Memo to:	All UH-Downtown/PS Holders	UH-Downtown/ PS 02.A.12 Issue No. 5
From:	William Flores, President	Effective date: 07/09/2015
Subject:	Employee Fringe Benefits Policy	

1. PURPOSE

This PS defines fringe benefits for which University of Houston-Downtown (UHD) eligible employees may qualify upon employment.

2. DEFINITIONS

2.1 FTE: An abbreviation for full-time equivalency that refers to the percentage of time and effort for a position.

2.2 Benefits-eligible employees: Regular employees having FTEs of at least 50 percent and appointments of one semester (4.5 months) or longer. Benefits eligibility accrues only to employees where student status is not a condition of employment. The rate of pay must be comparable to that paid other employees performing similar work.

3. POLICY

3.1 UHD provides a number of group medical, dental and life insurance plans, tax-advantage programs and other fringe benefits of employment for eligible employees. Detailed fringe benefits information and plan eligibility requirements are available in Employment Services and Operations (ESO).

3.2 Optional group insurance is provided to eligible employees and, where applicable, their dependents, at group plan costs. The University is authorized by state statute to contribute a portion of eligible premium costs for enrolled, benefits-eligible employees and qualified retirees. The Employees' Retirement System of Texas (ERS), administrators of the group insurance and TexFlex programs, sets the rules and regulations, selects the underwriting insurance companies, and set the annual rates for all group insurance programs offered at UHD.

3.3 The group insurance benefits offered to employees include medical plans, dental plans, group life insurance and accidental death and dismemberment coverage, short- and long-term disability plans, flexible spending accounts, and pre-tax insurance premiums.

3.3.1 Employees and qualified dependents become eligible for insurance on their first day of employment in a benefits-eligible position. Coverage for health insurance for the employee and enrolled dependents becomes effective the first day of the month following a 60-day waiting period and ceases on the last day of the month during which the employee terminates. Continuation of group health coverage for employees and qualified beneficiaries after termination is available through the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) under certain conditions.

3.3.2 Optional coverages and flexible spending accounts do not require the 60-day waiting period required for medical insurance. Enrollment in all optional coverage must occur within thirty days of employment. Thereafter, enrollment is limited to the summer enrollment period and may require evidence of insurability.

3.3.3 Opt-out credit is available to employees who choose not to enroll in medical insurance. Under the opt-out credit, employees are eligible to receive a portion of the state funding toward the purchase of dental and Accidental Death and Dismemberment (AD&D) coverage.

3.4 While employees may choose to waive one or all of the group insurance plans, enrollment in a retirement program is a condition of employment for all benefits-eligible employees.

3.4.1 Membership in the Teacher Retirement System (TRS) of Texas is required for all regular employees having FTEs of at least 50 percent and appointments of one semester (4.5 months) or longer. Each member contributes, through regular payroll deductions, a percentage of his/her salary. The state also contributes a percentage of the employee's salary to the employee's retirement fund. Vesting occurs after five years of state service. Current information on the state and employee contributions is available in ESO.

3.4.2 Faculty and some employees having FTEs of 100 percent and appointments of one semester (4.5 months) or longer may select enrollment in the Optional Retirement Program (ORP) in lieu of participation in TRS. Eligibility for participation in this plan is restricted to those employees meeting eligibility criteria as provided by the Texas Higher Education Coordinating Board. Each employee contributes, through regular payroll deductions, a percentage of his/her salary. The state also contributes a percentage of the employee's salary to the employee's retirement fund. Participation in ORP is a one-time election and must be made in writing within 90 days of the date an employee becomes eligible. Vesting occurs after one year and one day of ORP participation. Current information on the state and employee contributions is available in ESO.

3.4.3 In both TRS and ORP, the employee's contributions are tax deferred.

3.4.4 Once ESO determines the employee has met all eligibility criteria for ORP, arrangements to enroll in the ORP are made between the employee and a carrier selected by the employee from a list of vendors approved by the University of Houston System. UHD assumes no liability for the employee's selection or financial performance of an approved carrier.

3.4.5 Employees previously vested in ORP must remain with ORP as their retirement plan. Furthermore, when an eligible employee elects participation in ORP, the employee is no longer eligible for TRS unless employment with an institution of higher education in Texas ceases and the individual becomes employed by the Texas Public School System, or the employee moves to a position that is not eligible for ORP participation before completing the vesting requirements.

3.5 Other fringe benefits available to eligible UHD employees are outlined below.

3.5.1 403(b) Annuity. A regular exempt or non-exempt employee may purchase a supplemental retirement plan under Section 403(b) of the Internal Revenue Code. The supplemental retirement plan may be either a traditional tax sheltered annuity or a Roth after-tax 403(b) plan. Contributions to both plans are through payroll deduction and must be within the limits established by the Internal Revenue Service.

3.5.2 State of Texas Deferred Compensation Program. The State of Texas Deferred Compensation Program is one of several employee benefit programs available to all employees. Under this program, the employee may enter into an agreement with the University to reduce taxable income by applying a portion of the salary to purchase annuities, mutual funds or investment contracts offered by financial institutions approved by the State of Texas Administrator of the program.

3.5.3 Longevity Pay. With the exception of faculty members and commissioned police officers, regular full-time employees are entitled to receive longevity pay after completion of two years' employment with the state. Longevity pay is computed at the rate of $20.00 per month for each two years of state service up to and including 42 years of state service for a maximum of $420 per month. Employees are responsible for informing ESO about other employment with the State of Texas in order to have their longevity pay adjusted to reflect all such prior service.

3.5.4 Hazardous Duty Pay. Law enforcement personnel are entitled to hazardous duty pay. Increments accrue each year after one full year of service with the University.

4. PROCEDURES

There are no procedures associated with this policy.

5. EXHIBITS

There are no exhibits associate with this policy.

6. REVIEW PROCESS

Responsible Party (Reviewer): Vice President for Employment Services and Operations.

Review: Every three years on or before July 1st.

Signed original on file in Employment Services and Operations.

7. POLICY HISTORY

Issue #1: 04/25/94
Issue #2: 08/09/99
Issue #3: 07/11/08
Issue #4: 04/05/11

8. REFERENCES

UH System Administrative Memorandum 02.C.01
Teacher Retirement System (TRS) of Texas
Employees' Retirement System of Texas (ERS)