandate

Large employer reports compliance with employer mandate

Coverage

- Self-insured employer reports coverage
- Insurance company reports coverage for insured plan

Provides information on

Full Time Employees

- Employer Mandate
- Individual Mandate
- Premium Tax Credit Eligibility

Covered Employees

(this may include a part-time employee if enrolled)

- Individual Mandate
- Premium Tax Credit Eligibility

Covered Spouses, Dependents, & Non-EEs

- Individual Mandate
- Premium Tax Credit Eligibility



- No report for employee who is not a full-time employee or is in a LNAP for all months of the year (and is not enrolled)*
- If part-time or other non-full-time employees participate in self-insured coverage, employer must report 'coverage'. May use either a 1095-C or 1095-B

ACA IRS Reporting

Who does the reporting?



Fully Insured Plans

- Insurance company is responsible for individual mandate (coverage) report on 1095-B for Large and Small Employers
- Large Employer (50+ FTE) member is responsible for employer mandate and premium tax credit report (offer) on 1095-C
- Small Employer (<50 FTE) does not report

Self-Insured Plans

- Large Employer (50+ FTE) member is responsible for individual mandate (coverage) and employer mandate and premium tax credit report (offer) on 1095-C
- Small Employer (<50 FTE) is responsible for individual mandate report (coverage) information on 1095-B

ACA IRS Reporting

When are forms due?

1

Individual statements sent to employees

- March 3, 2025
- Permanent extension

2

Reports submitted to IRS

- Annually by
- February 28 (paper)
 - April 1 (electronic)*

3

30 day Extension

Form 8809



ACA Reporting Simplified

1

Forms 1095-C to Individuals

- Employers can meet their Form 1095 distribution requirements by posting a notice of availability and then only distributing the forms upon request
- If requested, form must be provided within 30 days

2

May use individual's DOB when SSN not available

3

Employer Penalty Process

- The IRS may issue a penalty letter (Letter 226-J), which triggers a 30-day response time to appeal the IRS' assessment
- The new legislation increases response times to 90 days
- The retroactive period for which the IRS can levy such penalties is now limited to six years

4

Employer action steps

- Prepare and post notice
- Still must prepare the forms and file with the IRS
- Still must comply with individual mandate state laws

ACA IRS Reporting

Controlled groups

Each separate employer in an ALE group is an “ALE member.” Each ALE member must comply with employer mandate rule

Reporting = Each ALE member (look for separate EIN) files own 1094-C Authoritative Transmittal

Include information on other controlled group members in Part III



Thank you!

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Insurance | Risk Management | Consulting

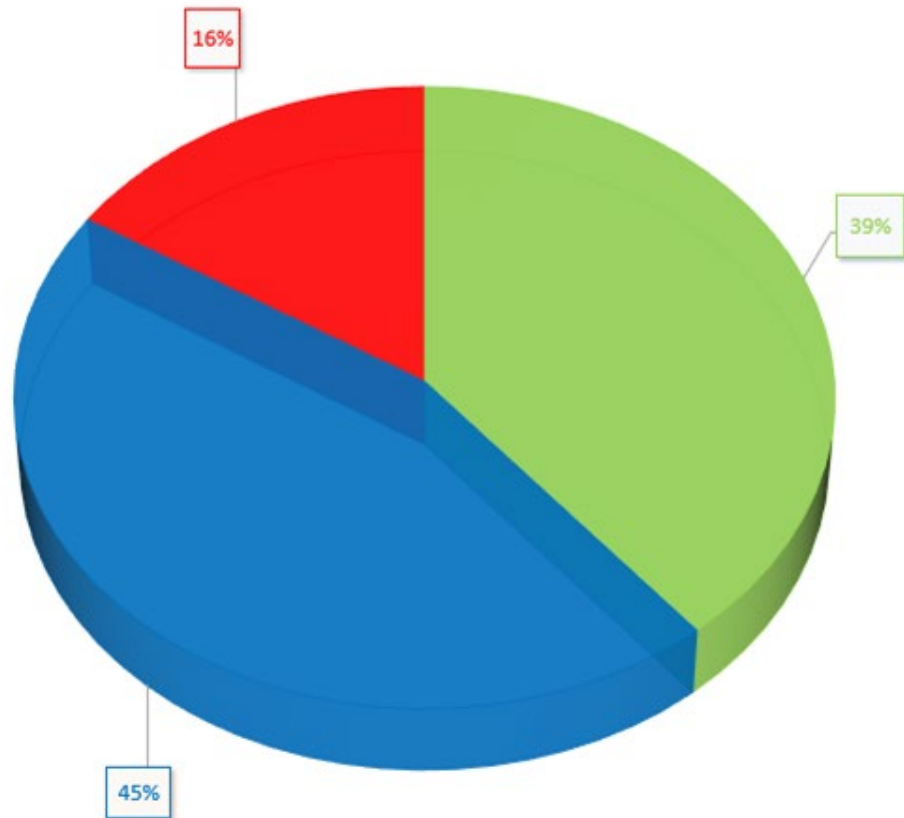
Part 3

Retirement Options

Mike McEvilly and Sean Shearon, GLP
Financial Group



How do we achieve... **Financial Independence?**



What are the retirement components?

PENSION

SOCIAL SECURITY

PERSONAL SAVINGS

PERSONAL SAVINGS PENSION SOCIAL SECURITY

Michigan Public School Employee Retirement System

Four Plans:

- Defined Benefit (DB) – there is a defined “guarantee” benefit in retirement (aka PENSION) (**MIP, Pension Plus, BASIC**)
- **Defined Contribution (DC)** – there is a defined “guarantee” contribution while working
- Pension Plus – hybrid (DB and DC)
- **Pension Plus 2** – hybrid (DB and DC) for new hires on or after 02/01/2018

RETIREMENT PLAN DECISION GUIDE – NEW HIRES

Which retirement plan is best for you?

In the table below, mark the box to the left of the statement in each row that applies more to you. Tally the number of marked boxes you have for each column and write it in the last box for that column.

Pension Plus 2 plan	DC plan
I plan on working for a Michigan public school employer at least 10 years during my lifetime, even if I leave public school employment and return later.	I plan on working for a Michigan public school employer less than 10 years during my lifetime.
I want a guaranteed monthly pension for life plus the opportunity to potentially build additional retirement income through the savings plan.	I want the opportunity to potentially build the value of my savings plan, which could be more or less than what the Pension Plus 2 plan provides.
I'm comfortable with managing my retirement savings plan and having ORS manage my pension.	I'm comfortable managing my retirement savings plan.
I want ORS to manage my monthly pension. Plus, I want to decide how much and when I withdraw money from my savings plan when I'm retired, following IRS rules.	I want to decide how much and when I withdraw money from my savings plan when I'm retired, following IRS rules.
I would rather have a guaranteed monthly benefit for life in retirement than full control over what my contributions will be during my working career.	I would rather have full control over what my contributions will be during my working career than have a guaranteed monthly benefit for life in retirement.
If you have more selections in this column, then you might consider the Pension Plus 2 plan which pairs a pension component with a savings component.	If you have more selections in this column, then you might consider the DC plan which is a savings plan only.

What to expect next

First week of work

Receive retirement information from your employer.

10–15 days after first paycheck

Receive your welcome letter from ORS with your member ID that you'll use to register for miAccount.

25–50 days after first paycheck

If you make your election: Receive your plan confirmation letter from ORS.

Process completed

75 days after first paycheck

If you didn't make your election by the deadline: You'll be automatically enrolled in the DC plan and receive a confirmation letter from ORS.

This is considered your choice and can't be changed.

Process completed



Make your election

Log in to miAccount and make your retirement election.

Although you have 75 days to make your retirement plan election, it's important to make your choice as early as possible so you don't run out of time.

Your 75-day countdown begins when you receive your first paycheck.

Process continues

If you don't make your election: You're running out of time to make your election, so don't delay.

Process continues

TWO Components of Retirement: Money and Medical

Pension

Pension = a monthly
income in retirement

Premium Subsidy
discontinued as of
10/1/25

PHF (Personal Health
Fund)

DB Defined Benefit Plan

Basic		MIP (Members Investment Plan)			
Basic 0	Basic 4 <small>(chosen during SB1040 eff. 02/01/13)</small>	MIP Fixed <small>(switched from Basic)</small>	MIP Graded <small>DOH: 01/01/1990 through 06/30/2008</small>	MIP Plus <small>DOH: 07/01/2008 through 06/30/2010</small>	MIP 7 <small>(chosen during SB1040) eff. 02/01/2013</small>
0	4%	3.9%	July 1 – June 30 (contract year) 0 – 5,000 = 3% 5,000.01 – 15k = 3.6% 15,000.01 + = 4.3%	July 1 – June 30 (contract year) 0 – 5,000 = 3% 5,000.01 – 15k = 3.6% 15,000.01 + = 6.4%	7%
55 w 30 60 w 10 55 w 15 (w/ stipulations)		46 w 30 60 w 10 60 w 5 (w/ stipulations) 55 w 15 (w/ stipulations)			
FAC – highest consecutive 60 months, 5 years		FAC – highest consecutive 36 months, 3 years			
Premium Subsidy OR PHF Personal Health Fund (if chosen during SB 1040 effective February 1, 2013)					

Pension Plus and Pension Plus 2 (Hybrid Plans combining DB and DC)

PENSION Defined Benefit	PLUS Defined Contribution	
<p>Pension Plus</p> <p>(DOH: 07/01/10 – 01/31/18) EE Contributions follow the contact year (July 1 – June 30)</p> <p>0 – 5,000 = 3% 5,000.01 – 15k = 3.6% 15,000.01 + = 6.4%</p> <p>Pension Plus 2 (new hires after 2/1/2018 – Present) EE Contributions = 6.2% flat rate all year</p>	<p>EE 457</p> <p>2% of gross pay (default)*</p> <p>* This amount can be increased to IRS limits, but may also be reduced to zero.</p> <p>- 2% EE deduction is set to automatically increase by 1% per year until = 13% (aka SMALL STEPS)</p> <p>- Members may increase or decrease this deduction at any time. Log on to VOYA</p>	<p>ER 401k</p> <p>Match = 1% of gross pay**</p> <p>** The maximum ER match is 1% and will be eliminated if EE contribution is <2%.</p>
<p>MUST be at least age 60 to apply for a monthly pension based on contributions made while working</p>	<p>Access is allowed upon Separation from Service according to 457 rules</p>	<p>Access is allowed upon Separation of Service or age 59.5 according to 401k rules</p>
<p>10 years vested</p>	<p>Vested immediately</p>	<p>Vested 50% x 2 YOS 75% w 3 YOS 100% w 4 YOS</p>
<p>Premium Subsidy available if DOH = 07/01/2010 – 09/03/2012 OR PHF Personal Health Fund If hired 09/04/2012 – Present OR If chosen during SB 1040, effective February 1, 2013</p>		

DC ONLY

New Hires will be placed in the PENSION PLUS 2 Plan by default unless the member actively chooses the DC Plan within 75 days of the end of the first pay period. Once the choice is submitted, it is irrevocable.

PENSION Defined Benefit	PLUS Defined Contribution	
	EE 457 3% of gross pay (default)* * This amount can be increased to IRS limits, but may also be reduced to zero. - 3% EE deduction is set to automatically increase by 1% per year until = 13% (SMALL STEPS) - Members may opt out of this increase and return to 3% at any time.	ER 401k Match = 3% of gross pay** ** The maximum ER match is 3% and will be eliminated if EE contribution is <3%. PLUS an additional mandatory 4% contribution from ER into the 401k.
	Access is allowed upon Separation from Service according to 457 rules	Access is allowed upon Separation of Service or age 59.5 according to 401k rules
	Vested immediately	Vested 50% x 2 YOS 75% w 3 YOS 100% w 4 YOS

PHF Personal Health Fund
 If hired 09/04/2012 – Present
OR
 If chosen during SB 1040, effective February 1, 2013

Resources



- Office of Retirement Services – (800) 381-5111
- MIORS – miAccount Register Now

[Michigan.gov Home](#) | [miAccount Home](#) | [Contact miAccount](#) | [Help](#) | [ORS Home](#) | [401\(k\)/457 Plans](#)

Welcome to the secure section of the State of Michigan ORS website. Log in to manage your personal retirement account.

Log in to miAccount

I am the authorized user of this account. I understand this account is intended exclusively for conducting State of Michigan retirement business.

NEW USER?
Create a user name and password.

*Forget something?
Use the buttons below for help.*

Resources



MICHIGAN OFFICE OF
RETIREMENT SERVICES
Big Plans. Small Steps.



Retirement Plan Decision Guide

https://www.michigan.gov/-/media/Project/Websites/psru/forms/Ro6o7C_RetirementPlanDecisionGuide.pdf?rev=793eeb0136104147b333e183e46d034c

Public School Employees' Retirement System

<https://www.michigan.gov/ors/public-school-employees-retirement-system>



MICHIGAN OFFICE OF
RETIREMENT SERVICES
Big Plans. Small Steps.



Retirement Plan Election Guide

https://voyamarketingzone.dmplocal.com/dsc/collateral/Ro6o6C_RetirementPlanElectionGuide_10_2021.pdf

Reporting Instruction Manual

<https://www.michigan.gov/psru/reporting-resources/reporting-instruction-manual>

Thank you

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Questions?