New Employee Benefits Orientation

2015 Plan Year
This benefits orientation provides an overview of the benefit and retirement plans available to benefits-eligible employees of The University of Arizona. The information presented includes highlights of the plans.

Additional information is available:

- Arizona Department of Administration Website
  • www.benefitoptions.az.gov

- Human Resources Website
  • www.hr.arizona.edu
During this orientation, the following topics will be covered:

- General Benefits Information
  - Benefits eligibility
  - Benefits enrollment
  - Effective date of coverage
  - Making changes to your benefits
  - Dependent documentation
- Medical insurance
- Dental insurance
- Vision insurance
- Long Term Disability insurance
- Short Term Disability insurance
- Life insurance
- Flexible Spending Accounts
- Retirement plans
- Employee discounts
What is the definition of “benefits-eligible”?

- Employees who are employed at a 0.50 FTE (20 hours per week) or greater in a position that is six months or more in duration are eligible for employer-sponsored benefits.

- Employees who are employed at a .50 FTE (20 hours per week) or greater in a position that is at least 90 days in duration but less than six months are eligible for most employer-sponsored benefits with the exception of Qualified Tuition Reduction. They also do not accrue vacation and sick leave.

- Graduate assistants/associates and student employees are not eligible for employer-sponsored benefits.
- Your spouse or domestic partner
- Your natural, adopted, step child(ren), or your domestic partner’s child(ren) who meet one of the following criteria:
  - Under the age of 26
  - Was disabled before the age of 19
- Child(ren) placed in your guardianship pending adoption
- Foster child(ren) under the age of 26
- Court Ordered guardianship of child(ren) under 26
Documentation is required by Human Resources for:

- Dependents with different last names
- Dependents placed with you for adoption, or placed in your guardianship
- Dependents who are your step children

Documentation is required by the Arizona Department of Administration for:

- Disabled dependent(s) who became disabled before his/her 19th birthday
Domestic partners must

- have shared a residence with the employee for the past 12 months, and
- not be legally married to or separated from anyone else, and
- not be a close blood relative, and
- be at least 18 years old, and
- meet certain financial interdependency tests.

The following documents are required:

- Qualified Domestic Partner Affidavit – notarized
- Declaration of Tax Status form
  - Determines whether a dependent is a tax-qualified dependent or a non-tax-qualified dependent.
- Three pieces of supporting documentation that prove financial interdependence.
A child of your Domestic Partner

- is under age 26

The following document is required:

- Declaration of Tax Status form
  - Determines whether a dependent is a tax-qualified dependent or a non-tax-qualified dependent.
- Most premiums are deducted bi-weekly through payroll deduction.

- The portion of your premiums paid through payroll deduction for you and the dependents you **CAN** claim on your federal income tax return is taken from your paycheck before taxes (pre-tax deduction).

- The portion of premiums paid through payroll deduction for dependents you **CANNOT** claim is taken from your check after taxes (post-tax deduction).

- Check with your tax advisor for information about your specific situation.

- Pre-tax deductions include:
  - Medical, dental and vision premiums
  - Supplemental life insurance premiums for up to $35,000 of coverage
  - Flexible Spending Account contributions
  - Retirement contributions
When you enroll a non-tax-qualified dependent, such as a domestic partner or child of a domestic partner, the University’s contribution towards that coverage is imputed income.

Imputed income is the term the IRS applies to the value of any benefit or service that must be considered taxable income.

Your imputed income will be added to your income in your bi-weekly paycheck.

- Your imputed income is subject to Social Security, Medicare, federal and state income taxes.
- Income tax withholding rates on your imputed income are calculated according to your current W-4 and A-4 withholding elections.
- Your imputed income is reported on your annual Form W-2.

Imputed income does not affect benefit calculations for retirement or disability insurance.
Medical, Dental, Vision, Flexible Spending, Short Term Disability, Life Insurance

- Effective the first day of the pay period following a completed enrollment.

Your long term disability coverage will be effective on your date of retirement participation.

Home and Auto Discounts and Qualified Tuition Reduction Program/Domestic Partner Tuition Program are effective upon date of hire.
University of Arizona employees have several medical, dental, and vision insurance options available to them

- The University of Arizona’s sponsored Alternative Plan (available to employees with same-sex or opposite-sex domestic partners only)

  or

- The Arizona Department of Administration (ADOA) Benefits Options Plans (available to all other employees)
MEDICAL INSURANCE OPTIONS

- **Exclusive Provider Organization (EPO) – ADOA Benefit Options**
  - Less expensive premiums, less out of pocket costs, providers must be in network
  - EPO plans/networks: Aetna, Blue Cross Blue Shield of Arizona, Cigna, UnitedHealthcare

- **Preferred Provider Organization (PPO) - ADOA Benefit Options**
  - More expensive premiums, more out of pocket costs, providers may be in the network or outside the network
  - PPO plans/networks: Aetna, Blue Cross Blue Shield of Arizona, UnitedHealthcare

- **Health Savings Account Option (HSAO) - ADOA Benefit Options**
  - Less expensive premiums, high deductible, unpredictable out-of-pocket costs, providers may be in the network or outside the network
  - Health Savings Account established for qualified out-of-pocket expenses
  - HSAO plan/network: Aetna

- **Health Maintenance Organization (HMO) – UA Alternative plan**
  - Less expensive premiums, less out of pocket costs, providers must be in network
  - UnitedHealthcare network – Choice Plus
  - Only available to employees with opposite sex domestic partners
When you use In-Network providers

- Minimal co-payment is required (office visits, urgent care, prescriptions, etc.).
- Plan pays the remaining expenses.
- No claim forms for you to complete.
- No annual deductibles.

When you use Out-of-Network providers

- Your medical network will not cover services.
- You will be responsible for the entire cost.
When you use In-Network providers

- You are responsible for all costs up to your annual in-network deductible amount.
- After you’ve satisfied the deductible, minimal co-payment is required (office visits, urgent care, prescriptions, etc.) and the plan pays the remaining expenses.

When you use Out-of-Network providers

- You are responsible for all costs up to your annual deductible amount.
- After you have satisfied the deductible, you and the plan share the costs (co-insurance)
The HSAO is a high deductible health plan paired with a Health Savings Account (HSA).

You may visit in-network or out-of-network providers.

Preventive Services
- Covered 100% when you visit an in-network provider.
- You are responsible for a percentage of the cost when you visit an out-of-network provider (co-insurance).

Non-Preventive and Emergency Services
- You are responsible for 100% of all non-preventive and emergency costs until the deductible is met.
- Once the deductible is met, you are responsible for a percentage of the costs for non-preventive and emergency services (co-insurance) until an out-of-pocket maximum is met.

All services are covered 100% after the out-of-pocket maximum is met.
A HSA is established for you when you elect the HSAO.

HSA funds are used to pay for qualified out-of-pocket medical expenses.

The University contributes to your HSA tax-free.

- Contribution amounts can be found in the Benefits Enrollment Guide.

You can make voluntary pre-tax contributions to your HSA through payroll deduction subject to IRS limits.

- Voluntary contribution elections must be submitted in writing to Human Resources.

Funds roll over from year to year and the account remains with you if you separate from the University or change health plans.
Pharmacy benefits are included with your medical plan.

Pharmacy benefits include retail, mail order and specialty drug drug benefits.

Downloadable formularies, pharmacy searches, and prescription histories are available on the pharmacy vendor websites. Vendor websites can be accessed through the Human Resources website.

Plan uses a 3-Tier Formulary (in-network pharmacy) and offers options for purchasing a 90-day supply of medication.
- Pharmacy benefits are included with your medical plan.
- Includes retail, mail order (only when co-pays apply) and specialty drug benefits.

**In-network Preventive Prescriptions**
- Plan uses a 3-Tier Formulary for co-pays: Generic prescriptions, Preferred prescriptions, Non-preferred prescriptions.

**In-network Non-Preventive Prescriptions**
- You are responsible for 100% of prescription costs until the in-network deductible is satisfied.
- Plan uses the 3-Tier Formulary for co-pays after the deductible is satisfied and before the in-network out-of-pocket maximum is met.
- All in-network prescriptions are covered 100% after the in-network out-of-pocket maximum is met.
- No coverage for out-of-network prescriptions until the out-of-network out-of-pocket maximum is met.

See the Benefits Enrollment Guide on the ADOA website for co-pays, deductible amounts and out-of-pocket maximums.
Dental Plan Options – ADOA Benefit Options and UA Alternative Plan

- **Pre-paid plan**
  - Restricted to selected Primary Dental Providers.
  - Reduced costs for services (co-payments).

- **Preferred Provider Organization (PPO)**
  - May see any licensed dentist.
  - Preventive services not subject to annual deductible or benefit limit.
  - Restorative services subject to annual deductible, then
    - Plan pays a percentage of post-deductible expenses for basic restorative services, employee pays the remaining cost.
    - Plan pays a percentage of post-deductible expenses for major restorative services, employee pays the remaining cost.

If you do not elect the PPO upon initial eligibility, you will be subject to a 6-month waiting period for Major Restorative services such as crowns, dentures, inlays and orthodontia should you elect the PPO at any time in the future.
Vision Plan – ADOA Benefit Options and UA Alternative Plan

Using network providers reduces your out-of-pocket costs; however, you have the flexibility to go outside the network.

In-Network – Less Out-of-Pocket Costs
- Co-payment for routine eye exam and refraction
- Allowance for eyeglasses frames or contact lenses
- Single-vision lenses fully covered
- Multi-vision lenses and coatings at a discount

Out-of-Network – Greater Out-of-Pocket Costs
- Must pay all initial costs
- File claim form for reimbursement

Vision Discount Program
You will automatically receive a discount card at no cost if you do not enroll in the Vision plan.
Long Term Disability Insurance

- Arizona State Retirement System
  Automatically bundled with the required retirement plans
  Participant’s premium deduction is a percentage of gross salary, and matched by UA.
  - .12% for FY 2014 – 2015
  - .12% for FY 2015 – 2016

- Optional Retirement Plan (ORP)
  Participant’s premium paid by UA.
Voluntary Short Term Disability

- Premiums are paid by employee.
- Premiums are deducted on a post-tax basis, and there are no taxes deducted from disability benefits.
- Two plans offered; you may only enroll in one plan.
- Plan comparisons and rates are available on the Human Resources website.
Long Term Disability Insurance

- $15,000 Basic Term Life
  - Premiums paid by UA
  - Must designate a beneficiary
  - $15,000 Seat Belt benefit
  - $15,000 Accidental Death and Dismemberment benefit

- Voluntary Supplemental Term Life
  - You may elect coverage for yourself with one or both of the available life insurance companies. Depending on the plan you elect, coverage is available up to 5 times your salary or $500,000 (whichever is less).
  - Dependent coverage is available up to $50,000 depending on the plan you elect. (Domestic partners are eligible for dependent coverage through the UA sponsored Aetna plan only.)

A comparison of the supplemental term life plans is available on the Human Resources website.
Make pre-tax deposits into a dependent care account and/or a health care account through payroll deduction.

- **Dependent Care FSA**: Pay qualified dependent day care expenses, allowing you and/or your spouse to work, look for work, or go to school.
  - $5000 maximum per year – limit applies to you and your spouse together.
  - Dependent children must be under the age of 13.
  - Dependents age 13 or over must require day care services.

- **Health Care FSA**: Pay qualified medical, dental, and vision expenses for yourself and eligible dependents.
  - Limited Health Care FSA: Pay qualified dental, vision and preventive care expenses. For employees enrolled in the HSAO only.
  - $2500 maximum per year
Optional debit card

- For Health Care FSA only
- Can only be used at:
  - Health care providers
  - Retail merchants using an Inventory Information Approval System
    - Wal-Mart, Target, Costco, Safeway, Walgreens, CVS
    - Complete list can be accessed through the Human Resources website.
- The debit card reduces but does not eliminate paperwork.
  - Always keep your documentation even if it is not requested.
- Employee cost for the debit card - $1 per month
  - Entire annual fee will be deducted from your Health Care account at the time you elect the card.
  - An application for the debit card will be mailed to your home address following enrollment.
LONG TERM DISABILITY INSURANCE

- Plan carefully – unused money is forfeited.
- Submit claims for qualified expenses incurred.
- Cannot claim any reimbursed expense on income tax return.
- Receive tax-free reimbursement.
- For first year, contributions begin on your effective date and end on December 31.
- Corresponding eligible expenses must be incurred in the same period.
- You must file a claim for reimbursement by April 30 of the following year.

TO CONTINUE PARTICIPATION, YOU MUST RE-ENROLL EVERY YEAR DURING OPEN ENROLLMENT.
Example of Tax Savings (Married Employee, two exemptions, 24 Pay Periods, $1,500 spent on healthcare expenses)

<table>
<thead>
<tr>
<th>With FSA</th>
<th>Without FSA</th>
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<tbody>
<tr>
<td>$60,000.00</td>
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<td>$1,500.00</td>
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<td>$0.00</td>
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<tr>
<td>$46,999.00</td>
<td>$46,577.00</td>
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</tbody>
</table>
Benefits-eligible employees are required by state law to participate in a retirement plan.

FICA-exempt employees, employees in a medical residency program, employees hired under the conditions of postdoctoral service, and graduate assistants/associates (enrolled with at least 6 credits) are exempt from participation.

Employees who fail to make a retirement plan election will participate in the Arizona State Retirement System (ASRS) plan.

- An employee who meets the criteria for retirement eligibility in a fiscal year retains his/her retirement plan participation through the end of that fiscal year.
- Changing to a retirement exempt position, such as student employee (enrolled with at least 6 credits), graduate assistant/associate (enrolled with at least 6 credits), medical resident, or postdoctoral scholar ends retirement plan participation.
ASRS is a 401(a) Defined Benefit Plan

- Benefits based on age, years of service, salary and the ASRS benefit formula

Contributions

- ASRS member prior to July 20, 2011: No waiting period to begin contributions.
- ASRS member on or after July 20, 2011: Contributions begin after 6 months of employment.

<table>
<thead>
<tr>
<th>Effective July 1, 2014</th>
<th>Pension Plan and Health Insurance Benefit</th>
<th>Long Term Disability</th>
<th>TOTAL CONTRIBUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Contribution</td>
<td>11.48%</td>
<td>.12%</td>
<td>11.60%</td>
</tr>
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<tr>
<td>Employee Contribution</td>
<td>11.35%</td>
<td>.12%</td>
<td>11.47%</td>
</tr>
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<td>UA Contribution</td>
<td>11.35%</td>
<td>.12%</td>
<td>11.47%</td>
</tr>
</tbody>
</table>
Vesting

- Applies upon termination and withdrawal of account balance

- ASRS member prior to July 1, 2011:
  100% vested in your contributions; partially vested in the University’s contributions after 5 years of ASRS participation; fully vested after 10 years of ASRS participation.

- ASRS member on or after July 1, 2011:
  100% vested in your contributions; withdrawal of account balance would not include University contributions unless termination was a result of layoff, in which case the ASRS vesting schedule would apply.
ASRS NORMAL RETIREMENT

- **ASRS member prior to July 1, 2011**
  - Age 65, or
  - Age 62 with at least 10 years of service, or
  - Sum of age plus years of service equal 80 points

- **ASRS member on or after July 1, 2011**
  - Age 65, or
  - Age 62 with at least 10 years of service, or
  - Age 60 with at least 25 years of service, or
  - Age 55 with at least 30 years of service
If you have had prior ASRS participation and still have an open ASRS account, your UA service will be combined.

Retiree health and dental benefit plans available through ADOA or ASRS upon retirement.
- Health insurance premium subsidy upon retirement based on years of service.

Purchase of creditable service time with previous public sector employers may be available.
- Contact ASRS for details regarding these purchases.
You must complete the ASRS online enrollment within 30 days of your date of hire/eligibility.

- To enroll online, go to https://www.azasrs.gov/web/EnrollOnline.do
- Code is 69V00040

ORP-eligible employees electing ASRS must also complete a retirement enrollment in UAccess Employee within 30 days of date of hire/eligibility.
Appointed personnel have the option to choose between participation in the ASRS plan or the ORP within 30 days of date of hire/eligibility.

The ORP is a 401(a) Defined Contribution Plan

- You choose from one of two approved investment companies (Fidelity or TIAA-CREF) and decide how funds are allocated/invested.
- Account value based on performance of investments you select.
- Requires a 7% pre-tax contribution, matched by UA.
- Long term disability insurance is paid by UA.
- Greater degree of portability.
- Retiree health and dental benefit plans available through ADOA or ASRS upon retirement.
  - No health insurance premium subsidy upon retirement.
LONG TERM DISABILITY INSURANCE

- 100% vested in your contributions
- Fully vested in employer contributions after 5 years of credited service
- You will forfeit University contributions if you separate employment or lose retirement eligibility prior to becoming vested
- You may qualify for immediate vesting if you have an active contract (monies on deposit) in a qualified defined benefit or defined contribution retirement program of a college, university, or higher education organization or research organization located anywhere in the United States (or in any country or territory other than the United States) or with the Arizona State University Foundation, the Northern Arizona University Foundation, or the University of Arizona Foundation.
Enrollment in the ORP is completed through your selected investment provider’s website AND UAccess Employee.

Step 1: Select your ORP investment provider. Visit that provider’s website to open an account. Investment company representatives visit campus each month and can assist. The schedule of visits is on the HR website.

Step 2: Enroll in the ORP in UAccess Employee.

Contributions to the ORP will begin retroactive to your date of hire after enrollment is completed.
Remember: If a retirement plan election is not made within the 30-day election period, your retirement plan participation will permanently and irrevocably default to the ASRS.
# Retirement Plan Comparison

<table>
<thead>
<tr>
<th>Arizona State Retirement System (ASRS)</th>
<th>Optional Retirement Plan (ORP)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of Plan</strong></td>
<td>401(a) Defined Benefit</td>
</tr>
<tr>
<td><strong>Effective Date</strong></td>
<td>401(a) Defined Contribution</td>
</tr>
<tr>
<td>ASRS Member prior to July 20, 2011:</td>
<td></td>
</tr>
<tr>
<td>No waiting period to begin contributions</td>
<td></td>
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<tr>
<td>ASRS Member on or after July 20, 2011:</td>
<td></td>
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<tr>
<td>Participation begins after 26 weeks of employment</td>
<td>Participation begins on date of hire/eligibility</td>
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<tr>
<td><strong>Contribution (includes LTD)</strong></td>
<td>11.60% employee; 11.60% employer for FY 2014 - 2015</td>
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<td></td>
<td>11.47% employee; 11.47% employer for FY 2015 - 2016</td>
</tr>
<tr>
<td></td>
<td>7%, matched by UA</td>
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<tr>
<td><strong>Investment Management</strong></td>
<td>ASRS manages investments</td>
</tr>
<tr>
<td></td>
<td>Employee manages investments</td>
</tr>
<tr>
<td><strong>Retirement Benefits</strong></td>
<td>Based on ASRS benefit formula</td>
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<tr>
<td></td>
<td>Based on account value upon retirement</td>
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<td><strong>Vesting in employer contributions</strong></td>
<td>ASRS Member prior to July 1, 2011:</td>
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<tr>
<td></td>
<td>Partial vesting after 5 years ASRS service, full vesting after 10 years ASRS service</td>
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<td>ASRS Member on or after July 1, 2011:</td>
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<td></td>
<td>Withdrawal would not include the University’s contributions unless termination due to layoff</td>
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<tr>
<td></td>
<td>Full vesting after 5 years UA service, may qualify for immediate vesting</td>
</tr>
<tr>
<td><strong>Retiree Health Benefits</strong></td>
<td>Available through ADOA and ASRS, premium subsidy may be available</td>
</tr>
<tr>
<td></td>
<td>Available through ADOA and ASRS, no premium subsidy available</td>
</tr>
<tr>
<td><strong>Portability</strong></td>
<td>Not very portable</td>
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<tr>
<td></td>
<td>Fairly portable</td>
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</tbody>
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The University of Arizona – Division of Human Resources

January 2015
Employees have an opportunity to increase retirement savings through both a Voluntary 403(b) Plan and a Deferred Compensation 457 Plan.

- Contributions are tax-deferred
- No employer match

403(b) & 457 Annual Maximum Deferral Amount for 2015.......................$18,000

403(b) & 457 Annual Maximum Deferral Amount for 2015 for participants age 50 and old..........$24,000
How is benefits enrollment completed?

- Online through UAccess Employee at https://uaccess.arizona.edu/
- Benefits enrollment **MUST BE** completed within 31 days from your start date/date of benefits eligibility.
- A Social Security Number is required for each enrolled dependent.

What happens if you do not enroll for benefits within your 31-day eligibility period?

- You must:
  - Wait until the next annual Open Enrollment period to complete a benefits election.
  - Have a particular event in your life that enables you to change coverage.

Employees enrolling opposite sex domestic partners in medical, dental or vision insurance are eligible for the UA Alternative plans only.
Insurance elections remain in effect until the next Open Enrollment period unless you experience a Qualified Life Event change.

Qualified Life Events Include:

- Change in status of your marriage or domestic partnership
- Birth or adoption of a child
- Death of your spouse/domestic partner or dependent
- Change in your spouse’s/domestic partner’s employment
- Dependent child reaches age 26

Qualified Life Event changes must be submitted in writing and received by Human Resources within 31 days of the event. The change in coverage must be related to the event.
What is Open Enrollment?

- Allows for changes to voluntary benefit plans for the upcoming plan year.
- You must re-enroll in Flexible Spending every year
  - Plan year runs from January 1 to December 31.

When is Open Enrollment?

- Occurs annually, typically in October/November.
  - Changes take effect January 1.
- Refer to Benefits Enrollment Guide and the Human Resources website for restrictions to supplemental life insurance and short term disability.
UAccess Employee

http://www.uaccess.arizona.edu/

Employee/Manager Self Service > Self Service > Benefits > Benefits Summary
Long Term Disability Insurance

Employee Discounts

Tuition Reduction

- Qualified Tuition Reduction and Domestic Partner Tuition Program

Home and Auto Insurance Discounts

- Liberty Mutual and Travelers Insurance

Wildcat Marketplace

- Online discounts and offers with over 30,000 retailers

University Discounts

- Arizona Athletics
- UA Presents
- College of Fine Arts Performances
- UA Bookstore
- UA Outreach College
Please review your paychecks for correct insurance premium and retirement deductions.

Immediately report any discrepancies to Human Resources by calling (520) 621-3662, Option 3 or email Human Resources at benefits@email.arizona.edu
UA Human Resources website
www.hr.arizona.edu

Arizona Department of Administration
http://www.benefitoptions.az.gov

Benefits Contact Information
http://www.hr.arizona.edu/benefits_contacts
Questions?

Please contact the Division of Human Resources, Benefits
(520) 621-3662, Option 3
benefits@email.arizona.edu

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