

BENEFITS PROGRAM BULLETIN

The Informed Employee

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www.indiana.edu/~ubenefit/

No. 22

SUPPLEMENTAL LIFE INSURANCE -- PREMIUM DECREASE

Negotiations with the underwriter of this plan (TIAA) have resulted in:

- A significant reduction in premium rates for participants age 40 and above, effective after the April 1, 2000 payroll. For example: for ages 45 to 49, there will be a 28.6% reduction, and for ages 60 to 64, there will be a 30.5% reduction.
- A "premium holiday" for all participants, from May 12, 2000 through September 1, 2000. (While coverage will continue during this period, participants will not have associated payroll premium deductions.)

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BENEFICIARY DESIGNATIONS

Many of the University's benefit plans include provisions for the payment of funds to the participant's designated beneficiary(ies), including: Basic and Supplemental Life insurances, Personal Accident insurance, PERF retirement, IU Retirement Plan, and IUSERP plan. **Payments will be made to the participant's designated beneficiary(ies), as indicated on the most recent form, regardless of the participant's actual family status at the time of death.** Therefore, it's important for plan participants to make sure beneficiary designations are up-to-date --- it is obviously too late to change beneficiaries "after the fact." Changes in beneficiary designations can be easily initiated by completing the associated forms for each of the above benefit plans. (Basic and Supplemental Life insurances use the same designation.) These forms can be obtained from a campus HR office.

The University Benefits Office has experienced situations where the employee's current spouse incorrectly assumed that he or she was the beneficiary of certain benefits.

SAVING FOR RETIREMENT YEARS

The good news is that approximately 30% of the University's full-time employees are planning for their income needs during retirement years by accumulating assets through the University's Tax Deferred Annuity (TDA) plan; **the bad news is that 70% may not be accumulating sufficient assets for their retirement income needs.**

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BENEFIT PLAN UPDATES

- **All IU-sponsored health plans** -- provide mastectomy and mastectomy-related services consistent with the Women's Health and Cancer Rights Act of 1998. For example, covered services include reconstruction of the breast(s) on which a mastectomy has been performed.

- **IU PPO Healthcare and IU Precision POS plans** -- as a result of corporate contract changes by the following two grocery stores, Kroger and Marsh will be discontinued as in-network pharmacies: Kroger pharmacies will be discontinued as of June 30, 2000, and Marsh pharmacies will be discontinued as of December 31, 2000. (A decision by these corporate entities that all of their stores had to be in the R_x network or none could jeopardize the significant discounts provided by CVS/PharmaCare.) CVS/PharmaCare has a new service that allows refills to be ordered over the internet -- see www.pharmacare.com for mail order refills and www.cvs.com for retail refills. Diabetic supplies can now be obtained through the CVS/PharmaCare network.

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TOBACCO USE AND HEALTH

- Health-related costs associated with smoking, for IU's full-time employees and their dependents, equals over \$16.5 million annually. ¹
- Secondhand cigarette smoke may be more dangerous than previously thought, according to a recent study of women who had never smoked but who had been diagnosed with lung cancer. This study found that **some women are as much as six times more likely to develop lung cancer if they live with smokers.** The Environmental Protection Agency has also estimated that exposure to ETS (environmental tobacco smoke) increases the risk of lung cancer by 20 percent. ²

¹ Project ASSIST: Smokefree Indiana, 1997. ² The Herald-Times, 12/1/99.

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BENEFIT PLAN UPDATES

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- **IU Dental Plan** -- a reminder that for year 2000 IU implemented a new dental plan with enhanced coverage. This plan includes two enrollment options, with three levels of coverage:

Dental POS Option:

- 1) Traditional benefits when any non-network dentist is used.
- 2) Higher benefits when CompDent PPO dentists are used.

Dental HMO (DHMO) Option:

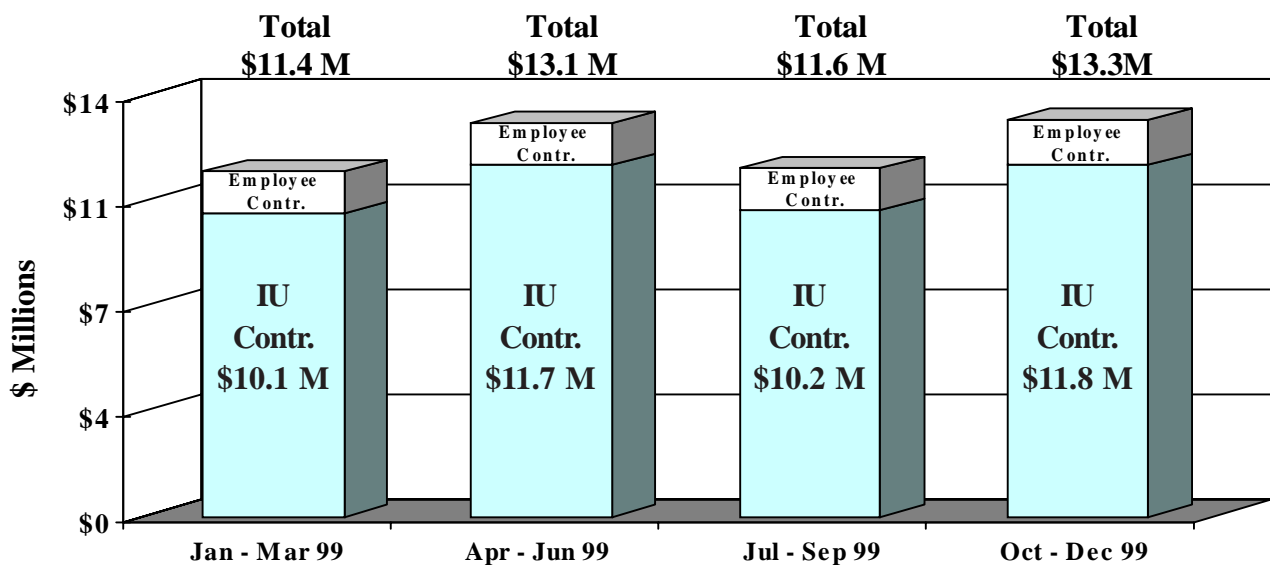
- 3) Highest level of benefits when enrolled with a CompDent HMO dentist.

- Note that all claims for dental services on January 1, 2000 and later should be filed through CompDent (do not send these claims to Anthem, CoreSource or DeltaDental).
- For dental POS participants: the CompDent PPO network may not be familiar to all dentists and some may only associate CompDent with DHMO networks. As a result, participants may need to remind dentists that they are in the "fee-for-service" option, not the DHMO.
- For assistance in setting up an appointment, submitting claims, or nominating a dentist for the CompDent networks, call **IU Dedicated Member Services** at **(877) 556-5600**. (Calling the general CompDent number may result in a slight delay, as the call may be transferred.)
- An eligibility audit of implementation files has been completed, and new IU Dental Plan I.D. cards will be re-issued in March. (This re-issue of cards is at CompDent's expense, and is also intended to correct the print quality of some initial cards.) Participants who have not received an IU Dental Plan I.D. card should contact **IU Dedicated Member Services** at **(877) 556-5600**.

- **Tax Saver Benefit Plan (TSB)** -- March 31, 2000 is the deadline for participants in 1999 TSB Part B, Health Reimbursements and Part C, Dependent Care Reimbursements to submit claims to Nyhart for expenses incurred during 1999.

- **Pre-Tax Commuting Expense Plan** -- a reminder that expenses associated with the Pre-Tax Mass Transit component of this plan should be submitted to the University Benefits Office, by completing the appropriate claim form and attaching receipts. Expenses should be submitted on a quarterly basis, with first quarter expenses for 2000 submitted after March 31, 2000. Claim forms may be obtained at a campus HR office or the University Benefits Office's website. (This benefit includes a pre-tax payroll "credit" for bus and train expenses for employees to commute to and from employment at Indiana University.)

Indiana University 1999 Health Care Plan Expenses by Quarter (8 Plans)



Total 1999 Expenses = \$49.4 million / 1999 IU Contributions = \$43.8 million
1999 IU Contributions per Enrolled Employee = \$3,422

2000 OPEN ENROLLMENT RESULTS

HEALTH CARE PLANS	2000 EMPLOYEE ENROLLMENTS	CHANGE FROM 1999	% CHANGE
IU PPO Healthcare -- \$500 Deductible	602	-490	-44.7%
IU PPO Healthcare -- \$900 Deductible	3,978	539	15.7%
IU Precision POS	4,516	58	1.3%
IU Health Plan POS	2,000	71	3.7%
M-Plan HMO	1,471	24	1.7%
Partners HMO	333	57	20.7%
AHDS HMO	83	-7	-7.8%
AHP POS	114	54	90.0%
TOTAL	13,097*	306	2.4%
TAX SAVER BENEFITS			
Medical Reimbursement Account	3,608*	8	.2%
Dependent Care Reimbursement Account	614*	-8	-1.3%
<i>*Total eligible population equals 14,673</i>			

SAVING FOR RETIREMENT

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It is widely accepted that employees need to accumulate personal savings for retirement years, to supplement income from employer retirement plans and Social Security; neither of which are intended to cover 100% of financial needs during retirement. The University's TDA plan is an excellent opportunity to accumulate these savings, through tax-deferred accounts with a wide array of investment options. Like a 401(k) plan, federal and state tax regulations allow TDA contributions and earnings to be "tax deferred" until actually withdrawn. This results in a tremendous advantage in accumulating retirement savings, as the amount that would otherwise be paid in federal and state taxes is invested for additional accumulations. (Starting or increasing TDA plan contributions can be done anytime -- contact a campus HR office.)

An important reason to save for retirement years: while most large employers pay a substantial portion of health care plan costs for active employees, most employers do not contribute to the cost of a retiree's health coverage.¹ This can be a complete surprise for individuals who only pay a small amount for health coverage as an employee, and then are faced with a monthly premium of hundreds of dollars at retirement. This is not to mention expensive nursing home, residential and custodial care, which are not even covered by health care plans. **(Indiana University allocates substantial funds to cover health care plan costs for active employees and their dependents; it does not subsidize or contribute to the cost of health care for retirees.)**

¹By contributing to FICA taxes, which includes the funding of Medicare benefits, Indiana University does help pay for some health coverage during retirement.

SUPPLEMENTAL LIFE INSURANCE

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The premium decreases will automatically be implemented. A complete schedule of premium rates is located at the University Benefits Office's website.

Full-time Appointed employees are automatically covered for Basic Life Insurance, which is generally 200% of base annual salary (reduced to 130% at age 65) to a maximum of \$50,000. This coverage is fully paid for by Indiana University.

Full-time Appointed employees may purchase additional coverage at group rates through the Supplemental Life Insurance plan; with four optional levels: 100%, 200%, 300% or 400% of base annual salary. (Each enrollment option has a Guaranteed Issue amount and a Maximum Coverage amount.) Newly hired employees have 60 days to enroll in the Guaranteed Issue amount, regardless of their medical condition. New employees who would like to exceed the Guaranteed Issue amount and employees who would like to enroll after "60 days," either for the Guaranteed Issue or the Maximum Coverage amounts, or increase any existing coverage will need to prove they are in good health. (Unless there are medical problems, "proving good health" generally involves completing a short questionnaire.) Contact a campus HR office for enrollment forms.

DON'T FORGET TO VISIT THE UNIVERSITY BENEFITS OFFICE WEBSITE: www.indiana.edu/~ubenefit/

USEFUL FACTS, FIGURES & STATISTICS

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 ANNUAL %RETURN</u>			Fund Inception		<u>AVERAGE ANNUAL % RETURN</u>			Fund Inception	
	<u>5 yrs.</u>	<u>10 yrs.</u>	<u>Life</u>			<u>5 yrs.</u>	<u>10 yrs.</u>	<u>Life</u>		
Money Market Funds					Stock Funds					
CREF Money Market	5.42	5.24	5.73	4/88	CREF Stock	24.16	15.93	11.88	7/52	
Fidelity FMMT Retir.	5.31	5.18	5.54	12/88	CREF Growth	30.86	----	27.74	4/94	
Fixed Annuity					Fidelity Blue Chip					
TIAA Annuity	7.43	7.77	----	----	Fidelity Contrafund	27.45	22.38	15.19	5/67	
Bond Funds					Fidelity Magellan					
CREF Bond	7.40	----	7.68	3/90	International/World Funds					
Fidelity Govt. Sec.	6.86	7.36	9.12	4/79	CREF Global Equities	22.02	----	18.75	5/92	
Fidelity Inv. Grade	6.73	7.61	8.13	8/71	Fidelity Europe	21.33	13.16	14.45	10/86	
Growth & Income Funds					Fidelity Overseas					
CREF Soc. Choice	19.63	----	14.64	3/90	PERF Options					
Fidelity Fund	27.89	18.16	11.51	4/30	<u>1 YEAR % RETURN</u>					
Fidelity Equity Income	20.11	14.52	14.57	5/66	<u>6/30/96</u>	<u>6/30/97</u>	<u>6/30/98</u>	<u>6/30/99</u>		
Market Indexes					Money Market Fund	2.18	5.39	5.53	4.93	
Dow Jones Ind.	26.96	18.31	----		Guaranteed Fund	8.40	9.00	9.00	8.25	
S&P 500	28.56	18.21	----		Bond Fund	8.10	9.05	14.77	4.73	
NASDAQ	40.97	25.68	----		S&P 500 Stock Index*	----	33.36	30.16	21.23	
Russell 2000	16.69	13.40	----		US Small Co. Stock*	----	22.36	16.51	-.04	
EAFE	12.98	7.08	----		*S&P 500 Index and Russell 2000 (small company) Index one year returns					

Figures for TIAA-CREF and Fidelity Investments and Market Indexes are as of 12/31/99.

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