

## Establish a core benefits package paid for by the H&W

- A realistic estimate of expected hours (typically less than 40 hours/week)
- Variations of expected H&W based on different H&W rates (\$4.22, \$4.48, \$4.54, etc.)
- Benefits package to include:
  - At least employee-only medical plan (meeting ACA MEC requirements)
  - Administrative expenses allowable towards H&W obligation
  - Combination of Basic Life, Basic AD&D, EAP, STD, LTD (as much as possible)
  - 'Cushion' for employees to gradually build PRA balance to the threshold point
- Fixed payroll deductions for any coverages that exceed the expected fringe

## PRA threshold set at 3 months of benefit expenses

- The employer determines PRA threshold
- PRA threshold can vary by contract
- PRAs balances up to the threshold are retained to pay for benefits during periods when employees do not work expected hours and thus do not generate the expected H&W.
- PRA balances above the threshold are allocated to an employer-designated surplus account (typically retirement plan)

## PRA Contribution Adjustments (PRACA)

- PRACA are employer contributions to the PRA, above the H&W requirement, to keep the PRA at a \$0 balance and ensure the long-term financial viability of the trust
- PRACA contributions are "paid back" to the employer in future periods when the employee accumulates a PRA balance (i.e. when PRA contributions exceed deductions)
- PRACA balances are tracked per employee and can be deducted from employee's paychecks with employee approval or a written policy.

## Forfeitures

- H&W plans allow for forfeitures wherein PRA balances for terminated employees are forfeited to the trust.
- Forfeited PRA balances remain as trust assets (they cannot revert to the employer) and are used to subsidize future Trust expenses.
- Forfeited PRA balances create additional trust assets to provide financial stability to the trust.

