Employee Benefits Program
Indiana University

Federal and state statutes govern employee benefits at the institutional/employer level

Approximately

- 17,500 FT employees
- 5,500 PT employees
- 13,500 Hourly employees
- Many non-employees
Employee Constituents

- **Full-time employees** = Academic and Staff employees with a total 100% FTE appointment(s); 40 hours per week or equivalent

- **Part-time employees** = Academic and Staff employee with an appointment of 50% to 99% FTE

- **Hourly employees with retirement** = Hourly employees working at least 1,000 hours per year (Hourly w/PERF)

- **Medical Residents** = Interns appointed to complete a medical residency program
Non-Employee Constituents

- **Retiree Status** = former full-time Academic and Staff employees with qualifying age and IU service (Under 65 and 65+ Retirees)

- **Dependents** = spouses/domestic partners of the employee or Retiree and dependent children of the employee/Retiree and spouse/domestic partner

- **COBRA participants** = former employees and former dependents of employees, who elect to continue healthcare coverage

- **Vested participants** = former employees with a vested pension and/or retirement account
IU Benefits Program - Statutes

**Indiana Code 20-12-23**

- Authority for IU to “establish programs of fringe benefits and retirement benefits for the university's officers, faculty, and other employees that may be supplemental to or in lieu of state programs established by statute for public employees”

**ERISA** *(Employee Retirement Income Security Act of 1974)*

- Authority for entities to establish retirement and welfare benefit plans for their employees

**IRS regulations**

- Preferential tax treatment of: 1) premiums, 2) benefit plan payments, and 3) retirement and medical accounts
IU Benefits Program - Regulations

- Indiana revenue regulations
  - Tax treatment of premiums and benefit plan payments

- DOL regulations (U.S. Department of Labor)
  - Equal treatment of employees and non-discrimination in favor of highly compensated employees

- OMB Standard for Unallowable Expenses
  - Requirements for charging employee benefit program expenses to federal contracts and grants
Benefits Program – Regulations

Other regulations -- not an inclusive list

- **ADA** --- Americans with Disability Act
- **ADEA** --- Age Discrimination in Employment Act
- **COBRA** --- Consolidated Omnibus Reconciliation Act
- **FMLA** --- Family and Medical Leave Act
- **HIPAA** --- Health Insurance Portability and Accountability Act
- **USERRA** --- Uniformed Services Employment and Reemployment Act
- **OWBPA** --- Older Worker Benefit Protection Act
- Social Security & Medicare
- Federal and State coverage mandates
Benefits Program

- Attract and retain highly productive employees
- Competition with labor markets
- Income for retirement
- Group purchasing
- Preferential tax treatment
- Federal and State mandates
## Full-time Academic and Staff Employees
### IU Benefits Program

### IU Funded
- Basic Life and AD&D Ins.
- Tuition Assistance
- Base Retirement Plans
- Medical Coverage
- Dental Coverage
- HDHP & Medical Savings
- Employee Assistance
- Tobacco Cessation & Nutrition
- Unemployment Compensation
- Workers’ Compensation
- Social Security
- Medicare

### Employee Funded
- Medical & Dental Coverage
- HDHP Medical Savings
- Supplemental Life Ins.
- Personal Accident Ins.
- Long Term Disability Ins.
- Pre-tax Medical Expenses
- Pre-tax Dependent Expenses
- Supplemental Retirement Plans
- Pre-tax Commuting Expenses
- Voluntary Benefits
- Social Security
- Medicare
Benefits Program – Administrative Attributes

- IU is a 501(c)(3) nonprofit and a governmental entity
- Mostly autonomous from State of Indiana, except PERF & PBM
- University-wide plans managed by University Human Resources
- Coverage and eligibility is consistent across all employee groups, except for base retirement plans
- Many “backroom” functions are outsourced to third-parties
- Paid Time-off plans are funded from budget base salary
- IU funding from “benefits payroll tax” charged to departments
## Benefits Program – IU Expenses FY 2012/13

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Life and AD&amp;D Ins.</td>
<td>$3.80 m</td>
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<tr>
<td>IU Tuition Assistance</td>
<td>$7.15 m</td>
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<tr>
<td>Retirement Plans</td>
<td>$164.83 m</td>
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<tr>
<td>PERF/IU Retirement:</td>
<td>$117.30 m</td>
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<tr>
<td>18-20/IUSERP/IU Replacement:</td>
<td>$47.53 m</td>
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<tr>
<td>Health Care Coverage</td>
<td>$197.84 m</td>
</tr>
<tr>
<td>Unemployment Compensation</td>
<td>$2.00 m</td>
</tr>
<tr>
<td>Workers Compensation</td>
<td>$3.92 m</td>
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<tr>
<td>FICA -- Social Security &amp; Medicare</td>
<td>$87.30 m</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$466.84 million</strong></td>
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</tbody>
</table>
### Benefits Payroll Tax Rates for FY 2012/2013

<table>
<thead>
<tr>
<th>Benefit Funding</th>
<th>Benefit Rate %</th>
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</thead>
<tbody>
<tr>
<td>Basic Life and AD&amp;D Ins.</td>
<td>$ 4.42 m</td>
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<tr>
<td>Unemployment Comp.</td>
<td>$ 1.51 m</td>
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<tr>
<td>Worker Comp.</td>
<td>$ 4.13 m</td>
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<tr>
<td>Tuition Assistance - employee</td>
<td>$ 2.31 m</td>
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<tr>
<td>Health Care Coverages</td>
<td>$197.84 m</td>
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<tr>
<td>Benefits Admin.</td>
<td>$ 4.02 m</td>
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<tr>
<td><strong>Total Group Insurances</strong></td>
<td><strong>$ 214.23 m</strong></td>
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<tr>
<td>18/20 Plan &amp; IUSERP</td>
<td>$ 43.03 m</td>
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<tr>
<td>IU Retirement Plan</td>
<td>$ 91.31 m</td>
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<tr>
<td>PERF Plan</td>
<td>$ 25.61 m</td>
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<tr>
<td>FICA</td>
<td>$ 87.30 m</td>
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## Benefits Payroll Tax

<table>
<thead>
<tr>
<th></th>
<th>FY 08/09</th>
<th>FY 09/10</th>
<th>FY 10/11</th>
<th>FY 11/12</th>
<th>FY 12/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic/PA</td>
<td>40.60 %</td>
<td>40.47 %</td>
<td>41.92 %</td>
<td>42.00 %</td>
<td>43.34 %</td>
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<tr>
<td>Support/Service</td>
<td>34.35 %</td>
<td>35.46 %</td>
<td>36.04 %</td>
<td>37.23 %</td>
<td>40.06 %</td>
</tr>
<tr>
<td>Hourly w/PERF</td>
<td>18.52 %</td>
<td>18.96 %</td>
<td>17.17 %</td>
<td>18.01 %</td>
<td>19.65 %</td>
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