New Employee Benefits Orientation

2017 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
  • benefitoptions.az.gov

- Human Resources Website
  • 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

- **Additional Benefits**
  - 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 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 .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 or adopted child(ren) or stepchild(ren), or your domestic partner’s child(ren) who meet one of the following criteria:
  - Is under the age of 26
  - Became disabled before the age of 19
- Child(ren) placed in your guardianship pending adoption
- Foster child(ren) under the age of 26
- Child(ren) under age 26 for whom you have court-ordered guardianship
Human Resources requires documentation for:

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

The Arizona Department of Administration requires documentation for:

- Dependent(s) who became disabled before their 19th birthday
A domestic partner 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 must
- be 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 biweekly 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 your 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 toward 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 biweekly 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, Short-Term Disability, & Life Insurance and Flexible Spending Account
- Effective the first day of the pay period following a completed enrollment.

Long-Term Disability Coverage
- Effective on the date you begin participating in a retirement plan.

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

- The University of Arizona–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, fewer 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, fewer out-of-pocket costs, providers must be in network
  - UnitedHealthcare network – Choice Plus
  - Available only to employees with 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 at 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 at 100% after the out-of-pocket maximum is met.
MEDICAL INSURANCE - HEALTH SAVINGS ACCOUNT OPTION (HSAO)

- A HSA is established for you when you elect the HSAO.
- You use HSA funds 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.
  - You must submit voluntary contribution elections to Human Resources in writing.
- 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 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 discount 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 at 100% after the in-network out-of-pocket maximum is met.
- Out-of-network prescriptions are not covered 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 – Lower Out-of-Pocket Costs
- Co-payment for routine eye exam and refraction
- Allowance for eyeglass frames or contact lenses
- Single-vision lenses fully covered
- Multi-vision lenses and coatings at a discount

Out-of-Network – Higher Out-of-Pocket Costs
- Must pay all initial costs
- Must 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

Automatically bundled with the required retirement plan

- Arizona State Retirement System
  Participant’s premium deduction is a percentage of gross salary, and matched by UA.
  - .12% for FY 2015–16
  - .14% for FY 2016–17

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

- Premiums are paid by employee.
- Premiums are deducted on a post-tax basis; then no taxes are 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.
$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 is only for employees enrolled in the HSAO: Pay qualified dental, vision, and preventive care expenses.
  - $2,550 maximum per year.
  - Up to $500 of unused funds can roll over for use in the next year.
Optional debit card

- For health-care FSA only (not limited health-care FSA)
- 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.
  - 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 (excepting the $500 annual rollover for health-care FSA).
- Submit claims for qualified expenses incurred.
- Cannot claim any reimbursed expense on your income tax return.
- Receive tax-free reimbursement.
- For first year of benefits eligibility, 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.

FLEXIBLE SPENDING ACCOUNTS

TO CONTINUE PARTICIPATING, YOU MUST RE-ENROLL EVERY YEAR DURING OPEN ENROLLMENT.
Example of Tax Savings (married employee, two exemptions, 24 pay periods, $1,500 spent on health-care expenses)

<table>
<thead>
<tr>
<th>With FSA</th>
<th>Without FSA</th>
</tr>
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<tbody>
<tr>
<td>$60,000.00</td>
<td>$60,000.00</td>
</tr>
<tr>
<td>$1,500.00</td>
<td>$0.00</td>
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<tr>
<td><strong>$58,500.00</strong></td>
<td><strong>$60,000.00</strong></td>
</tr>
<tr>
<td>-$4,448.00</td>
<td>-$4,572.00</td>
</tr>
<tr>
<td>-$5,734.00</td>
<td>-$5,976.00</td>
</tr>
<tr>
<td>-$1,319.00</td>
<td>-$1375.00</td>
</tr>
<tr>
<td>-$11,501.00</td>
<td>-$11,923.00</td>
</tr>
<tr>
<td><strong>$1,500.00</strong></td>
<td><strong>$0.00</strong></td>
</tr>
<tr>
<td><strong>$46,999.00</strong></td>
<td><strong>$46,577.00</strong></td>
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</tbody>
</table>
Benefits-eligible employees are required by state law to participate in a retirement plan. Classified staff join the Arizona State Retirement System (ASRS). Appointed personnel may choose ASRS or the Optional Retirement Plan (ORP).

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

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, 2016</th>
<th>Pension Plan and Health Insurance Benefit</th>
<th>Long-Term Disability</th>
<th>TOTAL CONTRIBUTION</th>
</tr>
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<tbody>
<tr>
<td>Employee Contribution</td>
<td>11.34%</td>
<td>.14%</td>
<td>11.48%</td>
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<td>UA Contribution</td>
<td>11.34%</td>
<td>.16%</td>
<td>11.50%</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 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 equals 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 are available through ADOA or ASRS upon retirement.
- Health insurance premium subsidy available 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 [azasrs.gov/web/EnrollOnline.do](azasrs.gov/web/EnrollOnline.do)
- Code is 69V00040

ORP-eligible employees who elect 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 or ORP plan within 30 days of date of hire/eligibility. Employees who fail to elect the ORP will participate in the ASRS plan.

The ORP is a 401(a) Defined Contribution Plan

- You choose from one of two approved investment companies (Fidelity or TIAA) and decide how funds are allocated/invested.
- Account value is 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.
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.
You must complete enrollment in the ORP 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. Find contact information to set up an appointment on the Human Resources website.

**Step 2:** Enroll in the ORP in UAccess Employee.

Contributions to the ORP will be retroactive to your date of hire after your enrollment is completed.
Remember: If you do not make a retirement plan election 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>
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</thead>
<tbody>
<tr>
<td><strong>Type of Plan</strong></td>
<td><strong>401(a) Defined Benefit</strong></td>
</tr>
<tr>
<td><strong>Effective Date</strong></td>
<td><strong>401(a) Defined Contribution</strong></td>
</tr>
<tr>
<td>ASRS Member prior to July 20, 2011:</td>
<td>Participation begins on date of hire/eligibility</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></td>
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<tr>
<td><strong>Contribution (includes LTD)</strong></td>
<td><strong>7% employee, 7% employer</strong></td>
</tr>
<tr>
<td>11.48% employee; 11.48% employer for FY 2016–17</td>
<td></td>
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<tr>
<td>11.50% employee; 11.50% employer for FY 2017–18</td>
<td></td>
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<tr>
<td><strong>Investment Management</strong></td>
<td><strong>Employee manages investments</strong></td>
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<tr>
<td>ASRS manages investments</td>
<td></td>
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<tr>
<td><strong>Retirement Benefits</strong></td>
<td><strong>Based on account value upon retirement</strong></td>
</tr>
<tr>
<td>Based on ASRS benefit formula</td>
<td></td>
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<tr>
<td><strong>Vesting in Employer Contributions</strong></td>
<td><strong>Full vesting after 5 years UA service, may qualify for immediate vesting</strong></td>
</tr>
<tr>
<td>ASRS Member prior to July 1, 2011:</td>
<td></td>
</tr>
<tr>
<td>Partial vesting after 5 years ASRS service, full vesting after 10 years ASRS service</td>
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<td>Withdrawal would not include the University's contributions unless termination is due to layoff</td>
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<tr>
<td><strong>Retiree Health Benefits</strong></td>
<td><strong>Available through ADOA and ASRS, no premium subsidy available</strong></td>
</tr>
<tr>
<td>Available through ADOA and ASRS; premium subsidy may be available</td>
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<tr>
<td><strong>Portability</strong></td>
<td><strong>Fairly portable</strong></td>
</tr>
<tr>
<td>Not very portable</td>
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</tbody>
</table>
Employees have an opportunity to increase their 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 2016: $18,000

403(b) & 457 Annual Maximum Deferral Amount for 2016 for participants age 50 and older: $24,000
How do I complete benefits enrollment?

- Online through UAccess Employee at 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, **UNLESS**
  - You have a particular event in your life (e.g., marriage, birth of a child) that enables you to change coverage.

Employees enrolling 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.

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 causing loss of insurance
- 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?

- Annual period when you can change 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 on changes to supplemental life insurance and short-term disability.
UAccess Employee
uaccess.arizona.edu

Employee/Manager Self Service > Self Service > Benefits > Benefits Summary
Tuition Reduction

- Qualified Tuition Reduction and Domestic Partner Tuition Program

Home and Auto Insurance Discounts

- Liberty Mutual or Travelers Insurance group discounts

Perks at Work

- Online discounts and offers with more than 30,000 retailers

University Discounts

- Arizona Athletics
- UA Presents
- College of Fine Arts Performances
- UA Bookstore
- UA Outreach College
- Sun Tran transit passes
Please review your paycheck for correct insurance premium and retirement deductions.

Immediately report any discrepancies to Human Resources Solutions by calling (520) 621-3660, or e-mailing Human Resources at hrsolutions@email.arizona.edu
UA Human Resources website
hr.arizona.edu

Arizona Department of Administration
benefitoptions.az.gov

Benefits Contact Information
hr.arizona.edu/employees-affiliates/benefits/contacts
Questions?

Please contact Human Resources Solutions
(520) 621-3660
hrsolutions@email.arizona.edu

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