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IRS Relaxes FSA "Use It or Lose It" Rule
Carol Kovach, Senior Consultant
Palmer & Cay

Employers frequently point to the "use it or lose it" rule as a major impediment to employee participation in Section 125 Flexible Spending Accounts (FSAs). Uncomfortable with predicting their medical expenses twelve months in advance, and afraid of deferring monies into the account only to lose dollars that weren't spent before the end of year, employees tend to simply not enroll.

Legislation proposing a carry-over provision for FSAs has failed to pass on several occasions.

On May 18, 2005, the IRS issued Notice 2005-42 which offers plan sponsors the opportunity to take some of the bite out of "use it or lose it." This modification to the proposed Section 125 regulations allows participants an additional 2 ½ months after the end of the plan year to incur eligible expenses to be reimbursed from the FSA. (The rules have always allowed plans to have a grace period for submitting expenses.)

The new regulations mean a participant in a calendar year plan could have until March 15 of the following year to spend the money in the FSA. In effect, the participant has 14 ½ months to spend 12 months of contributions.

FSA contributions cannot be cashed out, nor can medical FSA contributions be used for dependent care, or vice versa. But the new regulation should still be viewed as a significant softening of the restriction on the participants' access to their FSA contributions.

Plan sponsors do not have to wait to make this improvement to their cafeteria plans. The new "grace period" may be adopted for the current plan year, as long as the plan document is amended prior to the end of the plan year.

As with most gifts from the IRS, this Notice is not without complications. The grace period places additional adjudication burden on FSA administrators, as expenses incurred during the grace period must now be checked to ensure that they are not inadvertently reimbursed twice by the FSA funds from two different plan years. A January 2006 expense could be eligible for the 2005 calendar year or the 2006 calendar, but cannot be reimbursed twice. Debit card technology will have to be addressed and it is also likely that the IRS will need to issue additional guidance on the interaction of the new grace period with both HIPAA and COBRA.

Plan sponsors should check with their administrators, as well as corporate counsel, before adopting the grace period. The grace period provision is allowed, but not mandatory, so some plan sponsors may decide not to implement it at all, especially those who rely on forfeitures to offset administrative expenses.

For those plan sponsors looking for ways to encourage more participation in FSAs, this bit of good news from the IRS may prove helpful. For those of us scrambling every December to load up on contact lenses and vitamins, it gives us a little more time to get to the mall.

Nothing in this article should be construed as legal or accounting advice. Plan sponsors are encouraged to contact the appropriate professional advisors for counsel on specific questions.



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Message from the President



**Lisa Wade
President**

GCCBA Board Election Time is Coming - Calling All Interested Members!

Summer is almost here and you know what that means! No – not warm weather, vacations, sunscreen, and cook-outs – I'm talking about Board election time! Well, actually the other things sound great, too, but we really are interested in finding additional GCCBA members to serve on the GCCBA Board for the second half of 2005 and 2006.

As in any organization, there is a core group of members who give of their own time to provide the leadership and services that keep the association running. We're very fortunate to have a dedicated and talented group of individuals who are doing just that. Some of those volunteers have been active on the association's board for many years and are rapidly approaching the end of their elected terms. This will create opportunities for others to move into an elected or volunteer role and provide some fresh ideas and direction for the future. That's where you come in...

We need some new volunteers to join the board and help run GCCBA. The amount of time you need to devote is limited and the benefits are great. There is a board meeting every other month, and depending on your role, some committee work outside those meetings. Serving on the board provides a great opportunity to network with fellow compensation, HRIS and benefits people in the community, stretch your leadership skills, and enhance your resume. If you're new to the area or profession, it's a great way to build relationships and orient yourself in the Compensation and Benefits community.

Whether you have 15 months or 15 years of HR experience, you can make a valuable contribution to the board! If you are interested in taking a more active role in the board please complete the Board Interest form located on the last page of the newsletter and return it to me by June 15. I'll be happy to review the elected positions and support roles available and put you in touch with the current incumbent. GCCBA can only continue if we have new board volunteers to fill our vacancies so please consider investing a little of your time to keep GCCBA a valuable resource to the Greater Cincinnati compensation and benefits professionals.

The May GCCBA Meeting was a Success!

On Thursday, May 12, 2005 forty-three GCCBA members and guests attended the May Consultant's Breakfast at the Montgomery Inn Banquet Center. The Consultant's Breakfast is an annual GCCBA spring event featuring regional consultants recognized as experts in their fields, discussing topics of interest to the membership.

Linda Gravett, Ph.D., SPHR, the founder and Senior Partner of Gravett and Associates, discussed **Appealing to Gen X and Gen Y**. Linda's session included information about how organizations can revisit their current rewards and recognition practices with the objective of appealing to Generations X and Y, people in their early twenties to mid-thirties. Linda is a popular speaker among HR professionals because of her energetic presentation style. Attendees agreed that her presentation was both informative and entertaining.

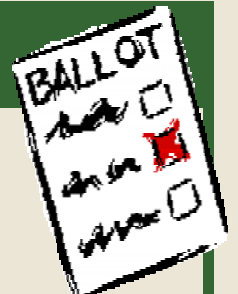
The second presentation featured two speakers from Mercer Human Resource Consulting. Jeanie Adkins and Kim Hartz of the Louisville Mercer office discussed Strategies for Market Pricing "Hard to Price" Jobs. Attendees received information about generally accepted approaches to pricing hybrid jobs, pricing generic skill or career level, "predicting" a market rate and knowing "When you just have to pay what you have to pay." The presentation was well received, offering steps and solutions for HR professionals to apply back at the office.

Our next GCCBA Program will be scheduled for September. Thanks to our members and speakers for a great year. Any feedback on suggested programs and topics may be directed to Lisa Wood, Program Chair.



It's Election Time Again!

It's time again to vote for the GCCBA's Board of Trustees.
Please watch your e-mail for upcoming voting information!



Is the GCCBA meeting your Certification Needs?

Are you currently pursuing your CCP, CBP, or GRP designation? As a GCCBA member, if you attend one of our locally-sponsored certification courses, you will receive \$125 off the WorldatWork member pricing. This is a very valuable member benefit that we are pleased to provide.

The past few certification courses we have sponsored have been poorly attended. We would like to hear from you to determine if we are meeting your certification needs. Are we offering the right mix of courses? Do we offer too many, too few? Typically we offer courses in the spring and fall. Is the timing meeting your needs? The next two courses (T2: Accounting and Finance and C5: Sales Compensation) are scheduled for October 5th through October 7th, location TBD.

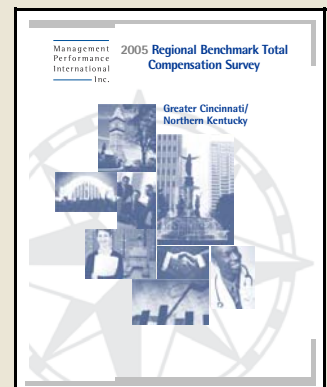
With the rising costs of hotel meeting space and food service, it is becoming increasingly difficult to offer courses when they are not well-attended. Do any members have meeting space available at their respective employers that can accommodate these courses for future dates? We're looking for ideas and solutions and would like to hear from you. We will distribute a member survey very soon regarding certification courses. Please take a few moments to complete the survey. If you have any questions regarding certification or upcoming courses, please feel free to contact Deborah Dunn, Certification Course Chair at (859) 283-6493.

The Greater Cincinnati/Northern Kentucky Regional Benchmark Total Compensation Survey is now underway!

Management Performance International, Inc. (MPI) has produced this survey since 1998 and has collaborated with the Greater Cincinnati Compensation & Benefits Association (GCCBA) since 2003. This year, GCCBA is again collaborating with MPI to ensure it meets the needs of the local community. The survey is a valuable reference tool used by Human Resource professionals, compensation personnel, business owners and prospective employers in the Greater Cincinnati/Northern Kentucky area.

The report provides:

- Base pay, incentive and total cash information.
- Analyses by size, market sector and geographic region.
- Over 150 benchmark positions
- Convenience - complete the survey and receive results on-line in Adobe file format.



GCCBA MEMBERS DISCOUNT!

Participate in the 2005 survey and save! Participants who are members of GCCBA not only save 60% on the non-participant purchase price, they also receive an additional 20% off of the purchase price.

- Data collection begins May 2005
- Data Submission is due June 30, 2005
- Results will be available in September 2005

To participate please visit Management Performance International, Inc. at www.managementperformance.com/surveycb/mpi/. Print and complete the Order Form and mail or fax the form to Management Performance International, Inc. MPI will contact you to finalize your eligibility and membership status.

Conferences/Seminar Calendar



WorldatWork Conference (visit www.worldatwork.org for more information)

- May 7–10, 2006: WorldatWork 51st Annual Conference & Exhibition Anaheim, CA

WorldatWork Seminars (visit www.worldatwork.org for more information)

Chicago, IL

- Jun 13 ASC Sales Compensation for Complex Selling Models
- Sep 7 SCD Sales Compensation Design
- Sep 19 FLS Exemption Tests in Practice

Cincinnati, OH (Sponsored by The Greater Cincinnati Compensation and Benefits Association)

- Oct 5-7 C5 Elements of Sales Compensation
- Oct 5-7 T2 Accounting and Finance for the Human Resources Professional

Columbus, OH (Sponsored by The Columbus Compensation Association)

- Jul 11-13 C1 Regulatory Environments for Compensation Programs
- Jul 11-13 T6 Mergers & Acquisitions: Benefits, Compensation and Other HR Issues
- Oct 10-12 C6 Principles of Executive Rewards
- Oct 10-12 T3 Quantitative Methods

Dublin, OH (Sponsored by The Columbus Compensation Association)

- Oct 10-12 C6 Principles of Executive Rewards
- Oct 10-12 T3 Quantitative Methods

Indianapolis, IN

- Jun 20-22 C11 Performance Management - Strategy, Design and Imp
- Sep 21-23 B4 Strategic Benefits Planning
- Sep 21-23 T1 Total Rewards Management

Lexington, KY (Sponsored by The Bluegrass Compensation Association)

- Oct 5-7 T3 Quantitative Methods

Louisville, KY (Sponsored by The Louisville Compensation Association)

- Oct 5-7 C1 Regulatory Environments for Compensation Programs

Philadelphia, PA (Sponsored by Penjerdel Employee Benefits and Compensation Association)

- Jun 8-10 C12 Variable Pay - Incentives, Recognition and Bonuses
- Jun 8-10 T6 Mergers & Acquisitions: Benefits, Compensation and Other HR Issues
- Nov 16-18 T3 Quantitative Methods
- Oct 26-28 C1 Regulatory Environments for Compensation Programs
- Sep 19-21 T2 Accounting and Finance for the Human Resources Professional

Pittsburgh, PA (Sponsored by The Western Pennsylvania Total Compensation Association)

- Aug 15-17 C2 Job Analysis, Documentation and Evaluation
- Nov 14-16 B5 Managing Flexible Benefits

Virtual Course, USA

- Jul 19-28 T3 Quantitative Methods
- Jun 21-30 B2 Retirement Plans-Design and Management
- Oct 18-27 C11 Performance Management

National SHRM Conference (visit www.shrm.org for more information)

- San Diego, CA: June 19 - 22, 2005 - 57th Annual Conference & Exposition

State SHRM Conferences (visit www.shrm.org for more information)

- October 12-14: 21st Kentucky Annual SHRM State Conference (www.kychamber.com/shrm)

A Simplified Approach to Writing Job Descriptions

Lisa Wood, Compensation Analyst, Children's Hospital

Most Human Resource professionals and managers agree that drafting job descriptions is a dreaded task. The tool often used to gather the necessary information is the Position Description Questionnaire (PDQ). The PDQ is a multi-page document designed to yield specific job information through multiple questions in various categories. Incumbents and managers are asked to identify duties and responsibilities, knowledge and skill requirements, accountabilities and job conditions. The process can be intimidating and feel much like a "test." The cumbersome approach of using a PDQ does not fit well in many of today's organizations where Human Resource professionals are expected to respond quickly to changing business and talent needs.

The process of writing job descriptions can actually be fairly easy and straight-forward when the former PDQ format is converted to a simple interview with incumbents and managers.

Getting Started

Job descriptions are essential to organizations. A good description includes the major areas of an employee's job and is useful for purposes of recruitment, communicating expectations to current staff and for linking to performance appraisals and job evaluations. The first step toward writing the job description is to determine the main headings to be included on the job description itself. These headings will then serve as a guide for the interview process. A typical description includes:

- Job Title
- Supervisor's Title
- Department
- Organizational Relationships
- Purpose Statement
- Major Duties and Responsibilities
- Required Skills
- Education and Experience

Gathering Information

The interview approach to information gathering begins with open ended questions that allow incumbents and managers the opportunity to talk about the work. Interviewees are often able to start off with a list of 10 – 20 tasks. This list is a good beginning point and allows the interviewer to develop a picture of the position. As the interviewer becomes familiar with the position he/she may use more targeted questions to ensure the task list is complete. Targeted questions may cover work related to systems, technology, data or other areas as appropriate.

Once the task list is complete the interviewer works toward prioritizing. Incumbents and managers may be asked about functions performed each day versus monthly and about the amount of time spent on each task in a given week.

This initial task list will become the **Major Duties and Responsibilities** section of the job description.

The **purpose** of the position may be identified by asking the question "Why does this position exist?"

Questions about **skills, experience and education** should focus on the minimum level needed for the position. What education and experience are necessary and what do they contribute to the responsibilities of the position.

Organizing Information

The task list from the interview phase of the process must now be refined into the major duties and responsibilities of the position. The individual tasks may be clustered into broad areas of responsibility and then ranked in order of importance. Most non-management job descriptions may be written using a maximum of 8 – 10 areas of responsibility.

Example:

An area of responsibility in a clerical position may be Communication. The tasks which had earlier been listed as:

- Answers a multi-line telephone
- Greets and directs visitors
- Responds to requests for information

May be converted to the Major Duty and Responsibility of: **Serves as the first line of contact for departmental information**

Final Steps

The job description draft should be reviewed with managers and incumbents. Although the incumbent's feedback has been helpful through this process, the manager's word is the primary guide. The job description is an opportunity to frame the role as it should be versus how it may be at the moment.

Once finalized, the job description should be linked to the processes of recruitment, training, performance appraisal and job evaluation. The description document is the primary tool for communication related to the work.

The interview method of job description development produces a good document, containing the important facts about a position. The process, which is less complex and cumbersome than the Position Description Questionnaire (PDQ), may allow for more frequent updating and a quicker response time when a new role is created. The simplified approach is practical and a good fit for many of today's organizations where the need is for descriptions which are dynamic and current.

Leadership Minute Memo

Question Power

Worded correctly, questions do more than get answers. They get results – by spurring people to action, building consensus and clearing up confusion.

Poorly worded questions, on the other hand, block idea exchange, sap enthusiasm and can even foster resentment.



Effective Questions

Here are examples of positive questions and when to use them:

- ◆ **Open/direct questions** uncover who, what, when, where, why or how. Use them to encourage others to share opinions and take ownership of a problem. Example: “How can we complete this project on time?”
- ◆ **Planted-answer questions** imply the specific direction you want the person’s answer to take. Use them to gain buy-in. Example: “Don’t you think this outline needs more work?”
- ◆ **Off-the-hook questions** allow people to refuse a request without losing face. Use them to signal that others have a choice. Example: “I know you’ve put in a lot of overtime this week, but would it be possible for you to stay a little late tonight?”

Ineffective questions

Try to avoid these morale-sappers:

- ◆ **Disagreeable questions** reduce self-confidence. Often framed as a “challenge,” they’re really an attack. Example: “None of your other ideas have worked out. What makes you think this one will?”
- ◆ **No-way-out questions** drive people into corners and encourage defensive responses. Example: “As I see it, this is the only solution. How can you possibly disagree?”
- ◆ **Trick questions** are traps to get others to agree with you because they’re left with little or no choice. Example: “Should we follow my plan, or put in some long hours to revamp it?”

Member Update

Are good things happening?? We want to know! Please forward your recent promotion, job change, company change, or certification to the newsletter staff at julie.elliott@scripps.com. We will publish your announcement in the next newsletter to keep everyone up to date!



- ◆ Mary Reitz, Sr. Comp Analyst, University of Cincinnati received CCP in April 2005.
- ◆ Cheryl Yarborough, Sr. Comp Analyst, University of Cincinnati received CCP in April 2005.
- ◆ Katie Verssen of Western Southern Life was promoted to Sr. Field Compensation Analyst.
- ◆ Diane Bender, HR Officer, Federal Home Loan Bank received her Masters in Organizational Leadership.

Congratulations!



Greater Cincinnati Compensation and Benefits Association

Application of Interest in Board of Trustees

We are always interested in welcoming new board members to assist in the leadership of GCCBA. There is generally a need each year to identify new candidates as one or more current board members complete their terms and cycle off the board.

Board membership requires a volunteer commitment of approximately 3 hours per month and the willingness and ability to attend 6 board meetings (bimonthly) and 4 membership meetings (quarterly) throughout the year. If you are interested in GCCBA Board of Trustees membership for the upcoming program year, please complete and return this form by June 15, 2005.

Name (please print)

Title/Position

Organization

Telephone

Address

E-mail Address

Why are you interested in becoming a member of this Board?

What skills and experiences have you acquired that would be beneficial to the GCCBA Board?

What skills and experiences do you hope to gain by being part of the GCCBA Board?

What area of GCCBA Board service interests you? *(check all that apply)*

Membership

Certification Courses

Website

Programs

Newsletter

Officer

I am able and prepared to invest approximately three hours every month with the GCCBA Board of Trustees to support the growth and stability of GCCBA.

Applicant Signature

Date

Please fax completed form to Lisa Wade by June 15 at 513-762-8588