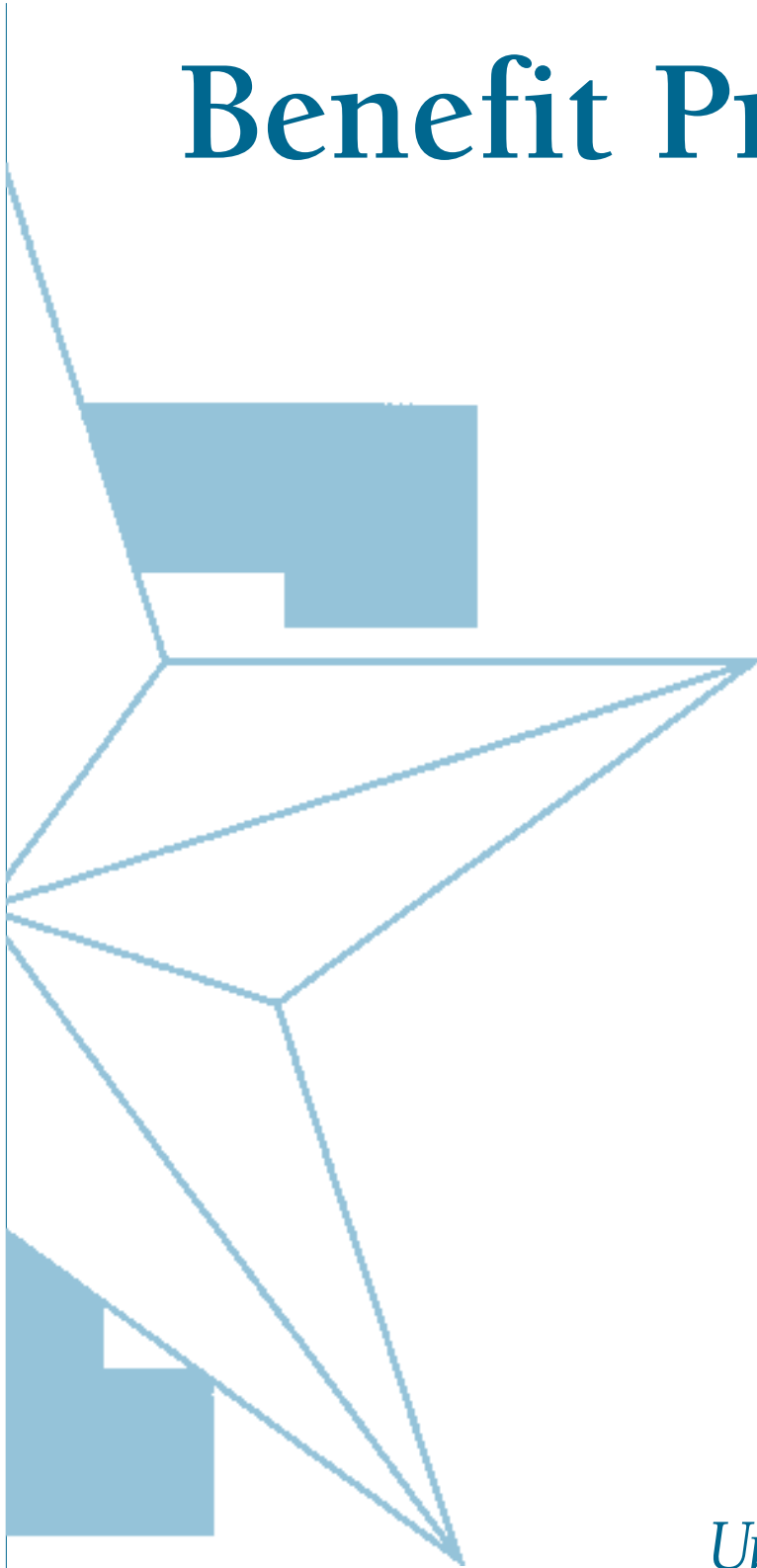




THE TEXAS A&M
UNIVERSITY SYSTEM

Benefit Programs



Updated September 2009



Eligibility for Benefits

The A&M System provides a full package of benefits to protect employees and their families during their working years as well as after retirement.

You and your dependents are eligible for A&M System benefits if you work at least 50% time for at least 4½ months. Graduate students who meet these requirements may participate in all programs except the Teacher Retirement System, the Optional Retirement Program and paid leave.

You will be eligible for the insurance benefits after retirement if you meet the requirements listed below. Some benefits differ after retirement from those described in this brochure.

Dependents eligible for coverage include:

- ☆ your spouse, and
- ☆ your unmarried, dependent children younger than 25.

Dependent children include:

- ☆ a natural child,
- ☆ an adopted child,
- ☆ a stepchild who has a regular parent/child relationship with you,
- ☆ a foster child,
- ☆ a child for whom you are the legal guardian or managing conservator,
- ☆ a grandchild who lives with you, and
- ☆ a dependent for whom you have received a court order to provide health care coverage.

(continued on next page)

Retiree Eligibility for Insurance Coverages

If you were retired from or employed in a benefits-eligible position with the A&M System on Aug. 31, 2003, you are eligible for A&M System insurance coverage as a retiree when:

- ☆ you are at least age 55 and have at least 5 years of service credit, or your age plus years of service equal at least 80, or you have at least 30 years of service, and
- ☆ you have 3 years of service with the A&M System, and
- ☆ the A&M System is your last state employer.

If you left A&M System employment before Sept. 1, 2003, but you met the above criteria as of Aug. 31, 2003, you qualify for retiree benefit coverage under these criteria.

If you were hired by the A&M System in a benefits-eligible position after Aug. 31, 2003, or if you left A&M System employment before Aug. 31, 2003, and did not meet the criteria listed at left as of Aug. 31, 2003, you are eligible for A&M System insurance coverage as a retiree when:

- ☆ you are at least age 65 and have at least 10 years of service credit, or your age plus years of service equal at least 80 and you have 10 years of service credit, and
- ☆ you have 10 years of service with the A&M System, and
- ☆ the A&M System is your last state employer.

Retiree eligibility for insurance continuation is determined by the Texas Legislature and is subject to change by that body without notice.

You must have an intact ORP or TRS account in order to be a retiree. If you are in TRS, you must provide documentation that you are receiving or have applied to receive your TRS annuity payments.

A dependent 25 or older may continue to be covered if the dependent is mentally or physically unable to earn a living and is dependent on you for support. The disability must have begun before age 25, and you must provide evidence periodically of the continuation of the disability and your support.

The definition of dependents for Long-Term Care coverage differs as described under *Long-Term Protections*.

Unless you choose otherwise, you will automatically be enrolled in an A&M Care health plan and Basic Life/Basic Accidental Death and Dismemberment coverage on your employer contribution eligibility date (the first day of the month after your 90th day of employment). The life insurance will not go into effect until you are actively at work on or after the effective date of coverage. You have 60 days from your date of hire to elect other insurance coverage. You are enrolled in a retirement plan on your first day of employment.

If you enroll in A&M System health coverage, you can use the employer contribution to help pay your monthly health premiums. If you do not enroll in A&M System health coverage and you certify that you have other health coverage, you may use half of the employee-only employer contribution to pay for Alternate Basic Life, Optional Accidental Death and Dismemberment, A&M Dental or

DeltaCare USA Dental HMO, Vision and Long-Term Disability. Your employer contribution amount will depend on whether you are a full-time (40 hours/week) or part-time (20–39 hours/week) employee and whether you enroll dependents.

When you enroll in health, dental, vision or accidental death and dismemberment coverage, your share of the premium for you and a covered spouse is deducted from your paycheck *before* you pay federal income and Social Security taxes, unless you request otherwise. This means that you pay less tax and your take-home pay is higher. *If you participate in pretax premiums, you cannot take the earned income health insurance credit on your income tax return.*

You can also have your dependent children's premiums deducted on a pretax basis if, in each plan where you have dependent coverage, at least one of your covered children meets one of the following sets of criteria:

- The child is 18 or younger at the end of the calendar year.
- The child is older than 18 but younger than 24 at the end of the calendar year, and he/she is a full-time student who provides less than half of his/her own financial support. You or someone else provides the rest.
- The child is older than 18 at the end of the calendar year and not a student, but he/she receives more than half of his/her financial support from you.

This brochure gives a brief overview of each of the benefit programs offered by The Texas A&M University System. It does not describe all of the conditions, limitations, exclusions or benefits of all plans. More details are provided by the plan description booklets, available from your Human Resources office or online at tamus.edu/benefits/publications/. Each plan is governed by a plan document or contract, which is available in your Human Resources office for your inspection. In case of any discrepancy between the information in this brochure and the document or contract, the document or contract governs. While the A&M System intends to continue these plans indefinitely, it may change, suspend or end the plans at any time for any reason. Texas or federal legislative mandates may also result in program changes. Questions about these programs should be directed to your Human Resources office.



Retirement Income

You and the A&M System both contribute toward building a source of retirement income.

You are automatically enrolled in the Teacher Retirement System on your first day of employment. If you are a faculty member or in certain administrative positions, you may instead elect to participate in the Optional Retirement Program. You have 90 days from your initial eligibility date to make this one-time, irrevocable decision.

In addition to the mandatory retirement programs, you may supplement your retirement income by participating in the Tax-Deferred Account program and/or the Texa\$aver Deferred Compensation Plan.

You will be eligible for retiree insurance benefits if you meet the criteria listed under *Eligibility for Benefits*.

Teacher Retirement System (TRS)

You and the A&M System each contribute to TRS each pay period, unless you are eligible and elect to participate in the Optional Retirement Program. The contribution amounts, which are based on a percentage of your salary, are set by the Texas Legislature and can change over time.

You do not pay current federal income tax on contributions you and the A&M System make to TRS. However, your retirement benefit will be taxable when you receive it.

You always have full ownership of *your* contributions to TRS and can withdraw them when you leave state employment. After five years of plan participation, you become vested, which means you have a right to plan benefits when you retire if you have not withdrawn your contributions.

Your retirement benefit will be calculated using the following formula:

$$2.3\% \times \text{average pay} \times \text{TRS years of service}$$

Average pay is the average of your five highest annual salaries while you were a TRS participant (if you were a TRS participant before Sept. 1, 2005, your average salary may be calculated differently). The age at which you begin receiving your benefit and the payment method you choose also affect the amount of your monthly benefit.

You or your beneficiary receives a benefit if you:

- ★ *Retire.*
- ★ *Become disabled.*
- ★ *Die.*
- ★ *Leave state employment.* You may receive payment of your contributions plus interest. However, if you have at least five years of service, withdrawing your contributions means giving up your rights to future TRS benefits. If you have less than five years of service, you have no right to TRS retirement benefits.

You can choose from several payment options for your benefit. All options pay you a monthly benefit for your lifetime, and most provide some form of survivor benefits for your spouse or other beneficiary. The type of survivor benefits you choose will affect your monthly benefit amount.

For more information, visit TRS online at www.trs.state.tx.us.

Optional Retirement Program (ORP)

If you choose to participate in ORP instead of TRS, you and the A&M System each contribute to ORP each pay period. The contribution amounts, which are based on a percentage of your salary, are set by the Texas Legislature and can change over time. You do not pay current federal income tax on these contributions. However, your retirement benefit will be taxable when you receive it.

Contributions from you and the A&M System go into an account designated by you. You select a vendor from a list of A&M System-authorized vendors to invest the money in your account. A list of vendors is online at tamus.edu/benefits/retirement/orptda.html. Your eventual benefit will be based on contributions from you and the A&M System and investment earnings or losses. You are responsible for the investment performance of your account.

You can begin receiving the money in your account when you retire, are no longer employed by any Texas institution of higher education,

reach age 70½ or die. You may choose how to receive your benefit from the options available from your investment vendor(s). You pay regular federal income tax on withdrawals from the plan. You also pay a penalty tax if you withdraw money from your account before age 59½ unless you withdraw because:

- ★ you become disabled and unable to work,
- ★ you die
- ★ you leave A&M System employment after age 55 or
- ★ you elect an annuity payout at any age.

Hardship withdrawals and loans are not available.

ORP does not offer disability benefits. However, your designated beneficiary will receive your remaining account balance if you die before retirement. After retirement, survivor benefits are determined by the payment option you choose.

You have full ownership of your contributions and investment earnings at all times. You are fully vested in the employer contributions and earnings after one year and one day of participation. Your ORP account is portable, which means you generally can roll over your account to a new employer's plan when you leave the A&M System. You also can leave your account invested through ORP for retirement or roll it into an individual retirement account. You also may withdraw your funds but, in most cases, you'll pay a 10% penalty tax. Rolling your funds to an IRA, 401(k) or 457 plan or withdrawing your contributions will affect your rights to A&M System retiree insurance benefits.

Tax-Deferred Account (TDA) and TexasSaver Deferred Compensation Plan (DCP)

Whether you are in TRS or ORP, you can choose to save additional money for retirement on a tax-deferred basis through a TDA and/or DCP, or on an after-tax basis through a Roth TDA.

You can save from \$25 per month in either type of TDA or \$20 per month in DCP up to the maximum allowed by federal regulations. You can change the amount you save once each month.

The A&M System maintains a list of authorized TDA vendors who offer a variety of investments, and most provide a number of funds in which you can invest. A list of authorized DCP investment products is also available online. Both lists can be found at tamus.edu/benefits/retirement/. You are responsible for choosing an investment vendor and/or investment products, and you are responsible for any

gains or losses on your account(s). You may change your vendor or investments as often as you like.

With the regular TDA or a DCP, you pay no current federal income tax on your contributions. You pay regular income tax on withdrawals from your account. With a TDA, you also pay a 10% penalty tax if you withdraw your money before age 59½ unless you withdraw because:

- ★ you become disabled and unable to work,
- ★ you die,
- ★ you leave A&M System employment after age 55 or
- ★ you elect an annuity payout at any age.

This penalty tax does not apply to a DCP.

With a Roth TDA, you do pay federal income tax on your contributions, but you do not pay taxes on distributions, including any earnings. If you leave A&M System employment, you can roll your funds to a Roth IRA or another employer's Roth 403(b) plan.

While you are employed with the A&M System, you may withdraw funds from your account only for one of the above reasons unless you have a financial hardship as defined by federal law. This includes major unreimbursed medical expenses, college costs for immediate family members and purchase of your primary home. Some investment vendors allow you to borrow from your account.

You must begin receiving payments from your account by age 70½, unless you are still employed. You choose how your benefit will be paid from the payment options offered by your investment vendor(s). Your beneficiary will receive your account balance if you die before payment begins or will receive any survivor benefits you choose if you die after you begin receiving payments.

If you leave A&M System employment before retirement, you may leave your account invested, but you may make no further contributions. Or, you may withdraw your funds and pay taxes (regular TDA and DCP only) and the penalty tax (both types of TDAs), or you may roll your account balance into an eligible retirement plan at a new employer or an individual retirement account.

Social Security

You and the A&M System contribute a percentage of your pay to Social Security throughout your employment. Social Security pays you benefits at retirement or if you become totally and permanently disabled. Survivor benefits are also available.



Health Care

As an A&M System employee, you can choose from several health coverage options for yourself and your family. The A&M System offers two levels of medical coverage through a self-funded program and, in some locations, offers health maintenance organizations (HMOs). In addition, graduate student employees have a graduate student health plan available to them. Some plans provide benefits for annual eye exams, and most provide some hearing care benefits. Optional dental and vision plans and a discount hearing aid program are also available (see *Discount and Service Programs*).

Beginning on your employer contribution eligibility date (the first of the month following your 90th day of employment), the A&M System pays part of the cost for health coverage for you and your eligible dependents (see *Eligibility for Benefits*). You pay the full cost if you elect dental or vision coverage.

A&M Care 350 and A&M Care 1250

The A&M System's self-funded health program offers two enrollment options: A&M Care 350, which has a \$350 deductible, and A&M Care 1250, which has a \$1,250 deductible.

Both plans work the same way and cover the same services and supplies. However, they have different premiums, deductibles, cost-sharing percentages and out-of-pocket maximums. With the 350 plan, you pay a higher premium than under the 1250 plan, but your plan-year (September–August) deductible, cost-sharing percentages and out-of-pocket maximum are lower.

Both plans cover most medically necessary:

- ☆ hospital expenses,
- ☆ doctor services,
- ☆ nursing care,
- ☆ prescription drugs, and
- ☆ medical supplies and equipment.

The plans also pay limited benefits for:

- ☆ preventive services,
- ☆ home health care,
- ☆ skilled nursing facility care,
- ☆ mental health services,
- ☆ hospice care, and
- ☆ spinal skeletal treatment.

Both plans use the BlueCross BlueShield of Texas BlueChoice network, which extends to nearly every Texas county. The plan provides network benefits to those living or traveling outside Texas but within the United States. Benefits are also available worldwide.

If you live in a network area, you can choose a network or an out-of-network provider each time you need care. If you choose a network provider, you receive higher benefits. You do not need to specify a primary care physician, and referrals to specialists are not required.

You pay \$25 for an office visit and most related laboratory and radiology services if you use a *network* primary care physician. You pay \$45 for a visit to a network specialist. For other covered charges from network doctors, hospitals and labs, you pay your plan-year deductible, then, if you are in the 350 plan, the plan pays 80% and you pay 20%, up to your out-of-pocket maximum (\$3,000). If you are in the 1250 plan, the plan pays 70% and you pay 30% (up to \$3,500). After you reach your out-of-pocket maximum, the plans pay 100% of remaining covered charges (except office visit and drug copayments and drug deductibles) from network providers for the rest of the plan year.

If you use an *out-of-network* provider, your deductible is doubled, and you pay 50% of the charges after the deductible is met. After you reach your out-of-pocket maximum, which is double the network maximum, the plan pays 100% of remaining covered charges (except drug copayments and deductibles) for the rest of the plan year. You pay an additional hospital deductible if hospitalized in an out-of-network facility.

If you live in a *non-network* area (the following Texas counties: Donley, Hansford, Lipscomb, Ochiltree and Wheeler), you first must meet your plan-year deductible. Then, the 350 plan pays 80% and you pay 20% (or the 1250 plan pays 70% and you pay 30%) of remaining charges up to your out-of-pocket maximum. The plan pays 100% of remaining covered expenses (except drug copayments and deductibles) for the rest of the plan year. You can use any provider.

All hospitalizations must be precertified. Network doctors generally handle this for their patients. Otherwise, you must precertify these services or you will have to pay a \$500 penalty.

Preventive care, such as check-ups and inoculations, is covered only at network and non-network providers unless you live in a non-network area.

The plan's prescription drug program, which is managed by Medco, has a \$50/person/plan-year deductible. After you meet the deductible, a 30-day supply of prescription drugs purchased from a network pharmacy will cost you \$10 for generic, \$25 for brand-name formulary or \$50 for brand-name nonformulary. If you purchase a 90-day supply of drugs through Medco's mail-order program, you will pay two copayments after you meet your deductible. In most cases, when you buy a formulary or nonformulary brand-name drug and a generic is available, you pay the cost difference between the generic and brand-name drugs *plus* the formulary or nonformulary brand-name copayment.

Health Maintenance Organizations

Depending on your home or workplace ZIP code, you may be eligible to select from one or more HMOs. With an HMO, you receive benefits only for care from its providers. If you use providers outside of the plan, you receive no benefits. All HMOs require you to designate a primary care physician to direct your care. require you to designate a primary care physician

Graduate Student Health Plan

If you are a graduate student employee, the Graduate Student Health Plan is also available. This plan provides comprehensive benefits at a lower premium than other plans for employee-only coverage and, in most cases, for employee-and-child coverage. It also provides repatriation benefits, which may be required if you are a foreign national. Unlike the other plans, this plan has a 12-month pre-existing condition limitation.

A&M Dental (administered by Delta Dental)

You can enroll in A&M Dental no matter which health plan, if any, you choose.

A&M Dental pays 100% of the reasonable and customary cost for most preventive care, such as oral exams, X-rays and three cleanings per year. After you pay a \$75-per person annual deductible,

the plan pays 80% of basic services and 50% of major restorative and orthodontic services. Each covered person can receive up to \$1,500 in benefits each plan year (September–August). The plan has a separate per-person lifetime maximum of \$1,500 on orthodontic care.

Basic services include fillings, root canals, extractions and oral surgery. Major restorative services are generally related to crowns and dentures. Orthodontic benefits cover treatment, materials and supplies related to braces.

You will receive the same benefit percentage at any dentist. However, PPO providers reduce their fees by about 30%, and Premier providers reduce their fees by about 15%, so your share will be less if you use one of these providers.

If treatment is expected to cost at least \$300, you should submit a treatment plan to Delta Dental in advance. Delta Dental will let you know whether the treatment will be covered, how much the plan will pay, and what your share of the cost will be.

DeltaCare USA Dental HMO

You can enroll in the DeltaCare USA Dental HMO no matter which health plan, if any, you choose. You pay a set fee for each dental service, with no annual deductible or maximum benefit. Preventive care is covered in full. You must choose a network dentist to direct your care.

Vision

The vision plan, through UnitedHealthcare Vision, covers eye exams, eyeglass frames and lenses, and contact lenses and provides discounts on some laser eye surgeries. The plan covers the following at a network provider:

- ★ One eye exam every plan year after your \$10 copayment.
- ★ One set of eyeglasses every other plan year after your \$25 copayment. Scratch coating, polycarbonate lenses, basic progressive lenses, tints and UV coating are covered in full. You can get a new set of lenses every plan year for a \$25 copayment.
- ★ One set of standard contact lenses every plan year in place of the eyeglasses benefit after your \$25 copayment.

The plan will pay limited benefits if you receive an exam or purchase supplies from a non-network provider.

The plan also provides a 15% discount on refractive eye surgery.



Life Insurance

The A&M System offers five life insurance plans to provide financial protection to you and your family in case of death or serious injury.

The A&M System pays the cost of your Basic Life/Basic Accidental Death and Dismemberment (AD&D) coverage if you enroll in a System health plan or your Alternate Basic Life coverage if you don't enroll in a System health plan but certify that you have other health coverage. You pay the cost if you enroll in Optional Life, Dependent Life or Optional AD&D coverage.

Basic Life/Basic AD&D

If you enroll in a System health plan, you are automatically enrolled in Basic Life/Basic AD&D. However, you must be actively at work before your life insurance will go into effect. If you do not enroll in a System health plan and do not certify that you have other health coverage, you may purchase this coverage.

Basic Life pays your beneficiary \$7,500 in case of your death. Basic AD&D pays an additional \$5,000 if you die as the result of an accident. Basic Life/Basic AD&D also provides \$5,000 in life insurance on your eligible dependent children, but no coverage on your spouse.

Alternate Basic Life

If you do not enroll in a System health plan but certify that you have other health coverage, you may enroll in Alternate Basic Life. Your coverage will be \$50,000 or seven times your salary, whichever is less, and it will include \$5,000 in Basic AD&D coverage and \$5,000 in Basic Dependent Life coverage.

You may not enroll in Alternate Basic Life coverage if you enroll in Optional Life.

Optional Life

You may buy additional life insurance on yourself through the Optional Life plan. Optional Life benefits are paid to your beneficiary if you die from any cause. You may buy coverage of ½, 1, 2, 3, 4, 5 or 6 times your annualized pay, up to a maximum coverage amount of \$1 million. You must provide evidence of good health to

enroll in coverage of 4, 5 or 6 times your pay. Annualized pay means your annual pay divided by the number of months you work, multiplied by 12.

You may not purchase Optional Life coverage if you enroll in Alternate Basic Life.

Dependent Life

Dependent Life pays a benefit to you if a covered dependent dies from any cause. Only dependents you enroll are covered. You may choose one of three plans.

Plan A covers your spouse for your choice of \$25,000, \$50,000, \$75,000, \$100,000 \$150,000 or \$200,000 of coverage and each of your children for \$10,000. You must enroll in the Optional Life plan to buy Plan A coverage. Spouse coverage over \$50,000 will require evidence of good health.

Plan B covers your spouse and each of your children for \$5,000. It includes AD&D coverage, which doubles your benefit if your dependent is killed in an accident and pays partial benefits if a covered dependent has certain serious injuries as the result of an accident. You must have Basic, Alternate Basic or Optional Life coverage to buy Plan B coverage.

Plan C covers your spouse for 50% and each of your children for 10% of your Alternate Basic Life coverage amount. You must enroll in Alternate Basic Life to buy Plan C coverage.

Living Access Benefit

If you have Basic, Optional or Alternate Basic Life coverage, you are eligible for the Living Access Benefit. Dependents enrolled in Dependent Life coverage are eligible for this benefit as well.

If a doctor certifies that you have less than 24 months to live, you may apply for immediate payment of up to 50% of your Basic Life, Optional Life or Alternate Basic Life benefits. Likewise, if a doctor certifies that your dependent has less than 24 months to live, you may apply for payment of up to 50% of your Dependent Life benefit.

When you or your dependent dies, the remaining benefit will be paid to your beneficiary.

Additional Benefits

Travel Assistance - provided by Euro Assistance USA - covers employees and dependents traveling 100 miles or more when traveling for business or pleasure. Features include a repatriation benefit, access to emergency medical assistance, emergency travel arrangements and pre-trip resources.

Legal Services, provided by Ceridian Life Works, offers employees, retirees and their families a free 30 minute initial consultation with an attorney, drafting of wills and other legal documents.

Beneficiary Financial Counseling services, through PricewaterhouseCoopers, provides assistance with estate planning, budgeting, taxes, etc., for beneficiaries receiving a benefit of \$25,000 or more.

AD&D

You may choose AD&D coverage on yourself only or on yourself and your family. Coverage on you pays you a benefit if you have certain injuries as the result of an accident and pays a benefit to your beneficiary if you die from injuries that result from an accident.

Family AD&D coverage pays you a benefit if a covered dependent is killed or has certain injuries as the result of an accident.

If your annual salary is \$25,000 or less, you may buy coverage on yourself in any multiple of \$10,000 up to \$250,000. If your annual salary is more than \$25,000, you may purchase up to 0 times your salary with a maximum coverage amount of \$800,000.

If you choose family coverage, all of your eligible dependents are automatically covered. If you have a spouse and children, your spouse will be covered for 50% of your coverage amount and each child for 10% of your coverage amount. If your spouse is your only dependent, your spouse will be covered for 60% of your coverage amount. If children are your only dependents, each child will be covered for 15% of your coverage amount. Maximum coverage for each child is \$25,000.

The plan pays benefits only when death or injury is the result of an accident. The plan pays full benefits for certain losses and partial benefits for other losses.

The AD&D plan offers several special provisions, including benefits:

- ☆ for your spouse and children who are or will be enrolled as full-time students in any institution of higher education or trade school, within certain limitations, if you die from an accident,
- ☆ to help cover the cost of child care for surviving children younger than 13,
- ☆ to help pay for continuation of medical coverage for family members if you die,
- ☆ if you or a covered family member is in a coma,
- ☆ of up to \$25,000 or 10% of your coverage amount (whichever is less) if you die as the result of a criminal act of violence while on A&M System premises or business,
- ☆ to make changes to your workplace or for rehabilitative training to help you return to work after a covered accidental injury,
- ☆ to assist with travel information or emergencies,
- ☆ for emergency medical evacuation,
- ☆ to return your remains to your home country if you die while outside your home country,
- ☆ if you are in an automobile accident but not driving or riding with a driver under the influence of alcohol or drugs, and
- ☆ if you are paralyzed in an accident.

Naming a Beneficiary

You must name one or more beneficiaries to receive life insurance benefits in case of your death. You can name the same beneficiary(ies) for all of your life coverage or different ones for each plan. You may also name one or more alternate beneficiaries to receive your benefit if your beneficiary(ies) die at the same time or before you. You may change your beneficiaries at any time.

Waiver of Premium

If you become disabled, your premiums for Basic, Optional and Dependent Life may be paid by the A&M System until you reach age 65 or are no longer disabled. To qualify, you must be actively employed, younger than 60, and able to submit proof of total and permanent disability.



Long-Term Protections

Few people expect to have a long-term illness or injury that prevents them from working or caring for themselves. But it can happen to anyone at any age. The A&M System offers two plans to protect you and your family financially in case of long-term disability. You pay the cost for these plans if you elect the coverage.

Long-Term Disability (LTD)

Long-Term Disability coverage continues part of your pay if you become permanently or temporarily unable to work due to an illness or injury that occurred on or off the job. Payments begin after you have been disabled for 90 days.

The plan replaces up to 65% of your pre-disability pay if you are disabled and unable to work. The benefit is reduced by most other disability benefits, including Social Security and Workers' Compensation, that you are *eligible* to receive. LTD benefits are reduced by disability payments from employer-sponsored retirement plans, including TRS and ORP, if you begin *receiving* those payments while you are receiving LTD benefits.

The maximum monthly benefit you can receive from the LTD plan is \$8,000. The minimum is the greater of \$100 or 10% of your monthly benefit before reduction for other sources of income.

You are *initially* considered disabled when you cannot perform all of the duties of *your* job due to a physical or mental impairment. You will continue to receive benefits after 60 months of disability due to a physical impairment if you cannot perform the duties of *any* job for which you are or could become qualified by training, experience or education.

Benefits for conditions caused by nonorganic mental illness are payable for up to 24 months.

Partial benefits may be paid if you are partially disabled, able to perform only certain duties of your job and earning between 20% and 80% of your regular pay.

LTD benefits generally continue until you recover, die or reach age 65. However, if you are disabled after age 60, benefits may continue for a limited time beyond age 65.

The plan will pay up to two times your monthly benefit or \$1,000, whichever is more,

to make changes to your worksite to help you remain at or return to work.

Long-Term Care

Long-Term Care coverage provides benefits if you or a covered family member requires custodial care due to an illness or disability. Custodial care is designed to assist you with the activities of daily living rather than provide medical assistance. Activities of daily living include dressing, eating, using the rest room, bathing and other common, everyday activities. These services are generally not covered by health insurance or Medicare.

Eligible family members are your spouse, children age 18 and older, siblings and your and your spouse's parents and grandparents.

Premiums for you and your spouse are paid through payroll deduction. Other family members who enroll pay premiums directly to the plan carrier monthly by bank draft, quarterly, semiannually or annually.

The younger you are when you enroll, the lower the premium will be throughout the time you're enrolled.

You can choose from five levels of benefits, each providing a different maximum daily benefit for long-term care. You can choose:

- ☆ \$100 a day,
- ☆ \$150 a day,
- ☆ \$200 a day,
- ☆ \$250 a day, or
- ☆ \$300 a day.

The plan will pay up to your maximum daily benefit for any day you spend in a nursing home or alternate care facility after you have been eligible for care for 90 days. It will pay up to 75% of your daily benefit for each day you need home health care, adult day care, hospice services or adult foster care after you have received this care or have been in a nursing home for 15 days.

Your maximum lifetime benefit is 2,190 times your daily benefit.

If you leave A&M System employment, you may continue long-term care coverage by paying premiums at the same rate directly to the plan carrier.



Tax-Advantaged Programs

You can save on federal income tax through the two tax-advantaged programs.

Pretax Premiums

Your share, if any, of health, dental, vision and Optional Accidental Death and Dismemberment plan premiums will automatically be deducted from your paycheck *before* your federal income and Social Security taxes are calculated. This means you pay less tax. If you prefer, you may pay your share of premiums on an after-tax basis. See “Eligibility for Benefits” for more information about pretax premiums.

Flexible Spending Accounts

Two types of Flexible Spending Accounts are offered: Health Care and Dependent Day Care. You can enroll in one or both accounts.

You contribute to these accounts through payroll deduction before paying federal income and Social Security taxes. When you have qualifying expenses, you may withdraw money from your accounts to pay those expenses. This money is *not* taxed at withdrawal. In other words, *you never pay federal income tax or Social Security tax on this money.*

Because of the tax advantages, the federal government sets the following restrictions on these accounts:

- ☆ You cannot change your contribution amount during a plan year unless you add or lose a family member or you experience a change in job status, and the change you make corresponds to the change that has occurred.
- ☆ You can use the accounts only for expenses incurred during the plan year and the two-and-a-half-month grace period after the end of the plan year.
- ☆ You forfeit (lose) money in your accounts that you have not used by the end of the grace period.

- ☆ If you set up both types of Spending Accounts, you cannot transfer money between accounts.
- ☆ While the same types of expenses that qualify for spending accounts also qualify for the medical tax deduction or child care tax credit on your federal income tax return, you cannot take the deduction or credit for expenses reimbursed through the Spending Accounts.

Health Care Spending Account: You can set up a Health Care Spending Account to reimburse yourself for medical, dental, vision and hearing care expenses not covered by your other benefit plans for yourself or eligible family members. This includes deductibles, coinsurance and copayments as well as expenses not covered by your health and dental plans. You may *not* use the account to pay premiums for health or dental coverage.

You may contribute from \$20/month to \$4,800/year to a Health Care Spending Account.

Dependent Day Care Spending Account: You can set up an account to reimburse yourself for the cost of day care for a child or older person who requires care while you (and your spouse if you are married) work. The dependent must share your home at least eight hours a day, be claimed as a dependent on your income tax return or be in your legal custody, and be a child age 12 or younger or an older person who requires care due to a physical or mental disability. The day care provider must be a licensed center or an individual who is not claimed as a dependent on your tax return.

You may contribute from \$40/month to \$5,000/year to a Dependent Day Care Spending Account. If you are married and file a separate tax return, your maximum contribution is \$2,500 a year.



Additional Benefits

The A&M System offers time off and other programs as authorized by the Texas legislature.

Vacation

If you work full time (except faculty on less than 12-month appointments), you earn eight to 21 hours of vacation each month, depending on your years of state service. Part-time employees who work at least half time earn a proportional amount of vacation. You may take vacation at any time with your supervisor's permission once you have completed six continuous months of state service.

Holidays

You generally receive 12 to 15 holidays each year. The state legislature determines the number of holidays; the A&M System Board of Regents approves the specific days based on the recommendations of institution/agency CEOs.

Sick Leave

If you work full time, you earn eight hours of sick leave each month and may use it when you or a family member is ill or injured or has a doctor or dentist appointment. You may use eight hours a year to attend parent-teacher conferences for your children. You earn a proportional amount if you work at least half time. You need not wait six continuous months to take sick leave.

Paid Leave

Paid leave is available in many other situations, including jury duty, funerals of certain family members, poor weather and military training.

Leave Without Pay

Leave without pay is available when you've used all of your paid leave and need time off due to illness, a new baby, or other approved reasons. Unpaid military leave is also available.

Family and Medical Leave

You may take up to 12 weeks off each fiscal year due to the birth or adoption of a child or your or a family member's serious illness. You must use your sick leave, if the leave is eligible, and then vacation. You may also apply for time from the

sick leave pool if the reason for your absence qualifies. The rest of the leave will be unpaid.

Sick Leave Pool

You may donate unused sick leave to the sick leave pool. If you or a family member has a catastrophic illness or injury and you have used all of your paid leave and have missed at least 160 hours of work because of the condition, you may apply for up to 90 days (or one-third of the time in the pool, if less) of paid leave from the pool. If you have donated time to the pool and run out of sick leave, you may withdraw up to the amount of time you donated for any illness or injury.

Faculty Development Leave

Full-time faculty members who have worked for the A&M System for at least two years may apply for faculty development leave. Leave may be granted for a full year at half salary or for six months at full salary.

Workers' Compensation

The A&M System pays benefits for medical expenses and, in some cases, lost wages if you are injured on the job or have an occupational disease.

Unemployment Compensation

The A&M System provides unemployment compensation insurance to pay you benefits for a limited time if you lose your job through no fault of your own.

Longevity and Hazardous Duty Pay

After you have worked for the state for two years, you will receive an additional payment each month to recognize your service (this does not apply to faculty). If you are a commissioned peace officer, you will receive extra pay after one year of hazardous service.

Extended Pay Plan

If you work less than 12 months a year, you may choose to receive your pay over 12 months instead of just over the period you work. The total amount of pay will be the same no matter which payment option you choose.



Discount and Service Programs

The A&M System offers programs that provide discounts on hearing aids and help you purchase insurance and financial products and relocation services. You pay nothing to access these programs, but you must pay the cost of any products or services you buy through the programs.

To take advantage of the hearing aid discount program, you, your dependent, your parent or your grandparent must show an employee ID card or a discount hearing aid program ID card. To use the other programs, you or your family members must simply identify yourselves as being a part of the A&M System.

Hearing Aid Discount Program

If you buy a hearing aid through an American Hearing Aid Associates provider, you will receive a 30% discount off the manufacturer's suggested retail price or a \$250 discount off the provider's price, whichever is the greater savings.

Included in the cost of your hearing aid are testing, fitting, orientation and routine maintenance for the length of the service warranty. You also will be eligible at no charge for quarterly cleanings and adjustments, yearly audiometric screenings, yearly hearing aid evaluations, first-year warranty and loss/damage insurance, repair and/or loss and damage replacement renewal options, and batteries for the life of your hearing aids.

Marsh Voluntary Programs

Marsh is an Internet-based financial service that helps you locate the best value for auto insurance,

homeowners'/renters' insurance and online banking. You can also get quotes on identity theft protection, mortgage programs, real estate services, pet insurance and health insurance. You may use these insurance coverages for any family members, including those who do not qualify for A&M System coverage.

Through Marsh you can get free real-time quotes and side-by-side comparisons by phone or online. You can also conduct your own search on the information-rich web site. Strict security standards are in place.

You pay nothing for Marsh's services, and you are never under any obligation to purchase a product/service, but you will be responsible for any costs associated with the products/services you do decide to purchase.

Global Mobility Solutions

Global Mobility Solutions provides information and helps you arrange services when you move to a new home. GMS counselors can help you sell your current home, purchase or rent a new home, and plan your move. The GMS web site has many online tools that can help you find information on your new location, compare the cost of living in hundreds of major U.S. cities, estimate how much your move will cost, and compute the monthly interest and principal on a mortgage. GMS can help you arrange a mortgage and, if needed, can arrange for property management services to rent your old home.