



LOUISIANA COMMUNITY & TECHNICAL COLLEGE SYSTEM

PAYROLL MEMORANDUM 2017.31

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TO: All Human Resources and Accounts Payable departments of Community and Technical Colleges, including Baton Rouge Community College, Bossier Parish Community College, Central Louisiana Technical Community College, Delgado Community College, L. E. Fletcher Technical Community College, Louisiana Delta Community College, Northshore Technical Community College, Northwest Louisiana Technical College, Nunez Community College, River Parishes Community College, South Central Louisiana Technical College, South Louisiana Community College, SOWELA Technical Community College and the LCTCS Office

FROM: Sharon Dunham
LCTCS Payroll, Senior Payroll Manager

DATE: November 30, 2017

RE: OGB Deductions for Rehired Retirees

By rule, beginning January 1, 2018, the Office of Group Benefits (OGB) will require that full-time (benefit eligible) rehired retirees (rehired on or after 1/1/18) with OGB health or life insurance must have their premiums deducted from their payroll check, and the hiring agency must pay the employer share. Since the premiums will be deducted through payroll, LCTCS Payroll will submit the employee and employer premiums to OGB, just as is the current procedure for active employees. For regular retirees receiving a pension check, premiums will continue to be handled as they are currently. This change provides two advantages to the rehired retiree employee: (1) convenience of premium payments and (2) premiums can be tax sheltered through the Flexible Benefits Plan.

The exact rule language published by OGB in the November 20, 2017 LA Register is below.

LAC 32:1.323

§323. Employer Responsibility

A. ...

B. A participating employer shall immediately inform OGB when a retiree with OGB coverage returns to benefit eligible employment. The enrollee shall be placed in the re-employed retiree category for premium calculation. The reemployed retiree premium classification applies to retirees with and without Medicare. The premium rates applicable to the re-employed retiree premium classification shall be identical to the premium rates applicable to the classification for retirees without Medicare. If the re-employed retiree suspends retirement benefits and returns to benefit eligible employment with the agency from which the re-employed retiree originally retired, the employee portion of the premium shall be withheld by payroll deduction and the employing agency shall remain responsible for the employer portion of the premium. If the re-employed retiree suspends retirement benefits and returns to benefit-eligible

employment with an OGB participating agency other than the agency from which the re-employed retiree originally retired, the employee portion of the premium shall be withheld by payroll deduction, and the employing agency shall be responsible for the employer portion of the premium throughout the duration of employment. If the re-employed retiree returns to benefit-eligible employment, yet does not suspend retirement benefits as allowed by law, the employee portion of the premium shall be withheld by payroll deduction, and the employing OGB participating agency shall be responsible for the employer portion of the premium throughout the duration of employment. When the reemployed retiree separates from employment with the OGB participating employer, the employer shall notify OGB of such separation within 30 days. After the re-employed retiree again separates from employment with an OGB participating employer, the agency from which the re-employed retiree originally retired shall again be responsible for the employer portion of the premium.

LCTCS payroll has established two new payroll deduction codes to track rehired retirees medical (1RR) and life (2RR) payroll deductions in the Banner payroll system. Human Resources will calculate the bi-weekly rate using OGB's rehired retiree health and life premium rate schedule.