

The Informed Employee

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The *Informed Employee* is published 2-3 times a year by University Human Resource Services for approximately 15,400 full-time appointed staff and academic employees across the eight Indiana University campuses.

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New Paid Time-Off Program for Nonexempt Staff

A university-wide committee of representatives from Human Resources and Payroll offices, along with union and employee groups, has been working for more than a year to update a variety of paid time-off plans for nonexempt staff (clerical, technical, support, service maintenance, food service, nurses, etc.). The primary objective of this initiative was to simplify time-off provisions for employees, supervisors, and the university's administrative systems. Two principles for this review were emphasized: the new program must not reduce time off for employees and it must not increase cost for the university.

Following the systematic analysis of several alternatives, university administration approved a time-off program consisting of three categories of paid time-off: Vacation Time, Income Protection Time (Sick Time), and Special Events.

The new paid time-off program, which will become effective with the pay period that begins on May 12, 2002, will be described in detail for employees and supervisors through a variety of booklets and

instructions to be distributed over the next eight to ten weeks.

Following is a summary of the plan provisions for each category of paid time-off.

Vacation Time—This plan combines current vacation, bonus holidays, and honorary vacation accruals into one plan; the total amount accrued will remain the same.

IU Service	Annual Accrual*
Through 6th year	112 hours (14 days)
7th year through 13th year	152 hours (19 days)
14th year through 29th year	192 hours (24 days)
30th year and beyond	232 hours (29 days)

Income Protection Time (Sick Time)—This is the same as the current Sick Time plan, with the same accrual amount.

Annual Accrual*
96.2 hours (12 days)

*Annual accruals are divided by the number of pay periods in one year (26) to get biweekly accrual rates; accruals are prorated for part-time employees.

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Benefits for Domestic Partners

On September 14, 2001, the Trustees of Indiana University passed a resolution approving "benefits to same-sex domestic partners of Indiana University employees and students who demonstrate that they are in a verifiable committed relationship."

The university will implement the benefits listed below for qualified domestic partners and qualified children of domestic partners, effective April 1, 2002.

Benefit plans for academic and staff employees

- Medical and dental coverages
- IU Fee Courtesy (tuition subsidy)
- Basic Life Insurance (dependent coverage)
- Personal Accident Insurance (family coverage)

Personnel policies for staff employees

- Funeral time-off provisions
- Sick time-off provisions
- Family and Medical Leave Act (FMLA) provisions

In order for an employee to engage these domestic partner benefits, he or she will need to register the domestic partner and any related children by completing an Affidavit of Domestic Partnership form and submitting the required supporting documentation. After completing that process, the employee would follow the normal benefit plan enrollment provisions for the domestic partnership.

In March, details and special Open Enrollment instructions for employees to enroll a qualified same-sex domestic partner and any associated qualified children in IU-sponsored health care coverage will be distributed to all full-time employees.

Long-Term Disability (LTD) Plan

Reduction in Premiums

Negotiations with TIAA, the underwriter of the LTD Plan, have resulted in a 7 percent reduction in premiums, effective April 2002.

The university's LTD Plan provides an opportunity for eligible employees to protect their income in the event of a disabling illness or accident, including a unique option to protect retirement benefits:

"For a covered employee that becomes disabled from an illness or accident and cannot work, this insurance plan will assist in replacing his or her paycheck."

LTD Plan Highlights

- Monthly income payments up to 60 percent of salary
- Optional retirement benefit accumulations
- Annual 3 percent increase in benefits after 36 months

Enrollment—During the first 60 days of first becoming eligible, full-time employees can enroll without consideration of health. After that period, an application for enrollment requires a Statement of Health. Unless there is a serious medical condition, most late applications for LTD are accepted.

Out of 15,420 eligible university employees, 6,370 individuals are currently enrolled in the LTD Plan.

LTD premium rates and other information are located at www.indiana.edu/~ubenefit/.

New Paid Time-Off Program
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Special Events—This category consists of a variety of paid time-off plans, unchanged from current policies, including holidays, funeral time, military leave, jury duty, voting time, and adverse weather.

Miscellaneous Provisions

- Use of Vacation Time and Income Protection Time will require a waiting period of one month for new employees. This provision will be consistent across all campuses.
- The maximum annual usage of Vacation Time will be the combined total of the amounts in current provisions for vacation, bonus holidays, and honorary vacation. This amount will be consistent across all campuses, with increasing amounts based on years of service.
- Provisions related to the payment of accruals at termination remain the same.
- Income Protection Time may be used for a personal emergency, such as short-term care of an ill

family member and non-health personal issues.

Implementation Activities

- All current accumulations of vacation, bonus holidays, and honorary vacation will be combined into the new Vacation Time plan. *No accumulations will be reduced.*
- Current accumulations of Sick Time will be preserved in the new Income Protection Time plan. *No accumulations will be reduced.*
- The new combined accumulation rate for Vacation Time will become effective with the pay period that begins on May 12, 2002.

In summary, this is a much more straightforward paid time-off program. All nonexempt staff and associated supervisors will receive details regarding the provisions of this paid time-off program, and orientations sessions will be scheduled at each campus.

No employee will experience a reduction in overall paid time-off benefits.

IU TSB Plan
New Online Services and Part C Important Reminder

New Online Services

The Nyhart Company now provides online access to account information for the IU Tax Saver Benefit (TSB) Plan Part B (health care reimbursement) and Part C (dependent care reimbursement). Using Nyhart's Web site, plan participants may view deposit and claim history, and inquire about account balances. Log on at www.nyhartco.com to use these new Web services. Questions about Personal Identification Numbers, access, and security may be directed to Nyhart at 800-428-7106.

TSB Part C: Dependent Care Important Reminder

The IRS requires that pre-tax dependent care reimbursement (TSB Part C) be on an *incurred* basis. The IRS states that "dependent care expenses will be

treated as having been incurred when the dependent care is provided, and not when the participant is formally billed, charged for, or pays for the dependent care." This means that advance payments for dependent care are not eligible for reimbursement until after the dependent care has actually been provided. In addition, each day of expense is only eligible when the care is provided in order for the employee to be at work. If the employee is married, generally both parents must be at work in order for dependent care to be an eligible expense. This means that when an employee is away from work due to illness or when a dependent does not receive care due to illness or vacation, expenses for those days are not an IRS-eligible expense. When a request is made for reimbursement from a TSB account, the employee is certifying that the expenses are eligible.

Military Leave and Reemployment Rights

Over the next several months, many of the IU employees who have been called or volunteered for military service will be released from that service. The Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) provides certain rights and benefits to a person who has been released from military service and is ready to return to work. These include:

- Reinstatement to the employee's former position if the military service was for 90 days or less.
- Reinstatement to the same or similar position if the military service was for more than 90 days.
- Reinstatement of university and occupational unit seniority as if no break in university employment had occurred.
- Credit for the military service time towards length of service requirements for PERF benefits and IU Retiree status.
- Pay at the same level that it would have been if no military service leave had occurred.
- Accumulation of all time-off benefits for the period of absence due to military leave.
- Contributions to either PERF or the IU Retirement Plan at the same amount as if the employee had been on regular pay status during the length of the leave.
- Protection from discharge without cause for one year after return to work if the military service was for more than 180 days; such protection applies for 6 months if the military service was between 30 and 180 days.
- Protection against employment discrimination for military service or exercising rights under USERRA.

An employee must meet all five of the following criteria in order to receive these reemployment rights:

1. Must have been an employee immediately before the military service.
2. Must have given advance notice (written or oral) that he or she was leaving for military service, unless able to show that such notice was impossible or precluded by military necessity.
3. The period of military service must not have exceeded five years.
4. Must have received an honorable discharge from the military.
5. Must apply to return to work within the time limits listed below, following release from military service based upon the length of that service:

- Less than 30 days: Apply for reemployment at the beginning of the first regularly scheduled workday, after a reasonable time to travel home, followed by at least 8 hours of rest.
- 31 to 180 days: Apply for reemployment no later than 14 days following release from military service.
- Over 180 days: Apply for reemployment no later than 90 days following release from military service.

If an employee or department management has any questions about applying these provisions, please contact Human Resources or Academic Affairs.

The Fair Labor Standards Act (FLSA)

This article is a follow-up to "The Fair Labor Standards Act (FLSA)," published in *The Informed Employee*, No. 25 (October 2001).

The FLSA, a federal employee protection law, establishes employers' minimum wage and overtime obligations to employees covered by this act. Employees not covered by these FLSA provisions are considered *exempt*. For Staff at Indiana University, these employees are classified as *professional*.

Exempt employees, under the FLSA

- are paid a salary for *the work* they perform—not *the hours* they work;
- must exercise substantial discretion and independent judgment;
- perform work with minimal direction and under general supervision;
- perform nonmanual work; and
- spend the majority of their time performing exempt work, and the exempt work is the primary duty.

FLSA exemptions applicable to IU fall into three categories: executive, administrative, or professional. Determining whether an employee is exempt under these FLSA categories occurs on a case-by-case basis and requires a thorough analysis of the work performed, as well as extensive knowledge of the provisions of the FLSA, Department of Labor opinion letters, and case law.

Following are abbreviated descriptions of the FLSA's exemption categories:

Executive—Persons whose primary duty is managing a recognized business department or unit and who have full supervisory responsibility for associated employees.

Administrative—Persons whose primary duty is 1) of substantial importance to the management and operation of the business of the employer (advising management, planning, negotiating), or 2) directly related to academic instruction or training (administering curriculum, measuring and testing the learning potential and achievement of students).

Professional—Persons in professions that require the use of professional knowledge acquired through long study (physicians, lawyers) and persons in artistic professions (musicians, writers, actors).

2002 Holidays for Appointed Staff

New Year's Day	Tuesday, January 1
Martin Luther King, Jr. Day	Monday, January 21
Memorial Day	Monday, May 27
Independence Day	Thursday, July 4
Labor Day	Monday, September 2
Thanksgiving Day	Thursday, November 28
Friday after Thanksgiving	Friday, November 29
Christmas	Wednesday, December 25
Campus Holiday	"Floating" holiday on most campuses*

*IUPUI has designated Good Friday as the Campus Holiday.

Legal Compliance Training

This article is a follow-up to "Legal Compliance Training," published in *The Informed Employee*, No. 25 (October 2001).

EEO, ADA, FMLA and FLSA are more than just regulatory acronyms—they are the law. Supervisors across Indiana University are learning about these employee protection laws when they attend Legal Compliance Training. They are learning why the laws are important, what and who the laws cover, and how to apply the laws in the IU workplace.

Following the law and avoiding liability are not the only reasons to attend Legal Compliance Training. The regulations are inextricably linked to good business and management practices and day-to-day communications. Legal Compliance Training offers answers to questions such as "Are employers required to accommodate their employees' religious practices?" "Can telling 'blonde jokes' be considered sexual harassment?" "Is it okay to ask applicants if they have children, as long as we ask all applicants?"

All campuses are presently offering Legal Compliance Training, and to date, over 1,000 supervisors have participated. All supervisors and managers are responsible for completing this training. Knowledge and application of these laws can help supervisors provide all employees with a work environment that promotes respect, trust, and good working relations.

Legal Compliance Training will continue to be made available to supervisors on all university campuses. For more information, call your campus Human Resources office or Affirmative Action office.

Employee Assistance Program (EAP)

It can be difficult to balance the needs of work, home, and family relationships. Often times, the stress of day-to-day life is temporary. But occasionally, stress can become a major problem that interferes with an employee's well-being.

The university's Employee Assistance Program (EAP) provides full-time appointed employees and their household members with counseling services. These services are available by telephone (for assessment or referral) or face-to-face, and are provided by qualified EAP counselors who can be reached 24 hours a day, 365 days a year. **All contacts with the EAP are kept confidential**, in accordance with federal and state laws.

The following are examples of issues for which EAP counselors may be of assistance:

- Stress or anxiety
- Divorce or separation
- Alcohol or drug concerns
- Loss of spouse or loved one
- Workplace conflict
- Relationship problems
- Child or elderly parent issues

Services provided by EAP include initial assessment, problem-solving and support. If appropriate, the EAP can assist employees or their household members by making a referral to a qualified counselor through the caller's health care plan.

For more information, go to www.indiana.edu/~ubenefit/.

Call toll free: 888-234-8327

Women's Health and Cancer Rights Act (WHCRA)

All of the university's employee health care plans comply with WHCRA. These plans cover the following services related to a mastectomy patient:

- Reconstruction of the breast on which the mastectomy has been performed
- Surgery and reconstruction of the other breast to provide a symmetrical appearance
- Prosthesis and physical complications related to all stages of mastectomy, including lymphedemas

Refer to respective health care plan documents for any preferred provider and utilization management requirements.

Opportunity to Increase TDA Plan Contributions

On June 7, 2001, President Bush signed into law the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). This law provides significant opportunities for participants in the IU TDA Plan to increase their retirement savings contributions.

Beginning in 2002, EGTRRA:

- Increases the annual contribution limit from \$10,500 to \$11,000 (a few highly paid employees may be limited to less than \$11,000); also increases this annual limit to \$15,000 in 2006.
- Allows participants age 50 or older an additional \$1,000 *catch-up* contribution, and increases this annual catch-up amount to \$5,000 in 2006.
- Eliminates the complex Maximum Exclusion Allowance (MEA) calculations and the Special Alternatives: A, B, and C.
- Provides a tax credit for lower and middle income taxpayers. Single employees with an Adjusted Gross Income (AGI) of less than \$25,000 and joint filers with an AGI of less than \$50,000 can take a percentage of their contributions as a credit against their taxes owed.
- Increases limits for IRA savings, lowers income tax rates, phases out estate taxes, and provides new opportunities for education savings plans.

Consider the following advantages of participating in the IU TDA Plan:

Easy enrollment. Participants complete a Salary Reduction Agreement (SRA) telling IU how much they want to contribute and to which investment company their funds should be sent. Participants then select an investment company and investment option and complete an account application. Forms are available from the campus Human Resources office.

Automatic payroll reduction. Contributions will be deducted from the participant's regular pay on a pre-tax basis.

Tax deferral. Income taxes are postponed until funds are withdrawn from the plan, at age 59 or after termination of IU employment.

Start, stop, or change the amount of TDA Plan savings at any time. Changes are not associated with the annual November Open Enrollment period, and may be initiated at any time.

For more information on the IU TDA Plan contact a campus Human Resources office or go to www.indiana.edu/~ubenefit/tda.

2002 Open Enrollment Results

Health Care Plans	2002 Employee Enrollments	Change from 2001	% of Change
IU PPO-Plus	1,693	820	93.9%
IU PPO \$900 Deductible	3,561	-279	-7.3%
IU Precision POS	4,225	-364	-7.9%
IU Health Plan POS	2,097	57	2.8%
M-Plan HMO	1,700	198	13.2%
Partners HMO	366	12	3.4%
Blue Preferred Primary POS	333	187	128.1%
IU PPO Choice	41	41	N/A
TOTAL	14,016*	581	4.3%
Tax Saver Benefit Plan			
Medical Reimbursement Account (Part B)	4,294*	440	11.4%
Dependent Care Reimbursement Account (Part C)	657*	65	11.0%

* Total eligible population equals 15,422 full-time employees.

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.

	Average Annual % Return					Average Annual % Return			
	5 yrs.	10 yrs.	Life	Fund Inception		5 yrs.	10 yrs.	Life	Fund Inception
Money Market Funds					Stock Funds				
CREF Money Market	5.27	4.83	5.65	4/88	CREF Stock	8.27	10.90	10.84	7/52
Fidelity FMMT	5.23	4.80	5.48	12/88	CREF Growth	6.73	----	12.43	4/94
Fixed Annuity					Fidelity Blue Chip				
TIAA Annuity	7.22	7.35	----	----	Fidelity Contrafund	10.31	13.52	13.24	12/87
Bond Funds					Fidelity Magellan				
CREF Bond	7.25	7.04	8.03	3/90	CREF Global Equities	5.19	----	10.03	5/92
Fidelity Govt. Inc.	6.80	6.77	9.16	4/79	Fidelity Europe	6.09	10.21	10.47	10/86
Fidelity Inv. Grade	6.96	7.10	8.23	8/71	Fidelity Overseas	3.11	6.08	13.37	12/84
Growth & Income Funds					International/World Funds				
CREF Soc. Choice	9.37	10.88	11.59	3/90	1 Year % Return				
Fidelity Fund	11.18	13.54	10.81	4/30	PERF Options	6/30/98	6/30/99	6/30/00	6/30/01
Fidelity Equity Income	10.07	13.65	13.80	5/66	Money Market Fund	5.53	4.93	5.40	5.68
Market Indexes					Guaranteed Fund	9.00	8.25	8.25	8.25
Dow Jones Industrial	11.06	14.63	----	----	Bond Fund	14.77	4.73	4.44	11.23
S&P 500	10.70	12.94	----	----	S&P 500 Stock Indexes*	30.16	21.23	8.03	-14.85
NASDAQ	8.96	13.53	----	----	US Small Co Stock*	16.51	-.04	7.97	30.54
Russell 2000	7.52	11.51	----	----	* S&P 500 and Russell 2000 (small company) Index one year returns.				
EAFE	1.11	4.57	----	----					

Figures for TIAA-CREF, Fidelity Investments and Market Indexes are as of 12/31/2001.

Tobacco Use and Health

It's never too soon to quit!

Every smoker who has quit or who has attempted to quit knows that it is not an easy thing to do. The smoker has heard about, or has experienced, symptoms of withdrawal: intense cravings, headaches, anxiety and depression. But perhaps not every smoker realizes how quickly the benefits of quitting can be noticed.

Once a smoker quits, the body begins to undergo a series of changes:

- After 8 hours: Carbon monoxide level in blood drops to normal and oxygen level in blood increases to normal.
- After 24 hours: Chance of heart attack decreases.
- After 48 hours: Nerve endings begin regrowing and smell and taste senses are enhanced.
- After 2 weeks: Circulation improves, lung function increases and walking becomes easier.
- After 1 month: Coughing, sinus congestion, fatigue, and shortness of breath decrease.

- After 1 year: Excess risk of coronary heart disease is decreased to half that of a smoker.
- After 5 years: Stroke risk is reduced to that of people who have never smoked.
- After 10 years: Risk of lung cancer drops to as little as one-half that of continuing smokers; risk of cancer of the mouth, throat, esophagus, bladder, kidney, and pancreas decreases; risk of ulcer decreases.
- After 15 years: Risk of coronary heart disease is now similar to that of people who have never smoked, and risk of death returns to nearly the level of people who have never smoked.

For more information, contact the American Lung Association at 1-800-LUNG-USA or www.lungusa.org.

Participants in the IU Tax Saver Benefit (TSB) Plan: Stop-smoking programs are an allowable expense under this plan and can therefore be paid for with pre-tax dollars.

Long-Term Care/ Custodial Care

All IU-sponsored health care plans provide comprehensive coverage including medical services, prescription drug, mental health services, and organ transplants. One frequently asked question is whether IU-sponsored health care plans cover long-term care. Long-term care is sometimes called *convalescent care*, *custodial care*, or *nursing home care*. Health care plans, in general, do not cover these services and IU-sponsored plans are no different in this respect.

Custodial care is different than *skilled nursing* care. Generally, custodial care includes room, board, and assistance with activities of daily living. Individuals without formal medical training and licensing can provide custodial care. Skilled nursing services are generally those that can only be performed by a licensed professional with special medical training. Many skilled nursing services are restricted to licensed individuals by state regulation.

Custodial care includes such services as bathing, feeding, toileting, assistance moving from a bed to a wheelchair, and administration of oral medications. In contrast, skilled nursing care includes services such as administration of intravenous medicines, intravenous feeding, and insertion of bladder catheters.

Due to the exclusion of custodial care from health care plans in general, the insurance industry has developed special policies to cover custodial care. This kind of insurance is called a *long-term care* policy. Custodial care may also be covered under state Medicaid programs.

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