



State of Alaska

Division of Retirement and Benefits

Supplemental Benefits Enrollment Guide

What's In This Booklet

The State of Alaska is pleased to provide you with this enrollment guide. This booklet is designed to give you the information you need to make *Supplemental Benefits* enrollment decisions for 2004-2005. It provides information about the choices available to you. Details on the costs and how to enroll during open enrollment through the telephone or Internet enrollment systems are detailed on page 6. The open enrollment period begins May 24, 2004, and **ends June 11, 2004, at 5:00 p.m. Alaska Time.**

The Division of Retirement and Benefits also makes pension account information available in your Annual Statement and over the Internet—Member Services. Member Services is your doorway to a wealth of personalized information related to your retirement, insurance benefits, and other valuable benefits available to you. Current retirement account balance, projected retirement estimates, benefit calculators, *Supplemental Benefits* enrollment, and more are available 24 hours a day, 7 days a week at www.state.ak.us/drb.

Access to account information is provided for people who are or have been a member of any of the retirement systems administered by the Division of Retirement and Benefits. If you are unable to access your account for any reason, contact us by email at memberservices@admin.state.ak.us or call us at (907) 465-4460 or (800) 821-2251.

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Reference Materials

<u>Title</u>	<u>Date</u>
Newsbreaks	Semi-Annual*
Supplemental Annuity Plan Statement	Quarterly
<i>Supplemental Benefits</i> System Information Booklet	5/2003*
Alaska Supplemental Annuity Plan Information	2002*

* Available on the Internet — www.state.ak.us/drb

Supplemental Benefits — Benefits to Suit You

Supplemental Benefits offers you the opportunity to obtain benefits that best suit the needs of you and your family. Enrollment in any plan is optional – choose only the plans and coverage levels that meet your needs. Premiums are paid through payroll deductions and are subtracted from gross wages before taxes are deducted – an added advantage to the plan. You can select from the following options:

- Life Insurance
- Accidental Death & Dismemberment

- Survivor Benefits
- Disability Benefits (Short-term / Long-term)
- Dependent Day Care Reimbursement Account

Limitations to these plans may apply; refer to the *Supplemental Benefits System* Information Booklet for greater details about each of these plans.

Changing Your Coverage

You can always change your mind about any of your 2004-2005 benefit choices after you have enrolled, as long as you re-enroll prior to the open enrollment deadline.*

The only time you *can* change your coverage outside of open enrollment is within 30 days of a “qualified status change.”

These include:

- gaining or losing a dependent through birth, adoption, marriage, divorce, or death.
- dependent is no longer eligible under the terms of the plan.

- spouse terminating employment, beginning an extended period of layoff or leave without pay, or beginning new employment.
- you or your spouse changing employment status from full-time to part-time or vice versa.

Your change in benefits must be consistent with the status change. For example, if you had a baby, you could elect dependent day care. However, you may change life insurance or disability selections anytime.

*After June 11, 2004, 5 p.m., you can change your *Supplemental Benefits* **only** if you have a qualified status change as shown above.

Life Insurance

The plans you make now—and the benefits you choose—can make a difference to your family later. *Supplemental Benefits* lets you customize the amount of life insurance that is right for your situation.

Supplemental Life

You may choose from one of the following Life Insurance coverage levels offered through *Supplemental Benefits*:

- No coverage
- \$10,000
- \$20,000
- \$30,000
- \$40,000
- \$48,000

There are a few rules to keep in mind when selecting your coverage level:

- No more than \$10,000 of *Supplemental* Life Insurance may be selected if you are electing Survivor Benefits. (See page 3 for information on Survivor Benefits.)
- If you wish to elect *Supplemental* Accidental Death and Dismemberment benefits, you must select at least \$10,000 of *Supplemental* Life Insurance. (See page 3 for information on AD&D.)

Accidental Death and Dismemberment (AD&D) Insurance

Life Insurance provides benefits if you die for any reason. Accidental Death and Dismemberment insurance helps provide even more financial protection if something happens to you. If you die because of an accident, your beneficiary will get money from your Life Insurance and your AD&D Insurance. It also provides money if you suffer certain injuries as the result of an accident, such as the loss of a limb or your eyesight. You may also select coverage for your family members.

When purchasing AD&D coverage, you have a choice of coverage levels:

- Employee only
The full benefit amount for employee only coverage is \$100,000.
- Employee and family
The benefit amounts that are paid to your beneficiaries are based on the make-up or composition of your family at the time of the loss.

If you want to purchase AD&D coverage, you must also elect at least \$10,000 of *Supplemental Life Insurance* coverage for yourself.

Your AD&D Coverage Options

Family Composition at Time of Loss	Full Benefit Amount
<i>Employee, Spouse, and Dependent Children</i>	
Employee	\$ 100,000
Spouse	\$ 40,000
Each child	\$ 5,000
<i>Employee and Spouse</i>	
Employee	\$ 100,000
Spouse	\$ 50,000
<i>Employee and Dependent Children</i>	
Employee	\$ 100,000
Each child	\$ 10,000

The amount of the benefit is also based on the severity of the loss.

Type of Permanent Loss	Percentage of AD&D Coverage Paid
Life	100%
Both eyes, feet, hands, or any combination thereof	100%
One eye, one foot, or one hand	50%
Thumb and index finger of same hand	25%

Survivor Benefits

Survivor Benefits pay your beneficiary an ongoing monthly payment, rather than a one-time life insurance payment. The amount of the monthly payment depends on how long you elect to have the payments made. Your Survivor Benefit options are listed to the right.

This coverage is not available, however, if you have elected more than \$10,000 of *Supplemental Life Insurance* coverage.

Survivor Benefit Options

- 5 years at \$765 per month
- 10 years at \$455 per month
- 15 years at \$360 per month
- 20 years at \$315 per month
- 25 years at \$290 per month
- 30 years at \$275 per month
- No coverage

Disability Benefits

We recognize that one of the most important possessions you have is your ability to earn a living. You want to protect your family, your home, and all the things for which you have worked so hard. Short and Long-Term Disability Insurance can provide you with income if an illness or injury keeps you from working.

Benefits are payable only if you are “totally disabled.” You are considered totally disabled if you are unable to work at any gainful occupation (not just your own occupation) and are under the care of a physician.

Other Points to Consider

When selecting disability coverage that is right for you, please remember:

- For the first 24 months of disability coverage, no benefits are payable if you are disabled due to a pre-existing condition. A pre-existing condition is an illness or injury which was diagnosed, treated, for which you have been taking medication, or for which a reasonable person would have sought treatment in the 12 months before your coverage began. At the end of the 24 months of coverage, the limitation is canceled.
- The amount of your Short-Term and Long-Term Disability benefit is reduced by the amount of benefits available from any retirement plan, including your retirement system, Social Security disability, other group disability plan, workers’ compensation, or other sources (see your *Supplemental Benefits System Information Booklet* for details).
- The minimum monthly Long-Term Disability benefit payable after all offsets is \$100.
- The maximum monthly Long-Term Disability benefit payable is \$8,000.

Short-Term Disability

Short-Term Disability (STD) provides you continuing income if you become disabled and are unable to work. Benefit payments begin after 30 days of disability and after all paid leave is exhausted. You receive benefits for up to 180 days from the date of your disability.

Your Short-Term Disability Options

- Plan A – \$210 per week
- No coverage

Long-Term Disability

If you remain totally disabled after 180 days, Long-Term Disability (LTD) coverage pays you a continuing monthly benefit. The length of time your benefit is paid depends on how old you are when you became disabled.

Your Long-Term Disability Options

- Plan B – 50% of base monthly pay
- Plan C – 70% of base monthly pay
- No coverage

Dependent Day Care Reimbursement Account

With the Dependent Day Care Reimbursement Account (DCRA), you can set aside money to pay for certain day care expenses on a tax-free basis. This means you pay less in taxes each year!

Here's How It Works

Each benefit year, you decide the amount you want to contribute, up to the limits, on a pretax basis. During the benefit year, you file claims and are reimbursed with tax-free dollars from the account. You benefit from reduced taxes, because you don't pay taxes on the dollars you contribute to your account.

You can be reimbursed for these expenses if your dependents require care because you work full-time or part-time and fall under one of these categories:

- You are a single parent.
- Your spouse also works.
- Your spouse is a full-time student.
- Your spouse is disabled.

Who Are Your Eligible Dependents?

Your eligible dependents are those individuals listed as a dependent on your federal income tax return and may include:

- Your dependent children under the age of 13.
- Your spouse, parent, or child over the age of 13, who is physically or mentally incapable of self-support and who lives in your home at least eight hours a day.

What Are Eligible Expenses?

You can be reimbursed for the following eligible expenses:

- Day care centers — if the care is for more than six individuals and complies with all state and local laws.
- In-home services — if the care of a dependent is included and the person providing services is not your dependent child under age 19, or any other person you claim as a dependent.

- Services provided by individuals — including relatives, as long as the individual providing care is not your dependent.

To pay for these expenses, contributions must be at least \$25 per month. You may contribute up to a maximum of \$5,000 per calendar year if you're single or if you're married and you file a joint tax return with your spouse. If you are married and you and your spouse file separate tax returns, you may contribute up to \$2,500 per calendar year. Keep in mind the amount you contribute may not be greater than your annual income or the annual income of your spouse, whichever is less.

Some Important Rules

The government imposes certain restrictions on Reimbursement Account plans to give you these pre-tax advantages.

- Our benefit year runs from July 1, 2004, to June 30, 2005. Therefore, you lose any portion of your account balance not used for expenses incurred by June 30, 2005. You must budget contributions carefully or "use it or lose it."
- Services for eligible expenses must be received while you are covered by the plan — coverage stops during periods of leave without pay and at termination. In addition, services must be received prior to the end of the benefit year, June 30th. Claims for the benefit year must be filed within 60 days of the end of the benefit year.

If you enroll in the Dependent Day Care Reimbursement Account, information on how to file claims will be sent to you.

You must re-enroll in the Dependent Day Care Reimbursement Account during this election period to participate during the July 1, 2004, through June 30, 2005, benefit year.

Supplemental Benefits Premiums—No Changes for 2004

The monthly premiums for each option are listed below. The total premium cost for the options you select will be withheld from your salary each month. Since these premiums are deducted before taxes are calculated, your taxable income is reduced. **The premiums on this chart are effective July 1, 2004 through June 30, 2005.**

LIFE INSURANCE					
Employee Age	Monthly Cost				
	\$10,000	\$20,000	\$30,000	\$40,000	\$48,000
Under 30	.90	1.80	2.70	3.60	4.32
30 - 39	1.10	2.20	3.30	4.40	5.28
40 - 44	1.80	3.60	5.40	7.20	8.64
45 - 49	2.60	5.20	7.80	10.40	12.48
50 - 54	4.10	8.20	12.30	16.40	19.68
55 - 59	6.10	12.20	18.30	24.40	29.28
60 - 64	8.70	17.40	26.10	34.80	41.76
65 - 69	12.60	25.20	37.80	50.40	60.48
70 - 74	27.90	55.80	83.70	111.60	133.92
75 - 79	53.00	106.00	159.00	212.00	254.40
80 - 84	75.20	150.40	225.60	300.80	360.96
85 and over	115.70	231.40	347.10	462.80	555.36

To determine your monthly premium, find your age as of 7/1/2004, the amount of life insurance elected, and the corresponding premium on the chart.

ACCIDENTAL DEATH AND DISMEMBERMENT

Who is covered	Monthly Cost
Employee	\$4.00
Employee and Family	\$6.00

Your monthly premium is based on whom you elect to cover: yourself or yourself and your family.

SURVIVOR BENEFITS

Employee Age	Monthly Cost
Under 30	\$3.04
30 - 39	3.80
40 - 44	6.08
45 - 49	8.74
50 - 54	13.68
55 - 59	20.52
60 - 64	29.64
65 or over	42.56

To determine your monthly premium, find your age and corresponding premium on the chart.

SHORT-TERM DISABILITY

Who is covered	Plan	Monthly Cost
Employee	Plan A	\$1.96
	\$210/week	

Every employee who elects this benefit pays the same premium.

LONG-TERM DISABILITY

Employee Age	Premium per \$100 of Wage	
	Plan B (50%)	Plan C (70%)
Under 25	\$.65	\$ 1.45
25 - 29	.66	1.46
30 - 34	.67	1.48
35 - 39	.69	1.53
40 - 44	.74	1.61
45 - 49	.79	1.72
50 - 54	.86	1.88
55 - 59	.95	2.05
60 - 64	.97	2.10
65 - 69	1.01	2.19
70 and over	1.25	2.62

To determine your monthly premium, divide your monthly wage by 100 and multiply the result by the monthly premium for your age group. Example: If your base pay is \$2,000 monthly and you are 54, the cost for Plan B is \$17.20 per month ($2,000 \div 100 = 20 \times \$.86 = \17.20).

DEPENDENT DAY CARE REIMBURSEMENT

Minimum Monthly Amount	\$ 25
Maximum Annual Amount	\$5,000

You must contribute in whole dollar amounts. The amount of contributions you elect will be deducted from your paycheck in equal amounts throughout the year.

Supplemental Benefits Worksheet

It's Time to Enroll

Now that you have reviewed the information in the Enrollment Guide, it's time to make your benefit choices and enroll.

- 1 First, you should review the *Worksheet* on the next two pages — this will help you experiment with different combinations of benefits that will meet your unique needs and budget. It's important that you complete the worksheet by recording the options and price tags of the benefits you want before you enroll. The enrollment system will “walk you through” the options appearing on your worksheet.

To enroll you will need your Social Security number and your Personal Identification Number (PIN), which is shown on your Statement of Current Benefits.

- 2 Second, decide how you would like to enroll — through our Internet enrollment system or over the telephone. Both systems are available any time of the day or night.



You may enroll on the Internet at: www.state.ak.us/drb

Just follow the on-line instructions to complete your enrollment (**remember to click on the Submit button**). You may access the system as often as you wish during the open enrollment period to change any of the choices you have made. The Internet form is best viewed using Netscape (version 4.7 or greater) or Internet Explorer (version 5.5 or greater). The latest version of these software packages are downloadable from our site.



The telephone enrollment system is a convenient way to enroll. You can call from any touch-tone telephone. Be sure to have this Worksheet handy and call:

(888) AKBENES (888-252-3637)

In Juneau, please call 465-5050

After calling the telephone enrollment system, you will hear: *Welcome to the Alaska benefits telephone enrollment system. To begin, please enter your nine digit Social Security number now.* Just follow the instructions you receive over the telephone. You may call the system as often as you like during the enrollment period to change any of the choices you have made.

- 3 Soon after you enroll, you will receive a confirmation statement in the mail, verifying the benefits that you have chosen. Please review this statement for accuracy. If you change your mind about any of your choices, you can contact the enrollment system again using either the telephone or the Internet, and change your choices prior to the enrollment deadline.

It's Important to Enroll Early

If you enroll early, you will have a chance to change your mind. After you enroll, you will receive a confirmation statement showing your choices, the cost of each benefit, and the impact on your take-home pay. By enrolling early, you can check your confirmation statement, and if you change your mind, simply use the telephone enrollment system or the Internet enrollment system and re-enroll. You will receive *another* confirmation statement showing your *new choices*. Up to the end of the enrollment period, you can change your mind and re-enroll as often as you like.

If You Don't Enroll

If you do not enroll, your current coverages will remain in effect for 2004 - 2005. However, if you would like to participate in Dependent Day Care Reimbursement Account, you **must** re-enroll for these benefits. Your contribution to DCRA will not automatically continue for 2004 - 2005.

WORKSHEET

Supplemental Benefits

Use this worksheet to record your elections before enrolling for your *Supplemental Benefits*. The price tags shown are your cost for coverage. You can enroll any time, day or night, between **May 24, 2004, and June 11, 2004** (5 p.m.) by accessing our Internet site at www.state.ak.us/drb or by calling our toll-free telephone enrollment line at **(888) AKBENES (252-3637)**, or in Juneau by calling **465-5050**.

LIFE INSURANCE

<u>Code</u>	<u>Option</u>	<u>Monthly Price</u>	
0	No Coverage		Option Code: _____
1	\$10,000	SEE	
2	\$20,000	PREMIUMS	Price: _____
3	\$30,000	ON PAGE 6	
4	\$40,000		
5	\$48,000		

ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE

<u>Code</u>	<u>Option</u>	<u>Monthly Price</u>	
0	No Coverage	\$ 0.00	Option Code: _____
1	Employee Only	\$ 4.00	
2	Employee and Family	\$ 6.00	Price: _____

AD&D is only available if you have elected at least \$10,000 in life insurance.

SURVIVOR BENEFITS

<u>Code</u>	<u>Option</u>	<u>Monthly Price Tag</u>	
0	No Coverage		Option Code: _____
1	5 Years at \$765/month	SEE	
2	10 Years at \$455/month	PREMIUMS	Price: _____
3	15 Years at \$360/month	ON PAGE 6	
4	20 Years at \$315/month		
5	25 Years at \$290/month		
6	30 Years at \$275/month		

Survivor Benefits are not available if you have elected more than \$10,000 in life insurance coverage.

SHORT-TERM DISABILITY INSURANCE

<u>Code</u>	<u>Option</u>	<u>Monthly Price</u>	
0	No Coverage	\$ 0.00	Option Code: _____
1	Plan A	\$ 1.96	Price: _____

LONG-TERM DISABILITY INSURANCE

<u>Code</u>	<u>Option</u>	<u>Monthly Price</u>	
0	No Coverage	SEE	Option Code: _____
1	Plan B - 50%	PREMIUMS	
2	Plan C - 70%	ON PAGE 6	Price: _____

DEPENDENT DAY CARE REIMBURSEMENT ACCOUNT (DCRA)

<u>Code</u>	<u>Option</u>	<u>Monthly Contribution/Price</u>	
0	No Participation		Price: _____
1	Participation	(min:\$25/month, max: \$5,000/benefit year)	

SUPPLEMENTAL BENEFITS' EFFECT ON YOUR PAY

Enter the total monthly prices: \$ _____

This amount will be deducted from your pay on a pretax basis.

By contacting one of our automated enrollment systems and using your PIN to enroll, you certify that you have received and read the information explaining Supplemental Benefits, you understand you cannot change your elections, except as allowed by plan provisions, and your elections authorize the State of Alaska to make any required adjustments to your pay.

Who Will Receive Your Benefits If You Die?

There are valuable benefits to be paid to your beneficiaries if you die. Many people complete beneficiary forms when they are first hired, but forget to update them when they marry, divorce, have a child, or experience a death in the family. Often beneficiaries move, but their addresses aren't updated. This means your benefits could be paid to someone you'd prefer not to pay or benefit payments could be delayed while attempts to locate your beneficiary are made. If you cannot remember the last time you filled out a beneficiary form or who you designated, fill out a new form to ensure your benefits go to the people you want.

The following is a list of benefits that may be available upon your death:

- Pension Benefits
- Optional Life Insurance
- Supplemental Annuity Plan
- *Supplemental Benefits* Life Insurance/AD&D
- *Supplemental Benefits* Survivor Benefits

A complete packet of beneficiary forms is available from the Division or on our Web site at www.state.ak.us/drb.

Department of Administration Division of Retirement and Benefits

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Toll-Free: (800) 821-2251

Insurance Benefits Hotline: (907) 465-8600
Insurance Benefits FAX: (907) 465-4668
Member Services Hotline: (907) 465-5700

Internet Address: www.state.ak.us/drb

The Alaska Department of Administration complies with Title II of the 1990 Americans with Disabilities Act. This publication is available in alternative communication formats upon request. To make necessary arrangements, contact the ADA Coordinator for the Division of Retirement and Benefits at (907) 465-4460 or the TDD for the hearing impaired at (907) 465-2805.