

CUT AND PASTE POST NOVEMBER, 2015: BENEFITS UPDATE AND FEDERAL CONTRACTOR REQUIREMENTS

2016 Limitations for Pension Plan Contributions and Other Benefits:

On October 21, 2015, the Internal Revenue Service (IRS) announced cost-of-living adjustments affecting dollar limitations for pension plans and other retirement-related items for tax year 2016. In general, the pension plan limitations will not change in 2016 because the increase in the cost-of-living index did not meet the statutory thresholds that trigger their adjustment. Limitations did not change for:

- Elective deferrals or catchup contributions for 401(k), 403(b), most 457 plans and the federal government's Thrift Savings Plans;
- Individual retirement arrangements (IRAs);
- Elective deferrals and minimum compensation for participation in simplified employee pension (SEP) IRAs and individual/solo 401(k)s;
- Contribution and catch up limits for savings incentive match plan for employees (SIMPLE) IRAs/
- The basic limitation on annual benefits under a defined benefit plan;
- Highly-compensated and key employee thresholds; and
- The Social Security taxable wage base.

In 2016, hospitalization insurance (Medicare) tax continues to apply to all wages.

Read the IRS [announcement](#).

Feds Rescind ACA's Expansion of Small Group Health Insurance Policies

On October 7th, President Obama signed the Protecting Affordable Care for Employees (PACE) Act into law. The PACE Act rescinds the ACA's expansion of small group health insurance policies from "up to 50 employees" to "up to 100 employees" that was scheduled to take effect January 1, 2016.

This means that employers in the 51-100 employee size group may not be subject to small-group market rules, including requirements to provide essential health benefits defined by the ACA with less underwriting criteria. Currently the underwriting criteria covering small group plans includes age, geography and smokers in the group and excludes claims experience and gender. The legislative intent of the PACE Act is to support small and mid-size businesses by limiting potential premium increases and give states the option to define their small group market size up to 100 employees. Employers should work with their insurance brokers and carriers to understand the impact of the repeal of this ACA provision for small groups in each state where they offer group health insurance.



New Requirements for Federal Contractors

OFCCP Announces Final Rule Prohibiting Pay Secrecy:

On September 10, 2015, the Office of Federal Contract Compliance Programs (OFCCP) published a Final Rule implementing Executive Order (EO) 13665 issued by President Obama on April 8, 2014, which prohibits federal contractors from discriminating against employees or job applicants who inquire about, discuss, or disclose their own compensation or the compensation of other employees or applicants. EO 13665 amends EO 11246, which prohibits discrimination based on race, color, religion, sex, sexual orientation, gender identity, and national origin.

The Final Rule, which goes into effect on January 11, 2016, generally applies to any business or organization that:

- Holds a single federal contract, subcontract, or federally assisted construction contract in excess of \$10,000;
- Has federal contracts or subcontracts that have a combined total in excess of \$10,000 in any 12-month period; or
- Holds government bills of lading, serves as a depository of federal funds, or is an issuing and paying agency for U.S. savings bonds and notes in any amount.

Read the [Final Rule](#) or view the [FAQs on the Final Rule](#).

Administration Issues Executive Order Requiring Paid Sick Leave for Employees of Federal Contractors:

On September 7, 2015, President Obama issued an [Executive Order](#) (EO) requiring federal contractors and subcontractors to provide their employees with paid sick leave. The Executive Order applies to contracts entered into after January 1, 2017.

Pursuant to the EO, employees will accrue paid sick leave at a rate of one hour for every 30 hours worked. Employers may cap accrual at 56 hours (seven days) per year. Employees must be allowed to carryover all unused sick leave.

Paid sick leave may be used by an employee for an absence resulting from:

- A physical or mental illness, injury, or medical condition.
- Obtaining diagnosis, care, or preventative care from a health care provider.
- Caring for a child, parent, spouse, domestic partner, or any other individual related by blood or affinity whose association with the employee is the equivalent of a family relationship, who has any of the needs listed in (1) and (2) above.
- Absences resulting from domestic violence, sexual assault, or stalking, if the absence is a result of seeking medical attention, obtaining counseling, seeking relocation, seeking assistance from a victim services organization, or taking related legal action.



Requests for leave may be made orally or in writing and must include the expected duration of the leave. If the need for leave is foreseeable, employees must provide at least seven calendar days' advance notice. If the need for leave is not foreseeable, notice must be provided as soon as practicable.

If an employee is absent for three or more consecutive days on paid sick leave, the employer is permitted to request a certification from a health care provider (if the absence is related to a medical condition) or from an appropriate individual or organization (if the absence is related to domestic violence, sexual assault, or stalking). The certification must be provided no later than 30 days from the first day of leave.

The Department of Labor is required to issue regulations implementing the Order by September 30, 2016, so stay tuned!