

**Campus Administrative Policy**

**Policy Title: Employee Fringe Benefit Pools**

Policy Number: 4007                      Functional Area: **Human Resources**

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Effective: July 1, 2010  
Date Last Amended/Reviewed: July 1, 2010  
Date Scheduled for Review: July 1, 2018  
Supersedes: Employee Fringe Benefit Pools, May 31, 2001

Approved by: Associate Vice Chancellor for Finance and Administration

Prepared by: Controller  
Reviewing Office: Executive Vice Chancellor for Administration and Finance

Responsible Officer: Senior Vice Chancellor for Administration and Finance  
Executive Vice Chancellor for Administration and Finance

Applies to: University of Colorado Anschutz Medical Campus  
University of Colorado Denver  
University of Colorado South Denver Location

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**A. INTRODUCTION**

1. Purpose  
The purpose of this policy is to set forth the guidelines used by the Finance Office in developing and charging fringe benefit rates for Worker's Compensation, Unemployment Insurance, Retiree Health and Life, and Termination Pay. These fringe benefits are administered by the campus. The University of Colorado Payroll and Benefit Services (PBS) is responsible for administering all employee insurance and retirement benefits.
  
2. Responsibility  
It is the responsibility of the CU Denver | CU Anschutz Finance Department, Human Resources Department, and System Payroll and Benefits Services to ensure compliance with this policy.

## **B. APPLICABILITY**

This policy is applicable to all salary payments for CU Denver | CU Anschutz employees who are eligible for one or more of the following programs: Worker's Compensation, Unemployment Insurance, Termination Pay, and Retiree Health and Life. The type of job held by the employee determines eligibility for these programs. The type of job translates into a unique job code in the Human Resources System and account code with the Finance System. The various fringe benefit rates in Exhibit A are charged to a program or project based on these job codes and account codes. Exhibit B is a crosswalk between Human Resources job codes, Finance System account codes and the applicable fringe benefit rates that will be charged.

## **C. DEFINITIONS**

1. Retiree Health and Life is the amount paid for health insurance, life insurance, and supplemental annuities for retirees. Most retirees are eligible for employer contribution toward health and life insurance although at varying amounts based on age and years of service. Few new retirees are eligible for supplemental annuities although there are current retirees receiving this benefit. Actual payments from the previous year (adjusted for known changes in participants and insurance premiums) are used in estimating the amount to include in this rate calculation.
2. Unemployment Insurance is the amount paid out for unemployment insurance claims for eligible employees. A five-year rolling average is used in estimating the amount to include in this rate calculation. An outside vendor and the campus Human Resources office manage this program.
3. Termination Pay is the amount paid out for unused vacation and sick leave for separating and retiring employees. A five-year rolling average (adjusted for significant estimated changes in trends such as changes in PERA retirement rules that may influence retirement decisions) is used in estimating the amount to include in this rate calculation.
4. Worker's Compensation is the premium amount that is actuarially calculated annually by the University Risk Management Office (URM). This premium is assessed to the campus annually and is paid on a monthly basis. Premiums from all campuses are used to finance the System Risk Management Liability for Worker's Compensation Claims.

## **D. BACKGROUND**

Rates for Worker's Compensation, Unemployment Insurance, Retiree Health and Life, and Termination Pay will be applied to all programs and projects in every source of funds in which charges for faculty and staff compensation are recorded. Rates are detailed in Exhibit A. The funds generated by applying these benefits rates will be pooled and used to cover payments for Worker's Compensation premiums,

Unemployment Insurance premiums, Retiree Health and Life, and Termination Pay. Rates will be updated annually based on actual payment experience and estimated future trends.

## **E. POLICY**

1. Finance Office - It is the responsibility of the CU Denver | CU Anschutz Finance Office to calculate fringe benefit rates prior to the beginning of each Fiscal Year. Cost accounting methods are subject to the Internal Service Center and Core Laboratories Policy. Any shortage or surplus created during the previous year will be included in the next year rate calculation. Rates will be published as Exhibit A of this policy and will be distributed to the Budget Office by March 1<sup>st</sup> and to all campus departments by April 1<sup>st</sup>. The Finance Office will monitor collections and payments for all fringe benefits covered by this policy. Rates may be adjusted during the year if the campus experiences an unusual claims trend that was unanticipated in the previous rate. However every effort will be made to keep rates stable and to avoid midyear changes, within the limits of the Internal Service Centers Policy. If a rate is adjusted during the year, such changes will be communicated to all departments and divisions in a timely manner. The Finance Office will ensure all termination pay is accounted for in the Termination Pay Pool speed-type and will process PET's to move any termination pay erroneously paid from a departmental speed type. The CU Denver | CU Anschutz Finance Office will create and maintain the allocation processes within the University's financial system that charge the fringe benefit rates to all programs and projects in which employee compensation is recorded. A table referencing the rates that will be charged to Job Groups within the Human Resource System is included as Exhibit.
2. Human Resources Office - It is the responsibility of the CU Denver | CU Anschutz Human Resources Office to make payments for Worker's Compensation and Unemployment Insurance. Payments will be made from the appropriate funds that are pooled for this purpose. Termination pay forms shall be approved by the Human Resources Office prior to payment, and they will provide a copy to the Finance Office for reconciliation of the Termination Pay Pool speed type.
3. Payroll Benefits Services (PBS) - It is the responsibility of the PBS to administer retiree benefits and make payments for health insurance, life insurance, supplemental annuity, etc., as applicable. Payments for these benefits will be made from the unique pool of funds created for this purpose.
4. Department Administrators - It is the responsibility of each department administrator or unit head to include estimates of fringe benefit charges as part of their annual budgeting process.

## **Notes**

1. Dates of official enactment and amendments:

May 31, 2001: Adopted

July 1, 2010: Revised / Approved by Associate Vice Chancellor for Finance & Administration

2. History:

April 9, 2019: Modified to reflect a Campus-wide effort to recast and revitalize various Campus policy sites into a standardized and more coherent set of chaptered policy statements organized around the several operational divisions of the university. University branding and links verified.

3. Initial Policy Effective Date: May 31, 2001

4. Cross References/Appendix:

- Campus Policy 4017, Payments of Unused Sick and Vacation Leave for Separating Employees.
- Regent Law Article 11, Leave Policies for Officers, Exempt Professionals, and Faculty on Twelve-Month Appointments
- [Campus Policy 2001, Internal Service Centers and Core Laboratories](#)