

BENEFITS PROGRAM BULLETIN

The Informed Employee

May 1999

No. 20

PRE-TAX COMMUTING EXPENSE PLAN

– a new benefit plan –

The University is pleased to announce the implementation of this new benefit plan for all IU employees with a regular salary. This new plan takes advantage of recent changes in IRS regulations by reducing income and FICA taxes for certain amounts related to commuting to and from employment at the University.

This new benefit plan consists of two components: Pre-tax Parking Expenses and Pre-tax Mass Transit Expenses.

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RETIREMENT PROGRAM CHANGES

Effective July 1, 1999, the following changes in the University's retirement program will be implemented:

- Academic and Professional Staff employees with Appointments of 50% FTE or more:
 - New hires and promotions shall be enrolled in the IU Retirement Plan with contributions equal to 10% of base salary.
 - No new enrollments in the IU Supplemental Early Retirement Plan (IUSERP).
 - Current IU Retirement Plan 11.25% Level

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YR . 2000 HEALTH CARE PROGRAM

– considerations –

The following is an outline of health care program modifications for 2000, as of this date:

- Any modifications to M-Plan HMO, IU Health Plan POS, Partners HMO, AHDS HMO, and AHP POS will not be known until renewal negotiations in August.
- Discussions continue with Reid Hospital to determine interest in implementing a new managed care plan in Richmond.
- The preferred provider network of the IU PPO Healthcare plan would be enhanced with the additional use of Blue Cross/Blue Shield networks in other states.
- The Healthy Solutions provisions in the IU PPO Healthcare plan would be eliminated, due to lack of support by Anthem.
- Prescription drug copay for mail order brand Rx would increase to \$30 for up to a 90-day supply (retail and mail order generic Rx to remain the same) for both the IU PPO Healthcare and IU Precision POS plans.
- Osteopathic manipulations would be treated the same as

chiropractic services for both the IU PPO Healthcare and IU Precision POS plans.

- Inclusion of \$50 copay for In-Network emergency room usage and \$25 copay for In-Network urgent care facility usage for the IU Precision POS plan.
- Restructuring of copay for In-Network specialist office visits to equal \$15 copay for the IU Precision POS plan.

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BENEFIT PROGRAM ELIGIBILITY

Employees are eligible to participate in a variety of benefit plans – see page 2 for a complete list.

TOBACCO USE AND HEALTH

A recent study shows that smoking in the teen-age years causes permanent genetic changes in the lungs, increasing the risk of lung cancer. The younger the smoking starts, the more damage is done.

The author of the study, John K. Wiencke, a genetics expert at the University of California, indicates that "it didn't matter if they were

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BENEFIT PROGRAM ELIGIBILITY

Full-time Appointed Academic and Staff employees are eligible to participate in the following benefit plans (excludes individuals with temporary assignments from 2300 or 3000 fund sources):

<u>PLANS</u>	<u>COVERAGE</u>	<u>ENROLLMENT*</u>	<u>FUNDING**</u>
Health Care Plans	Medical and optional dental coverage for employee and eligible dependents	Open Enrollment effective January 1 each year	IU & Employee
Personal Accident Ins.	Optional levels of coverage in the event of an accident, employee only or family	Open Enrollment effective January 1 each year	Employee
Tax Saver Benefit (TSB)	Pre-tax benefits for: –Health Care and Personal Accident premiums –Health Care Reimbursements –Dependent Care Reimbursements	Open Enrollment effective January 1 each year	Employee
Basic Life Ins.	Up to \$50,000 employee life ins., with \$3,000 for spouse and \$1,000 per child	Automatic (employee needs to complete a beneficiary designation form)	IU
Supplemental Life Ins.	Optional levels of employee life ins., from 1 to 4 times base salary	Anytime, with satisfactory health status	Employee
Long-Term Disability Ins. (LTD)	Income and optional retirement protection in the event of a disabling injury or illness	Anytime, with satisfactory health status	Employee
Fee Courtesy	Subsidy of IU tuition expenses for employee and eligible dependents	Each semester	IU
Employee Assistance (EAP)	Counseling for stress, family or workplace issues	Automatic	IU
Tax Deferred Annuities (TDA)	Supplemental retirement contributions	Anytime	Employee
Retirement Plan	Funding and/or contributions for retirement income (PERF or IU Retirement Plan)	Automatic after employee completes enrollment and beneficiary designation form	IU

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TOBACCO USE AND HEALTH

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light smokers – what mattered is that they started young.” This is especially important research at a time when more than a third of teens are taking up the smoking habit.

Youthful smoking on a daily basis apparently causes lung damage that lasts a lifetime. Studies have also shown that smoking in the teen years is more addictive and that smokers who begin young are less likely to break the habit.

Wiencke's study indicates that dramatic and enduring DNA damage is caused by youthful smoking. “This reinforces the idea that we need to stop young people from smoking, not only from the addiction standpoint, but also from the cancer risk standpoint,” Wiencke said.

PRE-TAX COMMUTING EXPENSE PLAN

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Pre-tax Parking Expenses – Effective July 1, 1999:

- Pre-tax expenses for parking, up to IRS maximum
- Automatic payroll “salary reduction” for new/renewed parking permits
- Option to pay fees directly to Parking Operations with after-tax funds

Pre-tax Mass Transit Expenses – Effective January 1, 2000:

- Pre-tax expenses for bus and train, up to IRS maximum
- Payroll “pre-tax credit” upon submission of applicable receipts

Expenses related to both plan components are exempt from federal and state income and FICA taxes, resulting in a meaningful increase in take home pay.

These pre-tax benefits do not impact other University benefits such as retirement and life insurance; except maximum employee contributions to the TDA plan may be slightly reduced.

YR . 2000 HEALTH CARE PROGRAM

(Continued from Page 1)

To provide enhancements in benefits, a new approach to offering dental coverage is being considered. This approach would separate the enrollment in dental coverage from medical plans, and offer one dental plan with the following three levels of benefits:

Benefits Levels

FFS This "fee-for-service" level would allow services by any dentist, with the same benefits as currently provided with the IU PPO Healthcare, IU Precision POS and AHP POS plans.

PPO This "preferred provider organization" level would provide a higher annual limit of coverage and eliminate balance billing for amounts above U&C (usual and customary) when a CompDent PPO dentist is used.

DHMO This "dental HMO" level would provide an even higher amount of coverage and lower copayments when a CompDent DHMO dentist is used. (Same level of DHMO benefits as available with the M-Plan HMO and IU Health Plan POS.)

CompDent would actively seek PPO and DHMO contracts with additional dentists near each University campus.

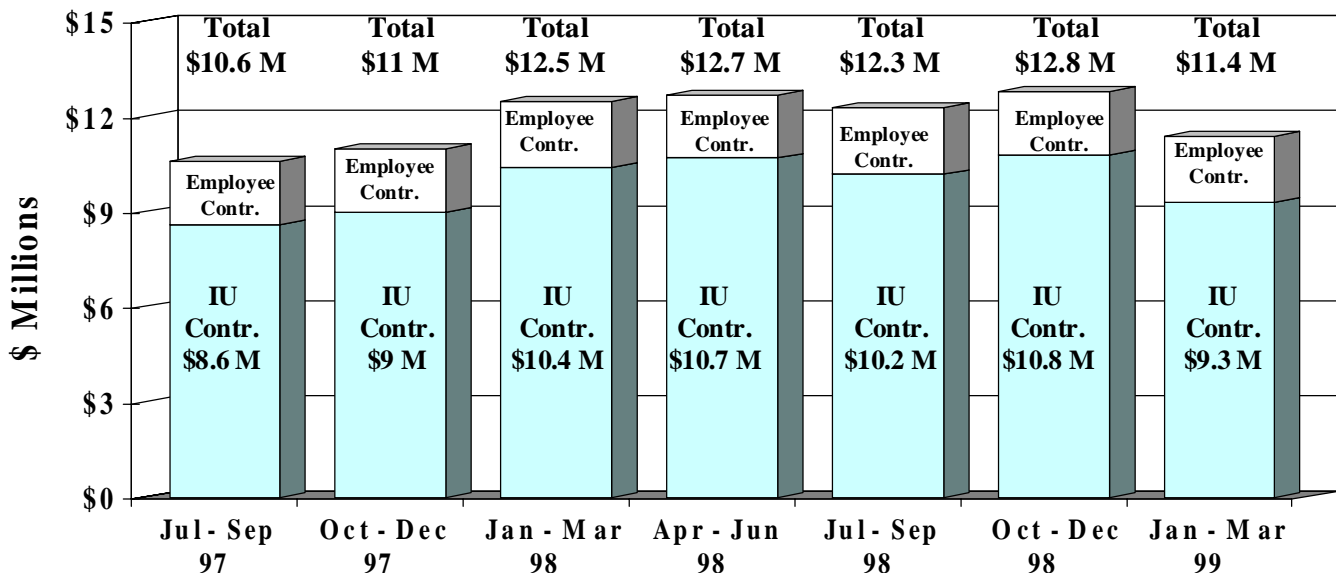
RETIREMENT PROGRAM CHANGES

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- Hourly employees:
 - Full-time Hourly employees (1,930 hours or more expected within the Responsibility Center [RC] during the fiscal year) should be converted to an Appointed position, with personnel policies and benefit program coverages provided to other employees performing similar full-time responsibilities; including PERF or IU Retirement Plan benefits.
 - Employees in positions normally requiring 1,000 hours or more of service within an RC during the next 12-month period or the calendar year should be covered by the PERF retirement plan.
- PERF and IU Retirement Plan 11.25% Level participants:
 - Contributions and/or benefit accruals shall only be based on the total wages associated with positions designated as being covered by the respective retirement plan. Retirement plan contributions/accruals will not apply to positions or Hourly assignments not covered by a retirement plan. (This already applies to all other retirement plans.)
- IU Retirement Plan 12% and 15% Level participants:
 - Contributions shall only be based on base salary. Administrative supplements and other supplemental

Useful Facts, Figures & Statistics

**Indiana University
Health Care Plan Expenses by Quarter (8 Plans)**



Total 1998 Expenses = \$50.3 million / 1998 IU Contributions = \$42.1 million

1998 IU Contributions per Enrolled Employee = \$3,342

INVESTMENT FUND PERFORMANCE

The following **sample** of retirement investment opportunities reflects average annual total return after all administrative expenses. These figures are based on historical results, and they do not necessarily represent future performance.

	<u>Average</u> 5 yrs.	<u>Annual</u> 10 yrs.	<u>%Return</u> Life	<u>Fund</u> Inception		<u>Average</u> 5 yrs.	<u>Annual</u> 10 yrs.	<u>%Return</u> Life	<u>Fund</u> Inception
Money Market Funds					Stock Funds				
CREF Money Market	5.33	5.55	5.78	4/88	CREF Stock	20.73	16.10	11.68	7/52
Fidelity FMMT Retir.	5.28	5.49	5.57	12/88	CREF Growth	----	----	26.40	4/94
Fixed Annuity					Fidelity Blue Chip				
TIAA Annuity	6.82	7.99	----	----	Fidelity Contrafund	23.91	23.06	21.57	12/87
Bond Funds					Fidelity Magellan				
CREF Bond	7.34	----	8.38	3/90	CREF Global Equities	16.11	----	16.12	5/92
Fidelity Govt. Sec.	6.80	8.62	9.53	4/79	Fidelity Europe	17.67	13.36	13.59	10/86
Fidelity Inv. Grade	6.71	8.84	8.39	8/71	Fidelity Overseas	9.50	8.67	16.95	12/84
Growth & Income Funds					International/World Funds				
CREF Soc. Choice	18.42	----	14.98	3/90	1 Year % Return				
Fidelity Fund	25.10	18.57	11.38	4/30	PERF Options	6/30/96	6/30/97	6/30/98	
Fidelity Equity Inc.	19.87	15.13	14.77	5/66	Money Market Fund	2.18	5.39	5.53	
Market Indexes					Guaranteed Fund	8.40	9.00	9.00	
Dow Jones Ind.	24.47	18.77	----		Bond Fund	8.10	9.05	14.77	
S&P 500	26.25	18.98	----		S&P 500 Stock Index Fund	----	33.36*	30.16*	
NASDAQ	27.95	20.97	----		US Small Co Stock Fund	----	22.36*	16.51*	
Russell 2000	11.22	11.46	----		*S&P 500 Index and Russell 2000 (small company) Index one year returns				
EAFE	8.86	5.71	----						

Figures for TIAA-CREF and Fidelity Investments and Market Indexes are as of 3/31/99.

BENEFIT PROGRAM ELIGIBILITY

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*New hires have 60 days from their effective date of employment to enroll in optional plans without regard to Open Enrollment or health status, where applicable. Enrollment changes for Health Care, Personal Accident and Tax Saver Benefit plans may be allowed during the year in the event of a family status change (must be indicated within 60 days of the effective date of change). Changes to a lower level of coverage in Supplemental Life and LTD insurances are allowed at anytime.

**IU funds the majority of health care plan coverage.

Contact your campus Human Resources Office for additional enrollment information.

University Benefits Office
Indiana University
Poplars 199
Bloomington, IN 47405

Campus Mail