

# #GlobalBenefitsBulletin Highlights

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## RESPOND



Health

**China:** Tax break on health insurance premiums



Talent

**European Union:** "Dynamic" clause in collective agreement protected in transfer of undertaking



Talent

**European Union:** European Pillar for Social Rights key documents

## WATCH



Talent

**Brazil:** Labor reform bill advances



Retirement

**European Union:** Pension fund reprieve on derivatives rules



Talent

**European Union:** Visa reciprocity action ruled out



Retirement

**Hong Kong:** New annuity scheme planned



Retirement

**Ireland:** Personal Future Savings Account proposal

## WATCH



Retirement

**Nepal:** Labor Bill, Social Security Bill advance



Talent

**United Kingdom:** Directives for Article 50 negotiations



Health

**United States:** Houses Passes American Health Care Act



Talent

**United States:** House Approves Working Families Flexibility Act; Senate Passage Uncertain

## Key Updates

### Brazil

#### WATCH

##### Labor reform bill advances



Talent

The lower house of Congress has approved a labor reform package that would revise over 110 articles in the Consolidated Labor Laws. It would allow collective bargaining to stray from the legislation in 15 key areas including definition of the workday and the workweek, lunch periods, productivity bonuses, telecommuting rules, vacation time segments, and occupational safety matters. In addition:

- Annual union dues, now mandatory even for nonmembers, would become voluntary.
- Labor court rulings would no longer have the authority to establish new employer obligations.
- Employees and managers would be able to negotiate the terms of resignation, including severance payment.
- Workers with university degrees and monthly salaries over US \$3,500 would have the option of negotiating their own employment contracts rather than collective bargaining.
- Low-hours contracts without guaranteed minimum hours would be possible.
- Lapsed contracts would not necessarily stay in effect while a new one is being negotiated.
- There would be an 18-month wait before a dismissed employee could be taken on as outsourced labor.
- The maximum workweek for temporary staff would increase from 25 hours to 30.

Opponents of the bill charge that it is too employer-friendly and will attempt some modifications during Senate debate.

### China

#### RESPOND

##### Tax break on health insurance premiums



Health

Following a successful pilot project launched last year, the State Council has approved a nationwide tax deduction on commercial health insurance premiums included in the Premier's new economic stimulus package. The modest annual deduction of CNY 2,400 (US \$348.50) per person is set to launch on July 1, 2017.

## European Union

### RESPOND

"Dynamic" clause in collective agreement protected in transfer of undertaking.



Talent

The European Court of Justice (ECJ) Decision confirmed the position of Germany's Federal Labor Court (BAG) that a "dynamic" reference clause of a collective agreement must be honored after a transfer of undertaking. Along with the static elements of the collective agreement for a group of workers was a clause stating that the workers will continue to be covered by the BMT-G II federal framework collective agreement for municipal workers. The ECJ determined that protection of employee rights under Council Directive 2001/23/EC is not limited to the static components of collective agreements so the new employer must pay wage increases set by BMT-G II.

Link

<https://goo.gl/0uGO8U>

<https://goo.gl/NkKCWy>

## European Union

### WATCH

Pension fund reprieve on derivatives rules



Retirement

A European Commission proposal on simplifying derivatives rules under the European Market Infrastructure Regulation (EMIR) includes a three-year exemption from central clearing of OTC derivative transactions for pension scheme arrangements (PSAs). The temporary nature of the exemption is stressed, "Since PSAs are active users of derivatives...the ultimate goal is that they participate in central clearing." While the proposal itself notes that "no viable technical solution facilitating the participation of [PSAs] in central clearing has merged to date," it is hoped that stakeholders will manage to come up with a solution "without impacting the revenues of future pensioners." An FAQ is appended. The European Parliament and the European Council will now review these proposals.

Link

<https://goo.gl/IPuOCq>

<https://goo.gl/GXr9hn>

## European Union

### WATCH

Visa reciprocity action ruled out



Talent

The European Commission's response to Parliament's resolution that called on it to suspend visa waivers for U.S. and Canadian nationals until full visa reciprocity is established rejected punitive action, citing the "positive momentum of ongoing work." Canada is committed to full reciprocity by December 1, 2017 and the U.S. has "intensified" negotiations with the EU and the five Member States that don't yet have a visa waiver. Next month's ministerial meeting is expected to chart "a way forward."

Link

<https://goo.gl/lAdU6t>

## European Union

### RESPOND

European Pillar for Social Rights key documents



Talent

While the family leave proposals under the European Pillar for Social Rights garnered the most press attention, it also advanced 20 key principles and some significant initiatives. Those highlights of the pillar less directly related to work/life balance include:

- The launch of a social partner consultation on a Written Statement Directive that would require companies to document "essential aspects of employment relationship" for new hires.
- An interpretive communication on the Working Time Directive, which offers extensive clarification of main points in the directive as well as a survey of significant case law.
- A social partner consultation on access to social protection for workers in "non-standard employment" such as the gig economy.
- A confirmation of skills training and life-long learning as fundamental rights in an evolving job market.

Link

<https://goo.gl/RT14ue>  
<https://goo.gl/6Hxk2U>  
<https://goo.gl/y6ydae>  
<https://goo.gl/N7hPnx>

## Hong Kong

### WATCH

#### New annuity scheme planned



Retirement

The Hong Kong Mortgage Corporation has announced agreement in principle on a public annuity scheme expected to launch in mid-2018. People would invest a lump-sum premium of between HK \$50,000 and HK \$1M to generate a lifetime income stream accessible from age 65. There would be no management fee or surrender charge and there is a death benefit of 105% of total premium, minus the monthly annuity already paid out. The product is expected to generate a guaranteed 5-7% rate of return. This is initially set to be an HK \$10B scheme, but the public reception has been encouraging and there is already talk of expanding the scope and raising the maximum premium if next year's launch goes well.

Link

<https://goo.gl/wDMhFv>

## Ireland

### WATCH

#### Personal Future Savings Account proposal



Retirement

The Social Affairs Minister has proposed a Personal Future Savings Account, a universal top-up pension to complement that state pension for the estimated two-thirds of private-sector workers who have no other source of retirement income:

- Contributions would be mandatory for both employees and employers. The state would provide tax relief.
- The account would follow a worker from job to job.
- Early withdrawals would be permitted for "big life events" including home purchase and career breaks.

Australia's superannuation scheme and Singapore's Central Provident Fund have been cited as models. The ministry will now consult with social partners and other stakeholders and "if we are ambitious, we can start it in 2021."

## Nepal

### WATCH

Labor Bill, Social Security Bill advance



Retirement

The Labor Bill has cleared Parliament's International Relations and Labor Committee and a companion Social Security Bill will soon be up for a vote. Under some key provisions:

- Employees would contribute 10% of income to the provident fund and 1% to the social security fund. Employers would pay 10% to the provident fund and 10% to the social security fund.
- The new benefits would include an unemployment allowance to be paid for a fixed period.
- Employers would be allowed to dismiss workers in certain circumstances, including mergers and financial hardship.
- Job postings would come in five categories; permanent, contractual, fixed-term, partial, and emergency.

Employers would no longer be required to pay salary for striking workers.

## United Kingdom

### WATCH

Directives for Article 50 negotiations



Talent

The European Commission has adopted a Recommendation for a Council Decision offering draft negotiating directives for the United Kingdom's withdrawal from the EU. The core principles are advanced together on the basis that "nothing is agreed until everything is agreed." For EU citizens now in the UK and UK citizens now in the EU, a core set of rights would be preserved for life:

- The right to live in another Member State.
- The right to work in another Member State.
- Entitlements to social security benefits including health coverage, unemployment insurance, workers' compensation, survivor benefits, unemployment benefits, and invalidity benefits.
- Recognition of diplomas and professional certifications.

The General Affairs Council will meet to ratify the directives on May 22.

Link

<https://goo.gl/dodvEP>  
<https://goo.gl/iCzXVO>

## United States

### WATCH

#### House Approves Working Families Flexibility Act; Senate Passage Uncertain



Talent

On May 2, 2017, the House approved the Working Families Flexibility Act (H.R. 1180) with a 229–197 vote. The bill would amend the Fair Labor Standards Act (FLSA) by allowing private employers and employees to voluntarily agree to accrue compensatory time off at the rate of one and one-half hours of every hour of overtime worked, in lieu of receiving overtime pay. An employee could accrue up to 160 hours, but an employer could determine to provide monetary compensation for up to 80 of those hours. The bill would apply only to workers who are eligible for overtime pay and have worked at least 1,000 hours for their employer during the previous 12 months of continuous employment. The bill would not affect workers who are exempt from the overtime provisions of the FLSA, including those subject to the exemptions for executive, administrative, and professional employees. The measure moves to the Senate, where passage is uncertain.

H.R. 1180 and "H.R. 1180, Working Families 'Flexibility' Act—Frequently Asked Questions," are available in the links below.

Link

<https://goo.gl/QrIW9e>  
<https://goo.gl/RRO07j>

## United States

### WATCH

#### Houses Passes American Health Care Act



Health

On May 4, 2017, the House passed H.R. 1628, the American Health Care Act, by a vote of 217–213. The bill would substantially amend portions of the Affordable Care Act (ACA) and includes the repeal of the individual and employer mandate taxes and certain Medicare taxes. The bill would also allow states to waive or reduce the essential health benefits requirement, impose a penalty for the failure to maintain continuous health care coverage in the individual market, introduce new insurance subsidies, and make numerous other changes to the ACA. The bill now goes to the Senate, which is likely to modify the bill significantly. The prospects for passage of the bill in the Senate are uncertain. For more details on the health care bill passed by the House, see "U.S. House of Representatives Passes the American Health Care Act" in the Aon Hewitt Publications section of this newsletter (provided in [link](#)).

H.R. 1628 and the Aon Hewitt bulletin, which provides an overview of the AHCA, are also available in the links below.




Link


<https://goo.gl/LLY3kf>

<https://goo.gl/R6q2fu>



## Other Notable Updates

Area	Country	Date	Name
 Health	Canada	05/11	2017 Ontario Budget
	China	05/04	Individual health insurance purchase with balance of mandatory medical insurance account
	Finland	05/11	Post-employment health services
	France	05/18	New medical agreement between the French Social security and medical practitioners trade unions
	Kosovo	05/04	Implementation of universal health insurance law
	Mongolia	05/18	Health insurance contributions rise
	Taiwan	05/04	Copayment shift takes effect
	UAE	05/18	Abu Dhabi drops Thiqa copay
	US	05/11	HHS Finalizes Rules to Stabilize Individual Insurance Market
	Vietnam	05/11	Medical fees to rise for the uninsured
 Retirement	Azerbaijan	05/18	Pension reform addendum
	British Virgin Islands	05/18	Minimum compulsory retirement age set
	Greece	05/18	Tax treatment of overseas social security contributions
	Greece	05/18	Austerity measures survive lawsuit
	Hong Kong	05/04	Default Investment Strategy
	India	05/11	EPF withdrawals for medical expenses simplified
	Ireland	05/11	Personal Future Savings Account proposal
	Nepal	05/18	Labor Bill, Social Security Bill advance
	Netherlands	05/18	Retirement age hike
 Risk	Vietnam	05/11	Life insurance rules streamlined, standardized

Area	Country	Date	Name
 Talent	Austria	05/11	Dismissal protection for older workers modified
	Brazil	05/11	Supreme Court rules on expired contracts
	Brazil	05/11	Job interview taboo
	Brazil	05/18	Immigration law boosts migrant rights
	British Virgin Islands	05/11	New work permit fee schedule adopted
	Brunei	05/04	Guidance on deductible expenses
	Bulgaria	05/18	Tax treatment for private use of company property
	Czech Republic	05/18	Paternity leave correction
	EU	05/04	Ruling on crediting employment period prior to transfer of undertaking
	EU	05/11	European Pillar for Social Rights key documents
	EU	05/18	New prospectus regulation
	Ghana	05/04	Guidance on salary and benefit taxation
	Ireland	05/18	Ruling on accommodation of disabled workers
	Japan	05/11	New working hour guidelines
	Moldova	05/11	Access improved for skilled foreign workers
	Mongolia	05/11	New measures on part-time work and probation periods
	Nigeria	05/04	Immigration rules modified
	Russia	05/11	Employer liability for worker performance
	Russia	05/18	Tax guidance on bonuses
	South Korea	05/18	Paid parental leave boost
Spain	05/11	Employer working hours registry confirmed to be optional	
Sweden	05/11	Posted worker bill passed	
Taiwan	05/04	Home leave entitlement for migrants	
Vietnam	05/18	Workers' compensation premium cut for employers	
Zimbabwe	05/04	Finance Act affects benefit tax regimes	

## Contacts

If you have questions please contact your Aon Hewitt representative or send a note to [Country.Profiles@aonhewitt.com](mailto:Country.Profiles@aonhewitt.com).

*Additional information on the above, plus other updates can be found in  
Greater Insight which is updated & emailed on a weekly basis  
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