INSIDE

ACA Employer Coverage Reporting 2
SECURE 2.0 3
Back To Basics 4
Are You Ready to Retire 5

cpi lights

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President

A recent Gallup Poll shows a significant drop in American's satisfaction with the quality of U. S. healthcare, compared to 10 years ago, with only 48% giving it a rating of excellent or good, 31% feel it is fair and 21% believe it to be poor. Feelings seem to run on partisan lines with Republicans feeling less positive than Democrats.

While Americans' overall satisfaction with the state of healthcare and its delivery system may be on the decline, 72% still have a favorable view of their personal coverage. That is a bit lower than in previous polls but still shows that overall we are satisfied with the healthcare in our country.

It is true that premiums, and plan costs, are much higher than they used to be. There is work to be done with our system for sure, but we are still finding creative ways to help manage these costs. New policies are bound to be suggested and some may even be put into practice. We need to be vigilant to make sure that these policies keep the integrity of a system that works to the benefit of all.

Thanks for continuing to read CPILights!

As always, if you would like to submit an idea or comment in writing you can reach me at **Jcyganiaksr@cyganiakplanning.com**

Regards,

Jon A. Cyganiak

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RETIREMENT PLAN ANNUAL CONTRIBUTION LIMITS 2023

	Contribution Limits		Catch-up Contributions*	
	2022	2023	2022	2023
401(k), 403(b) Plans	$20,500	$22,500	$6500	$7500
Total Contributions: Maximum participant/employer contributions combined is lesser of 100% compensation or $30,000.				
SIMPLE IRA Plans	$14,000	$15,500	$3000	$3500
Total Contributions: Maximum participant/employer contributions combined is $23,000 subject to 3% employer match				
Traditional or Roth IRA	$6000	$6500	$1000	$1000

*For participants aged 50 or older in the year for which the contribution is made. Amount is added to Total Contributions amount.

Managing Editor: Laura Bagin

ACA EMPLOYER COVERAGE REPORTING

Part of the ACA mandate includes employer and insurance carrier reporting showing they have complied with their obligations regarding employer-sponsored health coverage.

IRC Section 6055 requires a health insurer to provide coverage statements that the insureds can use to show the IRS that they've met the individual shared responsibility requirements. Insurers meet the Section 6055 coverage reporting requirements with IRS Form 1095-B.

IRC Section 6056 requires an ALE (Applicable Large Employer) to provide coverage statements that show whether it's met the ACA employer shared responsibility standards. Employers meet the Section 6056 coverage reporting requirements with IRS Form 1095-C.

Self-insured employers usually meet the Section 6055 requirements along with the Section 6056 requirements by sending out 1095-C forms. A self-insured employer of less than 50 FTE's (Full Time Equivalents) that sends out 1095-B forms to the insureds is supposed to send copies of those forms, along with a 1094-B cover sheet form, to the IRS.

Similarly, an ALE that sends out 1095-C forms is supposed to send copies of those forms, along with a 1094-C cover sheet form, to the IRS.

Forms 1094-C, 1095-B and 1095-C should be submitted to individuals by **March 2, 2023**. The IRS electronic filing deadline for employers with self-funded plans and those Applicable Large Employers (ALEs) is **March 31, 2023**. This is a final date with no available extensions.

Employers not only need to file their forms they need to ensure accuracy of the information. Those who submit erroneous filings with inaccurate or incomplete information face up to $280 per form, which is usually doubled to account for the error that was both given to the employee and e-Filed with the IRS.

★ ★ ★ ★ ★ ★ LEGISLATIVE UPDATES ★ ★ ★ ★

FEDERAL

CMS is instituting a Special Enrollment Period (SEP) for Medicaid and CHIP (Children's Health Insurance Program) recipients who are losing coverage as the continuous enrollment requirement related to the COVID pandemic comes to an end.

The SEP will run from March 31, 2023, through July 31, 2023. Up to 18 million people are expected to lose Medicaid coverage as of April 1st when the continuous enrollment requirement ends.

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The Consolidated Appropriations Act, 2023 (CAA23) includes a provision providing relief on telehealth coverage offered through High Deductible Health Plans (HDHPs) that pair with Health Savings Accounts (HSAs).

CAA23 extends provisions under the Coronavirus Aid, Relief and Economic Security Act which allows people who have an HDHP receive telehealth care at no cost, regardless of the plan's annual deductible, and with no impact to their HSA eligibility. This extension is for plan years beginning after December 31, 2022, through December 31, 2024.

This relief is optional. Group plan sponsors are not required to offer access to telehealth coverage, nor do they have to offer it on a first-dollar basis. However, if a plan does adopt the exception, they should make sure plan documents are changed accordingly.

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Part of the Inflation Reduction Act gives the secretary of HHS the ability to negotiate certain drug prices for Medicare beginning in 2026. By September 1, 2023, the first 10 Medicare Part D drugs selected for negotiation will be announced. On February 1, 2024, CMS will send what it considers to be the maximum fair price to the relevant drug companies and the negotiation process will begin. Companies will have 30 days to give a counteroffer, and on August 1, 2024, the negotiation period ends. The negotiated maximum fair prices will be announced September 1, 2024, and prices will be in effect starting January 1, 2026.

SECURE 2.0

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SECURE 2.0 is now the law. The lame duck 117th Congress passed it as part of the omnibus government funding bill which President Biden signed into law on December 29 (Public Law 117-328). The retirement savings package, now officially named SECURE 2.0, contains 90 provisions, many of which will impact individual's and employers' retirement savings choices.

Let's take a look at some of its notable provisions:

INDIVIDUAL PARTICIPANT PROVISIONS:

Required Minimum Distributions (RMDs): This provision increases the age at which RMDs are required. The new rule states that the age at which RMDs will be required will be 73 for those who reach age 72 after December 31, 2022, and age 73 before January 1, 2023. The RMD age will be 75 for those who reach age 73 before January 1, 2033. RMDs are eliminated for Roth 401(k) accounts starting in 2024. The RMD excise tax is reduced from 50% to 25%.

Rollovers from 529 plans: The omnibus bill allows 529 plan owners, who have owned their plans for at least 15 years, to roll over up to $35,000 (over a lifetime) to a Roth IRA. The rollovers would be subject to Roth annual contribution limits. The rule would take effect for distributions after December 31, 2023.

Catch-up contributions under a retirement plan or IRA: In 2023, the retirement plan catch-up contribution for those over 50 is $7500. Starting in 2024, catch-up contributions for those ages 60 to 63 will be increased to the greater of $10,000 or 50% more than the regular catch-up contribution amount in 2024. Catch-up contributions will be indexed for inflation starting after 2025. IRA catch-up contribution for an individual who attains age 50 will be indexed for inflation starting in 2024.

Long-term care insurance (LTCi): The legislation would allow individuals to use up to $2,500 (indexed) to pay for "certified" LTCi without incurring an early withdrawal penalty tax. The LTCi would have to offer benefits available under a qualified LTCi policy. And there are rules regarding notice and disclosure to both Treasury and the policyholder. This provision would take effect three years after the bill's date of enactment.

EMPLOYER PLAN DESIGN PROVISIONS:

Starter 401(k) plan: A new "starter 401(k)" plan design is included in SECURE 2.0 for employers that do not yet sponsor a retirement plan. Generally, the new plan design allows for an annual $6,000 (indexed) contribution limit. It's subject to automatic enrollment rules (which allow for an employee opt-out) at a three to 15 percent of compensation deferral rate. This new plan design becomes available for plan years beginning after December 31, 2023.

Increase in SIMPLE plan contribution limit: The bill increases the SIMPLE plan nonelective contribution limit from either two percent of compensation or three percent of employee elective deferral contributions to the lesser of up to 10 percent of compensation or $5,000 (indexed). This takes effect in 2024. It also ups a SIMPLE plan's annual deferral limit at age 50, 10 percent (as compared to the inflation adjusted limit for this year) for SIMPLE plan sponsors with no more than 25 employees. For employers with 26-to 100 employees, the higher deferral limit would be available if the employer provides either a four percent matching contribution or a three percent employer contribution. These changes also apply to SIMPLE 401(k) plans.

Roth treatment of catch-up contributions: Generally, the legislation requires Roth treatment (after-tax contribution/tax-free distribution) of catch-up contributions made by those earning $145,000/year or more (indexed). This Roth rule takes effect for taxable years after December 31, 2023.

Roth treatment of SIMPLE and SEP plan contributions: The provision allows Roth (after-tax contributions/tax-free distributions) treatment for SIMPLE and SEP IRAs contributions, as of 2024.

Small Employer pension plan start-up costs tax credit: This provision increases the small business start-up credit from 50 percent of administrative costs, up to a cap of $5,000, to 100 percent of those costs for employers with up to 50 employees. There will also be an additional credit (not available to defined benefit plans), equal in the first two years to 100 percent of the employer's contribution to its employees, up to a per-employee cap of $1,000. The full additional credit is available to employers with 50 or fewer employees, but phases down for employers with between 51 and 100 employees. The credit is available for five years, but phases down, at the rate of 25 percent per year, for years three, four and five. These tax credits become available for taxable years beginning after December 31, 2022.

NEXT STEPS

There will be numerous regulatory projects required to implement the new SECURE 2.0 rules. These will take much of DOL's and Treasury's focus and time. In addition, lawmakers and their staffs will collect information regarding necessary technical corrections to SECURE as well as potential new changes for yet another retirement savings package (some are already calling it SECURE 3.0). However, do not expect a new retirement bill to be proposed any time soon. The dust has barely settled on both SECURE 1.0 and SECURE 2.0. It is worth noting that before the two SECURE Acts, the last large pension reform bill was enacted in 2006. So, both lawmakers and regulators will want time to assess the impact of these two laws before trying to move a new law.

Source: NAIFA

BACK TO BASICS –
HSA Qualified and Traditional Copay Medical Plans

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There are many different plan designs available for health insurance coverage. They can have different deductibles, coinsurance, copays, out-of-pocket maximums, networks, and premium costs (to name a few). However, there are two types of plans that consumers commonly get confused about. Those are Traditional Copay plan designs and Health Savings Account (HSA) qualified High Deductible Health Plans (HDHP).

Traditional Copay plan designs are what most consumers are familiar with. They usually have upfront copays for office visits and prescriptions as well as deductible and coinsurance for major medical and care that is not covered by a copay. There are a variety of different options for copays, deductibles, and coinsurance percentages and they all generally track to a designated out-of-pocket maximum.

HDHPs must follow specific rules to be HSA qualified. A key difference from the traditional plan is that these plans cannot have first dollar coverage, other than approved pre-deductible preventative care. This means that all other qualified coverage goes toward satisfying the deductible. There is generally an insurance discount, but office visits, prescriptions, major medical etc., all track towards the deductible without upfront coverage. After the deductible, the insurance starts covering care with either coinsurance or a copay. As their name suggests, all plans must have a “high” deductible. For 2023 the minimum individual deductible is $1500 and minimum family deductible is $3000.

There are advantages for both types of plans. The main advantage of the Traditional Copay plan is that there can be access to coverage much faster than an HSA qualified HDHP. The main advantage of an HSA/HDHP is the ability to save money, usually on a pre-tax basis. HSA funds, set up in a specific type of bank account, can be used to pay for qualified medical expenses, as defined in the tax law (IRS publication 502). While many people refer to the insurance as an HSA, the insurance product is actually the HDHP.

There are other advantages to having a Health Savings Account. If you are interested in learning more, your insurance agent or bank representative should be able to provide information.

Many medical insurance plans fall into one of these two categories. It’s important to know how they function, and what the advantages are, to get the most out of your coverage.

**Source - https://www.healthcare.gov/high-deductible-health-plan/hdhp-hsa-information/*

THREE TIMES ADULTS SHOULD SAVE LIFE INSURANCE

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Life Insurance is a smart investment for any adult but there are specific scenarios when it is particularly important to have coverage or increase what you have. Life Insurance helps you with peace of mind and for your loved ones it allows for a tool that can pay off debts and give financial support to your family in the case of your death. Whenever you are making a big life move, life insurance should be considered.

When you get married you should obtain or increase your life insurance. You are going from a me-situation to a we-situation which calls for protection. Especially if that spouse depends on your income. This does not mean that your spouse should not have life insurance as well. If you are a dual income household then each should consider life insurance, but even if one spouse stays home, they do things that the other spouse does not and would potentially need funding to replace. If either were to unexpectedly pass, then the funds from the life insurance would be used to support the surviving spouse. These funds are needed to take care of covering the funeral and other end of life expenses, potentially the mortgage, vehicles, student loans, or other debts that might remain.

Having Children is a big one! When you expand your family more people depend on you to provide for not only the basic necessities but planning for the future as well. Life insurance needs to be increased or purchased. College, weddings, planning for the future purchase of a larger home, credit cards, or any debt that may be a burden or future burden should be considered when planning and buying life insurance. If you are gone, how do your spouse and kids keep the house, take care of bills, and pay for higher education?

Starting a business, or owning an existing business, requires life insurance for several reasons. If there are partners, the proceeds can be used by the business to buy the partner’s family out of the business if that partner were to die. Otherwise, you may potentially be stuck with the deceased partners family and a loss of production. Additionally, key person life insurance would help the business keep going until they can find another employee to pick up that loss of production. Sole ownership is no different, as your family could pay off the business debts and be compensated if you were to pass.

Life Insurance provides an affordable way to protect your future. Don’t overlook it when your big life moments happen.

THE Q & A CORNER

Aaron Bielawski
Agent
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The Cyganiak Planning Q & A Corner takes questions that our agents and sales/service associates were asked and provides detailed guidance to help you understand and resolve similar scenarios at your workplace, should they ever arise.

QUESTION: I have a client that recently hired a new HR rep, and they wanted to know how they could assist their new rep in learning about benefits. Do you have any courses or literature that would assist this representative in learning more about benefits?

ANSWER: Cyganiak Planning, Inc. offers access to a variety of Human Resources topics through our HR partner ***Mineral***. Below are several helpful links on their website that can help answer a variety of benefits related questions.

According to ***Mineral*** there is one course in the Learn catalog: Compensation and Benefits: Managing Policies, Programs, and Activities which appears to be mainly about developing a compensation program, not specifically about benefits.

To access, after logging into the site, under the listing "Learn" (middle of the front page), click on "My Courses", "Course Catalog", "Human Resources" and search on "Compensation".

Concerning what we have to offer on benefits education, I would suggest the following to start on Comply:

From the front page after logging in, below "Comply", click on "Search". There is a ribbon at the top with subject matter headings. Click on "Benefits".

Here are good subjects under "Benefits" to start with: Please note there are direct links under the underlines below. One must be logged into our site to access these links.

An Introduction To Employee Benefits

From the Benefits drop down Menu: start with "ERISA", then under "Health and Welfare Benefits", "Cafeteria Plans", "Group Health Care Plans and COBRA", "Disability and Death Benefits".

Two important documents for assessing requests for mid-year changes to health coverage:

HIPAA Special Enrollment Rights (applies to all employer group health plans)

Section 125 Cafeteria Plan Permissible Mid-Year Qualifying Events (applies when employers allow employees to contribute to their health coverage by pretax deduction from payroll)

All Things Affordable Care Act (ACA)

In terms of broader courses on benefits, I'd suggest courses through professional organizations such as:

International Foundation of Employee Benefits – under Education and Events

World at Work – Benefits Certification

We offer webinars for employers on how to use our resources. Here is a link to Webinars. On the left-hand menu: View Upcoming Training webinars, Employer Webinars.

If you do not have a login with ***Mineral***, please reach out to your CPI Agent or Service Representative for assistance.

Disclaimer: Guidance provided above is opinion gathered from Cyganiak Planning Inc.'s Human Resources Advocacy Firm based on their research of specified topics and cannot be considered as legal opinion or legal fact. Please consult with your legal counsel for any specific and final guidance in any situation pertaining to your own company.

ARE YOU READY TO RETIRE?

The end of the Baby Boomers and now the Gen X generation are easing their way into retirement. Whether you retire early, at age 65, or wait until you are in your 70s it is important to consider the lifestyle and finances that you want to have when you retire, before you retire.

Here are some suggestions to help set yourself up for comfortable golden years.

Evaluate retirement savings: The rule of thumb says you should save 70% of your working income for retirement. Make sure you review all your account balances, including old IRAs, 401(k)s and any HSA savings you may have. Also calculate retirement expenses so you can have an accurate gauge on your retirement needs.

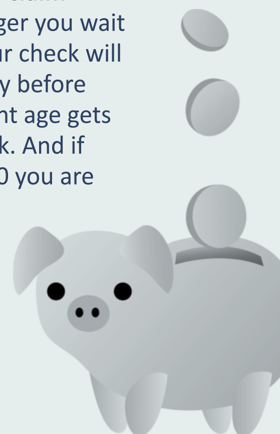
Start saving a little more before you retire: Take advantage of employer matching if you have access to an employer retirement plan. Or open a Roth IRA if you don't have one. Increasing retirement savings as little as 1% can make a difference.

Maximize your investment: Don't put funds in and out of the market. A down market always goes up eventually. You only lose money when you pull it out unnecessarily.

Downsize lifestyle: Getting used to spending less before you retire will make it easier to live with reduced income during retirement. Your wardrobe needs may be reduce, meals out may lessen.

Develop a withdrawal strategy: Once you stop working your income stream is finite. No one has a crystal ball, but it is important you don't overspend at the beginning of your retirement, so you are able to have the same lifestyle in your later years.

Know when you plan to claim Social Security: The longer you wait to collect the higher your check will be. Taking Social Security before your "normal" retirement age gets you less than a full check. And if you can wait until age 70 you are eligible for an even greater amount.



Planning ahead and updating those plans will help insure you don't outlive your retirement investment.