

From The Chair – Donna Crawford



Planning and budgeting for 2006 – who is not doing this! We are involved in this process at CACC. We recently started our planning process for the upcoming year and are continuing to move at a rapid pace to meet our members' needs. The essence of a strong plan is to have a vision and a clear direction as to what you want to accomplish. One source that we have tapped into more thoroughly as our organization has grown is the Group Partnership Network (GPN). We have given you an insight into the Network in this newsletter and hope you gain a better understanding of how it benefits our organization.

Some of our Board Members attended the May GPN Conference in New Orleans and gained some valuable insight into how strong an organization CACC is along with the opportunities to improve. One way we continue to grow is through a new perspective and networking with other organizations around the country. Our plans in 2006 include taking advantage of this network of invaluable resources – our peers once again!

As we wind down 2005, we look forward to our next meeting on November 9th. We will have an opportunity to discuss issues with our peers in the field of Total Rewards. What a better way to gain a new perspective. We look forward to seeing you.

Regards,
Donna Crawford

New Members

We are pleased to welcome the following new members:

- ❖ James Moore, Calvary Church
- ❖ Lauren Reynaldos, Lowe's Companies
- ❖ Terry Smith, Belk, Inc.
- ❖ Holly Toth, Lowe's Companies

Member News

- ✓ *Brandon Conkle* is now Compensation Manager with Harris Teeter
- ✓ *Shannon Edwards* is now Director, Employee Benefits with Family Dollar Stores
- ✓ *Tracy Goodman* is now Compensation Analyst with Premier, Inc.

Please contact Arnie Silverman, "Compensation Matters" editor for 2005, at (704) 557-4460, with member news that you would like to share.

CACC Website

Be sure to visit our website at www.caccweb.com

Quotes

"My grandfather once told me that there are two kinds of people; those who work and those who take the credit. He told me to try to be in the first group; there was less competition there."

Indira Gandhi (1917-1984)

**2005 CACC Board Members
and Committee Chairs**

CHAIRPERSON

DONNA CRAWFORD..... 704/940-1524

VICE CHAIRPERSON

LAURA WILLIAMS 704/373-7572

TREASURER

STEPHEN DUDAK 704/329-7740

SECRETARY

LAURA HADLEY 704/388-7184

MEMBERSHIP DIRECTOR

DELANE HUNEYCUTT..... 704/336-5700

EDUCATION DIRECTOR

BOB CORBETT 704/731-4378

MEMBERSHIP MEETINGS DIRECTOR

ROBIN BERNSTEIN 704/733-5099

PUBLIC RELATIONS DIRECTOR

ARNIE SILVERMAN 704/557-4460

BOARD MEMBER AT-LARGE

KAREN SIMPSON..... 704/339-1032

EX-OFFICIO

JEAN GILREATH..... 704/264-8805

SPECIAL PROJECTS CHAIR

CHUCK PARKER..... 704/382-3474

BUSINESS MANAGER

KEVIN GILL 704/442-9247

Upcoming Events/Education

Membership Meetings (mark your calendars):

November 9, 2005
February 8, 2006 (Annual Meeting)

WorldatWork Certification Courses:

(Dates to be Determined)

Late April-Early May, 2006 –

- T-4 -- Strategic Communications
- C-2 -- Job Analysis, Documentation and Evaluation
- B-1 -- Fundamentals of Employee Benefits Programs

July, 2006 –

- T-6 -- Mergers and Acquisitions
- C-11 -- Performance Management
- B-3 -- Health Care and Insurance Plans

Mid to Late September or-Early October, 2006 –

- T-2 -- Accounting and Finance
- C-1 -- Regulatory Environments for Comp Programs
- C-17 -- Market Pricing

*For more information, or to register,
contact WorldatWork Customer Relations at (877) 951-9191,
or visit www.worldatwork.org*

CACC Academic Scholarship Program

The CACC Academic Scholarship Program was created to provide an incentive for, and assist CACC members with, the continuation of their pursuit of higher education in their HR-related career.

A scholarship, in the amount of \$1,000, will be awarded to qualified members of the Charlotte Area Compensation Council (CACC). The candidate must be a member in good standing with CACC pursuing either an undergraduate or a graduate degree in an HR-related field through an accredited institution of higher learning. Full-time, part-time, online and distance learning programs are acceptable. This scholarship is a one-time, annual award. In future years, previous applicants and past scholarship recipients are eligible to re-apply each year.

Scholarship Applications must be postmarked by **April 15th** of each year to be considered for an award. Additional information about the program, and an application, can be found on the CACC website, www.caccweb.com.

If you have any questions about the CACC Academic Scholarship Program, please contact CACC's Business Manger at businessmanager@caccweb.com.

**GPN: What Is It and Why
Should I Care?**

Many of our members probably do not realize that the CACC is a member of the GPN, which stands for Group Partnership Network. While organizations like SHRM are organized as local, state, and regional chapters, WorldatWork has chosen not to follow that organizational model. Formed in 1993, WorldatWork's Group Partnership Network is an alliance of independent compensation, benefits and human resources organizations. The GPN recognizes more than 75 non-profit, local groups representing 14,000 professionals throughout the U.S. The GPN partnership offers participating organizations networking advantages along with educational/fund-raising opportunities, such as sponsorship of WorldatWork seminars and events.

Oversight of the GPN is provided by an Advisory

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HSA/HRA/FSA Comparison Hank Federal, Findley Davies, Inc.

When the Campbell Soup Company introduced its alphabet soup many years ago, little did it realize that it would also be creating the employee benefits jargon of the 20th and 21st centuries. The latest of the benefits jargon entrees are HRAs and HSAs. In addition, the old staple, the FSA, is still around.

While many of us have heard the latest jargon and seen bits and pieces of their features, there is still a bit of confusion and some basic questions about what these are and how they work. That's our topic for this brief article—how to make sense of the alphabet soup of HRAs, HSAs, and FSAs.

First, let's just define the acronyms. An HRA is a Health Reimbursement Arrangement. An HSA is a Health Savings Account. An FSA is a Flexible Spending Account.

Each is able to reimburse you for qualified health care expenses. But, there are also different conditions for establishing each and different rules for administering each. Let's look at them from oldest to most recent.

The FSA has been around for a number of years and is also described as a health care reimbursement account and an IRS Code Section 125 Plan. Spawnd in the heyday of flexible benefit plan implementations, the FSA allows participants to put aside tax-free dollars to reimburse themselves for qualified health care expenses such as deductibles, co-payments, and other health care services not covered by an employer provided health care plan. So, for example, if your employer did not cover vision services, your FSA could reimburse you for exams, eye glasses, and contact lenses.

A key provision of the FSA is the "use it or lose it" rule. There are no rollovers of unused funds. According to IRS guidelines, any money left in your FSA as of March 15th of the year following the year in which your payroll deduction contributions are made will be forfeited. For example, if you contribute \$2,000 to your FSA in 2006 and only have expenses totaling \$1,800 through March 15, 2007, the remaining \$200 will be forfeited.

The HSA and HRA were, for all practical purposes, introduced concurrently. But there are some significant differences between the two and between the HRA, HSA, and FSA. For the purposes of this article, we'll concentrate on the basics.

First, for an HSA, you must be covered by a high deductible health plan or, more alphabet soup, an HDHP. The high deductible health plan must have at least a \$1,000 annual deductible for single coverage and a corresponding \$5,000 annual out-of-pocket maximum. For family coverage, the annual deductible is at least \$2,000 and the corresponding out-of-pocket maximum is \$10,000. *(Continued on page 4)*

Our Next Member Meeting: Wednesday, November 9, 2005

Our November CACC Member Meeting features a *Panel Discussion* wherein a panel of experts will be responding to questions and topics of interest picked by the membership. The general outline of subject areas which may be covered include:

Benefits

- Health and Welfare Benefits
- Retirement Programs
- Work/Life Programs

Compensation

- Base Pay Programs
- Variable Pay/Incentive Programs
- Executive Compensation
- Sales Compensation
- Performance Management

Regulatory Issues

- FLSA
- American Job Creations Act
- Sarbanes-Oxley

Other

- International/Expatriate Programs
- Merger and Acquisition Issues

Distinguished panelists include:

- *Kenny Colbert*, SPHR, President, The Employers Association
- *Hank Federal*, CCP, Principal, Findley Davies
- *Kevin Gill*, CCP, CBP, CEBS, SPHR, Gill Consulting
- *Jean Gilreath*, CCP, SPHR, Director, Human Resources, ENOVIA Corp.
- *Alan Lowery*, CCP, CBP, SPHR, Director, Compensation & HRIS, Piedmont Natural Gas Co.

The meeting will be held at the Westin Charlotte Hotel, 601 South College St., Charlotte. Parking will be paid by CACC.

The meeting will begin at 7:45 AM with a breakfast buffet and networking period. The business meeting starts at 8:15 AM; the program will begin at 8:30 AM; and will end by 9:45 AM.

(HRA/HSA/FSA - Continued from page 3)

If you meet this basic qualification, you can set up your HSA. In a manner of speaking, it then works much like an IRA (soup anyone?). It is a personal account that must be put into a trust held by a bank, insurance company, or other financial services provider. It is fully portable and you can take it with you if you leave your current employer. In fact, you can have an HSA with an individual health care insurance plan and do not need to be covered by an employer's plan.

The HSA has pre-tax money in it and can reimburse you on a non-taxable basis for qualified health care expenses. Both you and your employer can contribute to your HSA on a tax-free basis. There are annual contribution limits indexed to inflation. For 2005, the limits were the same as the deductible for the HDHP, \$1,000 for single coverage and \$2,000 for family coverage. By statute, the annual HSA contribution cannot exceed the amount of the plan's yearly deductible, up to the maximum amount set by law. However, additional contributions, called catch-up contributions, are available to those between the ages of 55 and 65. The catch-up contributions are defined with a maximum amount allowed per year. For 2005 it is \$600 and for 2006 it is \$700.

The HRA does not require a high deductible health plan. It is funded by employer contributions only. Employee contributions are not permitted. It may or may not be nonforfeitable, depending on your employer. There are no contribution limits for an HRA.

Under most recent and current IRS regulations, you may participate in both an HSA and an FSA or HRA as long as the FSA or HRA provides benefits that are permissible under a high deductible health plan. These include the following:

- Reimbursements for medical expenses in excess of the high deductible health plan deductible;
- Vision or dental care;
- Certain preventive care, including periodic physicals and tests, obesity treatment, smoking cessation programs, and screening tests for heart disease, cancer, diabetes, and other serious conditions;
- Routine prenatal and well-child care; and
- Cancer or other specific disease insurance or per diem payments for hospital stays.

As you might expect, any recipe for alphabet soup has many more "ingredients" than we have covered here. In keeping with our simplified overview, we suggest you check the following chart that gives you more of the "ingredients" in this "recipe" for the latest in employee benefits alphabet soup.

Comparison of Health Reimbursement Arrangements (HRAs) to Health Savings Accounts (HSAs) and Flexible Spending Accounts (FSAs)

	HRA	HSA	FSA
High-Deductible Health Plan Required?	No	Yes	No
Subject to ERISA?	Yes	No, if employer involvement is limited	Yes
Employer Involvement Required?	Yes	No	Yes
Contribution Limit?	No	Yes	No
Are Pre-Tax Employee Contributions Allowed?	No, Employer Funded Only	Yes	Yes
Individual Contributions Tax Deductible?	N/A	Yes, in computing adjusted gross income	No, Only Salary Reduction Contributions Are Allowed
Does COBRA Apply?	Yes	No	Varies
Rx Card Benefit Allowed?	Yes	Yes, until 1/1/06	Yes
Can the Participant Carryover and Accumulate the Account Balance From Year to Year?	Yes	Yes	No
Is the Account Nonforfeitable?	At Employer's discretion	Yes	No
Can the Employee Rollover the Account to a separate Account?	No	Yes, to an Archer MSA or Separate HSA	No
Can The Plan Require Co-payments Once the Out-of-Pocket Maximum is Met?	Yes	No	Yes
Limits on First Dollar Preventive Benefits?	No	Yes	No
Can a Health FSA Be Offered As An Option?	Yes	Yes, so long as FSA does not cover same expenses as HDHP	N/A
Does a Custodian/Trustee Need to be Established?	No	Yes	No
Is the Arrangement Funded?	Not Required	Yes	Not Required
Is the Arrangement Portable?	No	Yes	No
Can the Account be Used to Pay for Long-Term Care Insurance?	Yes	Yes	Not on a Pre-Tax Basis
Can The Account Be Used to Pay COBRA Premiums?	Yes	Yes	No
Can Family Members Contribute?	No	Yes	No
Can the Individual Be Eligible for Medicare?	Yes	No	Yes

(HRA/HAS/FSA - Continued on page 5)

(HRA/HSA/FSA - Continued from page 4)

Hank Federal is a Principal and Market Leader in Findley Davies' Charlotte and Greensboro, North Carolina offices and a senior consultant in the Compensation and Rewards Management Consulting Practice. Hank joined the firm in 1995. Prior to joining Findley Davies, he held human resources management positions with a large retail grocery chain and a major financial institution. In addition, Hank previously held a senior consultant and Charlotte office manager position with a global human resources consulting firm. He has substantial experience working with clients in a wide array of industries including general manufacturing, textiles, quick service restaurant chains, health care, utilities, retail, and government.

Hank is on the national faculty for WorldatWork and is also a Technical Advisor to the organization. He holds a Certified Compensation Professional designation from WorldatWork. Hank is active in the Charlotte Area Compensation Council. Hank also serves on the Education Committee of the Charlotte Chamber Of Commerce.

WorldatWork Building Blocks Locations

WorldatWork produces a series of brief training and professional development booklets called Building Blocks. CACC provides a copy of all Building Block booklets at Johnson C. Smith Univ. Library; UNCC Library, and The Employers Association Library.

Quotes

“Not everything that can be counted counts, and not everything that counts can be counted.”

Albert Einstein (1879-1955)

Thought for the Day

“New knowledge is the most valuable commodity on earth. The more we have to work with, the richer we become.”

Kurt Vonnegut

(GPN, Continued from Page 2)

Board made up of senior-level volunteers, annually appointed by the WorldatWork Board of Directors. The Advisory Board has established the following objectives:

- Communicate the status of WorldatWork operations, new products and services.
- Assess stakeholders' needs via the GPN network "pipeline."
- Serve as WorldatWork goodwill ambassadors to local organizations.
- Assist GPN organizations in troubleshooting and solving organizational problems.
- Facilitate networking and joint ventures with fellow GPN and other local human resources organizations.

GPN Membership has a wide variety of benefits for the CACC, including:

- Local and national best-practice sharing
- Training program sponsorships
- Marketing support
- WorldatWork database access
- Free advertising
- Networking with fellow GPN's

CACC's membership in the GPN is what allows us to offer classes at a discount to CACC members, what keeps us on top of best practices around the country, and what helps us attract WorldatWork members from outside of our area to our classes, through access to the WorldatWork database as well as marketing and advertising support.

Your CACC Board is an active participant in GPN activities and, while we are not the largest GPN member, the CACC is recognized as one of the more active and successful local organizations.

So when you hear us mention GPN you will now hopefully know that it is an important part of what we are and what we will become in the future.

Compensation Quotes

“...noncash rewards are the only real way to differentiate your employment offerings. Cash is a commodity, so it cannot differentiate one company’s employment compact from another; it is the intangibles that distinguish. Besides, when it comes to money, someone will always pay more. It is broadly defining Total rewards to include other noncash rewards that employers truly distinguish themselves in the labor market from the competition and earn employee commitment. It is a matter of focusing the employment compact on the rewards that matter to the workforce you are trying to create, not on the cash elements traditionally measured by companies. Organizations spend a lot of time measuring Total Remuneration. But what matters to employees is the total package – the Total Rewards.”

Todd M. Manas and Michael Dennis Graham, from
“Creating a Total Rewards Strategy, A Toolkit for Designing Business-Based Plans”, AMACOM, 2003



2005 CACC Perfect Attendance Award

CACC is offering up to three CACC (non-Board) members the opportunity to win a FREE WorldatWork Certification Course – all you have to do is attend all four member meetings in 2005, starting with the 2/9/05 Annual Meeting. Winners can use their award to attend a CACC-sponsored certification class and exam in 2005 – an \$800 value! Simply attend all four meetings and be sure to sign the attendance sheet located at the sign-in table where you pick up your nametag before the meeting. We hope you will be winner this year!

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