

## Employee Benefits Frequently Asked Questions

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### USA Health & Dental Plan USA VIVA Health & Dental Plan

#### 1. Who is eligible for coverage with the USA Health & Dental Plan or the USA VIVA Health & Dental Plan?

Employees of the University of South Alabama and USA HealthCare Management, LLC, are eligible for participation in the USA Health & Dental Plan or USA VIVA Health & Dental Plan based solely on hours of service. The Affordable Care Act requires an offer of coverage to employees credited with 30 hours of service per week or 130 hours of service per month on average. The Plans may defer the offer of coverage if the employee is determined as having “variable hours” in which case benefits-eligible status will be determined using a 12-month measurement period with a corresponding 12-month coverage period in compliance with the Affordable Care Act.

**Eligible Employees** include:

- An employee with an employment start date prior to January 1, 2013, and a specific appointment with no termination date, occupying a permanently budgeted position, and working a minimum of 20 hours per week on a regular basis.
- An employee with an employment start date on or after January 1, 2013, who is credited with 30 hours of service per week or 130 hours of service per month on average.

Eligible Employees may also enroll their legal spouse, as recognized by the state of Alabama, and children under age 26. Coverage with the selected Plan will begin on the first day of the month following the first day of employment, contingent upon timely application to the Human Resources department and payment of any required employee contribution.

#### 2. When will my medical/dental coverage be effective if I am a new employee?

If your employment begins on the first day of the calendar month, your coverage will begin on the first day of that month. If your employment begins on a day other than the first day of the calendar month, your coverage will begin on the first day of the following month. You must complete an application and file it with the Human Resources department within 30 days of your first day of employment. You will have an opportunity to complete an enrollment form during Orientation.

### 3. What is Premium Conversion?

USA Health & Dental Plan and USA VIVA Health & Dental Plan premiums are deducted before any Federal, State or Social Security taxes are withheld. Your gross income is reduced by the amount of your premiums and therefore, you pay fewer taxes. New employees are automatically enrolled in Premium Conversion. However, Premium Conversion is optional for employees. Contact the Human Resources department for information regarding opting out of Premium Conversion.

### 4. Who are eligible dependents for the USA Health & Dental Plan or USA VIVA Health & Dental Plan?

- **Spouse** – As recognized by the state of Alabama.
- **Dependent child** –
  - Your natural-born child under the age of 26
  - Your stepchild under the age of 26.
  - Your legally adopted child, including a legally adopted child living with you as the adopting parent, during a period of probation.
  - A child under age 26 over whom you have legal guardian status by court appointment.
  - A child under age 26 for whom you are legally required to provide health insurance coverage pursuant to a Qualified Medical Child Support Order (QMCSO).
  - Your disabled child of any age provided the disability commenced prior to age 19. Coverage under the Plan continues without interruption for the duration of the disability as long as the employee maintains dependent coverage.

### 5. If I am not a new employee, when can I enroll in the USA Health & Dental Plan or USA VIVA Health & Dental Plan?

You may enroll in either Plan, enroll your eligible dependents or terminate coverage for yourself or a dependent when certain events cause a Change-In-Status. To make an enrollment change due to a Change-in-Status event, you must make application and provide documented proof of the Change-In-Status event to the Human Resources department within 30 days of the event. The effective date of the election would be the date of the qualifying event. If you fail to notify Human Resources within 30 days of the qualifying event, you must wait until the Open Enrollment Period.

Some examples of qualifying events include, but are not limited to:

- Marriage / Divorce
- Birth of Child
- Adoption or placement for adoption
- Death
- Change in your spouse's employment status

### 6. When is the Open Enrollment Period?

There is a one-month Open Enrollment Period, usually the month of November, during which an employee may enroll in the USA Health & Dental Plan, or USA VIVA Health & Dental Plan, and/or add eligible dependents. During this period, you may file an application with the Human Resources department and coverage will begin on the first day of the following calendar year. During this time, employees can also re-enroll in SouthFlex Flexible Spending Accounts if they wish to participate the following calendar year.

## 7. What are key changes to the existing employee benefits for 2017?

Effective January 1, 2017, the University of South Alabama in coordination with USA Health, will offer employees the opportunity to participate in a new health and dental plan, USA VIVA Health & Dental Plan. This will be the lowest cost plan offered by the University. Benefits offered with this plan includes:

- **Health Benefits:** VIVA Health, Inc.
- **Pharmacy Benefits:** Express Scripts, Inc.
- **Dental Benefits:** Southland Benefit Solutions, Inc
- **Flexible Spending Accounts:** Discovery Benefits, Inc.

Effective January 1, 2017, SouthFlex is offering a Reimbursement Account Debit Card with both HealthEquity and Discovery. When a participant incurs a qualified medical expense, they will be able to pay with the debit card or submit the expense through the online tool or through the applicable mobile app.

The Health Care Reform Act places an annual limit of **\$2,600**, on employee salary reduction contributions to the Health FSA for 2017.

## 8. How do I sign up for my benefits?

All new employees must attend New Employee Orientation. During orientation, you will be given the opportunity to complete enrollment forms. Your department will notify you as to the date/time of your scheduled orientation.

## Life Insurance

### **1. What life insurance is available to employees?**

The University provides basic Group Term Life Insurance, which is a factor of your base salary, up to a maximum benefit of \$100,000 coverage. Also included are matching amounts for AD&D and a \$5,000 term life benefit for your spouse and eligible children. The total cost of the basic coverage is paid in full by the University. Additional coverage equal to one, two, or three times the basic amount is available at group rates. Employees applying for additional coverage must be medically underwritten. Additional coverage for the spouse and dependent child is also available. As applicable, Teachers' Retirement System provides \$15,000 of free term life insurance to full-time active members (prorated benefit for part-time members).

### **2. How do I change my beneficiary?**

Beneficiary change forms are available in the Human Resources department for the Group Term Life Insurance and for the Teachers' Retirement System. You may change your beneficiary at any time. It is your responsibility to ensure your beneficiary designation is up-to-date. Beneficiary changes for the 403(b) and 457(b) plans must be made directly with the voluntary retirement plan provider (TIAA-CREF / VALIC).

### **3. Is life insurance available to University Retirees?**

As a University retiree, you will have the option to continue the employee Group Term Life Insurance and any employee additional coverage in effect at the time of your retirement for a maximum period of one (1) year by paying the group rate. As applicable, at the end of the one year post-retirement period, there is an option to continue coverage through portability or conversion. Basic and additional spouse and child term life and employee AD&D coverage may not be continued.

## Long Term Disability Insurance

### **1. What is Long Term Disability Insurance?**

The University provides, at no cost to the employee, a Basic Long Term Disability Plan to all active regular employees as described below. Long Term Disability insurance provides disability income protection for a “long term” disability resulting from a covered injury or sickness. Benefits begin at the end of 90 consecutive days of total disability and continue while you are disabled up to the maximum benefit duration.

### **2. What is my Long Term Disability coverage?**

For active, regular employees employed prior to January 1, 2013, and appointed to work 20 hours or more per week (.50 FTE or greater), the plan provides for a 66 2/3% income replacement benefit (maximum \$10,000 monthly) in the event of a qualifying disability.

For active, regular employees employed on or after January 1, 2013, and appointed to work 30 hours or more per week (.75 FTE or greater), the plan provides for a 60% income replacement benefit (maximum \$10,000 monthly) in the event of a qualifying disability.

### **3. How do I file a claim?**

Should you need to file a claim, you may do so through the Human Resources department, at your earliest convenience, to ensure that your benefits will be paid to you at the end of each month during the period of disability.

## Retirement Programs

Eligibility for participation in the following retirement programs is determined by whether you are an employee of the University of South Alabama or an employee of the USA HealthCare Management, LLC.

### University of South Alabama Employees

#### **1. What is Teachers' Retirement System (TRS)?**

The TRS is a defined benefit plan that provides you with a specific benefit payable at retirement. Your retirement benefit is calculated using a retirement formula and is payable monthly for the lifetime of the member, and possibly continuing for the lifetime of your beneficiary.

##### **Tier I – Employees employed prior to January 1, 2013**

Tier I employees become vested in the Teachers' Retirement System of Alabama with 10 years of service credit and may begin drawing benefits at age 60. Employees with 25 years of service credit may receive benefits at any age. Participation is required under state law. Each employee contributes 7.50% of their annual salary. The University contributes an amount as determined by independent actuaries. Employee contributions are sheltered from federal income tax until retirement benefits are received or the separated member withdraws contributions from the system.

##### **Tier II – Employees employed on or after January 1, 2013 (without prior TRS Service)**

Tier II employees become vested in the Teachers' Retirement System of Alabama with 10 years of service credit and may begin drawing benefits at age 62. The retirement benefit cannot exceed 80% of the Average Final Salary. Participation is required under state law. Each employee contributes 6.00% of their annual salary. The University contributes an amount as determined by independent actuaries. Employee contributions are sheltered from federal income tax until retirement benefits are received or the separated member withdraws contributions from the system.

#### **2. Who is eligible to participate in TRS?**

Participation in TRS is mandatory if the employee is employed in a non-temporary capacity on at least one-half time basis earning at least the federal minimum wage. Once enrolled, the employee must continue participation until employment is terminated.

#### **3. What does it mean to be a vested member?**

Vesting means you have earned enough service credit to be eligible for a lifetime retirement benefit. Members who are not vested are not eligible for a lifetime benefit and are eligible to receive a refund of contributions. You become vested in the TRS after accumulating 10 years of creditable service.

#### **4. How is my retirement benefit calculated?**

A **Tier I** member's retirement benefit is calculated based on a retirement formula. The formula used in calculating this benefit includes:

- a. **Average Final Salary** – the average of the highest three years (July – June) out of the last 10 years the member made contributions. Partial years are included when calculating the average final salary.
- b. **Years and Months of Creditable Service** – the total amount of creditable service to include membership service, prior service, purchased service and transfer service.
- c. **Benefit Factor** – the current benefit factor, as established by the State Legislature, is 2.0125% for each year of creditable service.

A **Tier II** member's retirement benefit is calculated based on a retirement formula. The formula used in calculating this benefit includes:

- a. Average Final Salary – the average of the highest five years (July – June) out of the last 10 years the member made contributions. Partial years are included when calculating the average final salary.
- b. Years and Months of Creditable Service – the total amount of creditable service to include membership service, prior service, purchased service and transfer service.
- c. Benefit Factor – the current benefit factor, as established by the State Legislature, is 1.65% for each year of creditable service.

#### **5. Can I convert my sick leave to creditable service at retirement?**

A **Tier I** TRS member who is a public education employee may convert unused accrued sick leave to service credit for retirement purposes. This credit can be used to attain minimum service requirements for retirement, or may be added to total service credit if minimum service has been attained. If a member is paid for any sick leave, this leave cannot be used for retirement credit. Upon retirement, employees may convert up to one day per month of service of accrued sick leave to membership service credit in the Teachers' Retirement System.

**Tier II** TRS members are not eligible to convert unused accrued sick leave to service credit for retirement purposes.

#### **6. How do I make application for retirement with TRS?**

The first step is to call the Human Resources department to confirm the earliest date you are eligible to retire. Your retirement date is effective on the first calendar date of a month. Application for Retirement must be made with the Human Resources department no earlier than 90 days prior to and no later than 30 days from your retirement date. Appointments may be made by calling your Human Resources department.

During your initial appointment, an application for retirement will be completed. You will be required to list a beneficiary for your retirement monies; therefore, it is important to bring the beneficiary's name, address, date of birth, and social security number. There will also be a review of all your current benefits and any plans you are eligible to convert or maintain upon retirement.

Once TRS receives your retirement application, your retirement options and a PEEHIP medical insurance application (if applicable) will be mailed to your home address. PEEHIP is medical insurance available to employees who retire from TRS. When you receive these forms from TRS, you may schedule a second appointment with our Benefits staff. We will notarize the retirement option you choose, certify your PEEHIP medical insurance application (if applicable), and keep a copy for our files.

### **Supplemental Retirement - TIAA-CREF & VALIC**

#### **1. Are there additional ways to save for retirement?**

TIAA-CREF and VALIC offer 403(b) and 457(b) supplemental retirement plans that allow eligible employees to defer a portion of their salary until retirement or termination of employment. Investment options include fixed and variable annuities and mutual funds. TIAA-CREF also offers a self-directed Brokerage Services Account which gives employees greater flexibility when building and managing their retirement portfolio.

Contributions to the 457 (b) plan may be made instead of, or in addition to, any 403(b) contributions. Eligible employees may participate in both 403(b) and 457(b) plans in the same calendar year, contributing up to the maximum amounts allowed by federal law to each plan.

#### **2. How much can I contribute?**

In 2017, employees may reduce their state and federal taxable income by contributing up to \$18,000 (\$24,000 if over age 50) annually to both the 403(b) and 457(b) supplemental retirement plans.

### **3. Are employees able to make post-tax contributions?**

Employees have an opportunity to contribute post-tax contributions to the Roth 403(b) or Roth 457(b). Employees can make pre-tax contributions to the 403(b) and 457(b); and post-tax contributions to the Roth 403(b) and Roth 457(b) subject to a combined limit set by Section 402(g) of the IRS code.

## **USA HealthCare Management, LLC Employees**

### **1. What is a 403(b) Defined Contribution Matching Retirement Plan?**

In a 403(b) Defined Contribution Retirement Plan, building retirement income is a shared effort between you and the USA HealthCare Management, LLC. Participation in this plan is voluntary. Your contributions to the retirement plan are tax-sheltered until retirement benefits are received or contributions are withdrawn. Your income is reduced by the amount you elect to contribute to the plan.

The plan currently matches dollar for dollar up to 5% of W-2 earnings. You elect how to invest the contributions by choosing among a variety of funds offered by TIAA-CREF and VALIC.

### **2. When will I become vested in the 403(b) Defined Contribution Matching Retirement Plan?**

An eligible employee employed on or after October 1, 2010, will become fully vested in the Employer's matching contributions at the completion of three (3) years of continuous employment.

### **4. When can I withdraw my funds?**

Normal retirement age is 59 ½. A 10% penalty applies to all early withdrawals under a 403(b) Defined Contribution Matching Retirement Plan. Keep in mind that your contributions to this retirement plan are tax sheltered until retirement benefits are received or contributions are withdrawn. Appropriate federal and state taxes will also apply when withdrawn.

## **Supplemental Retirement**

### **1. Are there other options for retirement savings?**

The USA HealthCare Management, LLC provides a 403(b) supplemental retirement plan that allows eligible employees to invest in fixed and variable annuities and mutual funds.

### **2. How much additional can I contribute to the plan?**

Employees can contribute non-matched pre-tax contributions above 5% to a 403(b) supplemental retirement account. In 2016, eligible employees may reduce their state and federal taxable income by contributing up to \$18,000 (\$24,000 if over age 50) annually, including employee matching contributions.

### **3. Are employees able to make post-tax contributions?**

Employees have an opportunity to contribute post-tax contributions to the Roth 403(b). Employees can make pre-tax contributions to the 403(b) and post-tax contributions to the Roth 403(b) subject to a combined limit set by Section 402(g) of the IRS code.