Office of Employee Benefits Administrative Manual	**ANNUAL BASE BENEFIT RATE (ABBR) CALCULATION**	**573**
	EFFECTIVE DATE: **SEPTEMBER 1, 2013**	
	REVISION DATE:	
	PURPOSE: To ensure consistency among University of Texas System institutions in calculating the annual compensation for determination of certain benefits	
	SCOPE: Employees of The University of Texas System	
	ADMINISTRATIVE REFERENCES: Group Life Insurance, Accidental Death and Dismemberment, Short Term Disability and Long Term Disability contracts between carrier and OEB.	

1.0 BACKGROUND

The Annual Benefits Base Rate (ABBR) is a calculated annual compensation rate for University of Texas (UT) Employees. The ABBR is used to determine premium charges and coverage amounts for certain salary-based coverages within the Uniform Group Insurance Program (UGIP). This policy establishes a consistent ABBR calculation methodology to be used by all UT institutions for all UGIP coverage types.

2.0 UGIP COVERAGES IMPACTED BY ABBR

The ABBR is the salary rate that should be used to determine applicable premium charges and coverage amounts for the following salary-based UGIP coverages:

- Voluntary Group Term Life Insurance
- Voluntary Accidental Death and Dismemberment Insurance
- Short Term Disability Insurance
- Long Term Disability Insurance

3.0 DEFINITION OF ABBR COMPENSATION

3.1 The following types of compensation are generally included in the calculation of ABBR:

- Gross Annual Base Salary (annual pay rate per appointment or contract) including:
  - Employee contributions made through a salary reduction agreement to an IRC Section 401k, 403b, 501c3, 457 deferred compensation plan, or any other qualified or non-qualified employee retirement plan or deferred compensation arrangement; and
  - Amounts contributed to your fringe benefits according to a salary reduction arrangement under an IRC Section 125 plan)
- Longevity (only available to certain Employees)
- Hazardous Duty (only available to certain Employees)
- University Salary Supplement that is eligible for inclusion for retirement benefits (varies by institution)
- One Time Merit Compensation that is eligible for inclusion for retirement benefits
- Permanent Overload Supplements: Additional compensation for a benefits-eligible position that, if included in base salary, would increase the full-time equivalent (FTE) to greater than 1.0. This type of compensation cannot be temporary and is only applicable for a benefits-eligible Employee defined in Policy 210, Section 2.0.
- Permanent Supplements: Additional recurring compensation only associated with the duties of the position. This type of compensation cannot be temporary and is only applicable for a benefits-eligible Employee defined in Policy 210, Section 2.0.
- Regents Supplement: Position specific permanent supplement given to Provosts at certain UT institutions.

Note: For Permanent Overload and Permanent Supplement compensation to be eligible for the ABBR calculation, the compensation types must exist on September 1 of the fiscal year, at the time of hire, or at the time the employee becomes benefits eligible.

3.2 The following types of compensation should <u>not</u> be included when calculating ABBR:

- Commissions
- Bonuses
- Overtime pay
- One Time Merit Compensation if not eligible for inclusion for retirement benefits
- Incentive Plan Performance Awards (performance bonuses are not eligible)
- Employer contributions on behalf of a retirement plan or deferred compensation arrangement
- Any other extra compensation

4.0 EFFECTIVE DATE OF ABBR CALCULATION

The ABBR should be calculated as of the latest of the following dates:

- Date of hire;
- Date Employee becomes benefits-eligible; or
- September 1 of the current fiscal year.

IMPORTANT: For continuing benefits-eligible Employees, additional qualifying compensation awarded after the start of the fiscal year (September 1) should not be included in the calculation of the ABBR until the following fiscal year, regardless of whether the additional compensation takes effect during the current fiscal year.

The only exception to using September 1 in the calculation of an Employee's ABBR would be as follows:

- If an institution decides to make their merit pay increases effective at the beginning of a different month during the fiscal year (e.g., January), the institution may report to OEB the new ABBR with an understanding that premium contributions for the compensation-based coverages listed in Section 2.0 of this policy will change, also.