

# HOUR BANKS: Using Fringe to Reach ACA Compliance



An Hour Bank plan is an arrangement frequently used by prevailing wage contractors to provide year-round health insurance coverage for their employees whose work may be seasonal. Installing an Hour Bank can reduce your employer tax burden and help you comply with ACA in a cost-efficient manner.

Employees choosing to participate in the company's health plans are enrolled in the Hour Bank plan and an account is established for their benefit. For every hour worked, a contribution is made to their Hour Bank, along with any weekly payroll deductions required to meet the premiums for the coverages the employee selects. Each month, these dollars are sent to the carriers to pay for the selected

coverages, and any dollars accrued above the premium amount are banked for premium payments due during layoffs and/or slow work periods.

Because of the seasonal nature of many prevailing wage businesses, hourly Hour Bank contributions can be structured to allow an employee to accumulate enough funds to pay for their health care coverage for the year in whatever period of time that the business usually operates annually.

Pension Corporation of America can assist you in designing and administering your Hour Bank program. We perform a full range of services, from health plan selection and installation, recordkeeping, third-party asset segregation, auditing and remittance of premium, monitoring and performing employee insurance qualifications, administering Cobra continuance coverage, and IRS compliance duties including completing applicable IRS forms 5500 and 990 as needed.

*For more information, contact Beth Robinson, acct manager, at (513) 719-4164.*

