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University of South Alabama

HR Update

Employee Benefits Statements

A detailed statement of your University employee benefits was mailed the week of June 2, 2008 to home addresses of all benefits-eligible employees. It is designed to show you the value of your benefits package, which is a significant part of your total compensation.

We hope you will find your statement informative and helpful. Should you have any questions concerning your benefits statement, or if you didn't receive one, please contact Human Resources on Campus at 460-6133.

GENERIC DRUGS

We know that generic drugs are equivalent to name brand drugs for treatment. We know that you can save money under the USA Health & Dental Plan's pharmacy copay when you purchase a generic drug. Now you can substantially increase that savings.

Wal-Mart offers many generic drugs at the very low cost of \$4.00 per prescription. Wal-Mart offers this low cost \$4.00 per prescription, regardless of whether or not

R you have prescription drug coverage through your employer's health plan. This plan is available at all Wal-Mart, Sam's Club and Neighborhood Market pharmacies.

The \$4.00 cost is for up to a 30-day supply of a covered drug.

Not all prescription drugs are covered by this plan but there are 360 drugs currently available. The list of eligible drugs in this program represents nearly 40% of the prescriptions Wal-Mart pharmacies dispense each year, and includes preventive medications as well as treatments for conditions and diseases in over 18

categories. You can check with a Wal-Mart pharmacy or go on-line to Wal-Mart (www.walmart.com/pharmacy) to view the covered drugs.

Another great place to obtain information on how to save money on your prescription drugs is Consumer Reports Best Buy Drugs. This web site (www.CRBestBuyDrugs.org) compares drugs for what ails America and provides you with information that will reduce your cost.

Use Consumer Reports to find out which medications will serve you best and talk to your doctor about the cost of your prescription drugs. Once you have the best prescription for your condition take advantage of the \$4.00 generic program at Wal-Mart. You can take control of your prescription drug costs which may save you a considerable amount of money.

Generic drugs are FDA approved. Since generics use the same active ingredients and are shown to work the same way in the body, they have the same risks and benefits as their brand-name counterparts. The FDA requires generic drugs to have the same quality, strength, purity and stability as brand-name drugs.

USA Staff Employee Handbook

Within the upcoming months, USA staff employees will receive an updated Staff Employee Handbook. The handbook will be updated to include USA policy changes.

HR Office Hours

USA Main Campus 460-6133
Monday, Tuesday, Thursday, Friday 8:00 a.m.-5:00 p.m.
Wednesday 7:00 a.m. - 5:30 p.m.

USA Medical Center 471-7325
Monday-Friday 8:00 a.m.-4:30 p.m.

USA Children's and Women's Hospital 415-1604
Monday and Thursday 7:30 a.m.-4:30 p.m.
Tuesday, Wednesday, and Friday 8:00 a.m.-4:30 p.m.

Payroll 460-6471

Teachers' Retirement System of Alabama

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 when employment ends. You have a vested status in the TRS after accumulating 10 years of full-time creditable service.

How is my retirement benefit calculated?

A member's retirement benefit is calculated based on a retirement formula. The factors used in calculating this benefit include:

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.

Years and Months of Creditable Service: The total amount of creditable service to include membership service, prior service, purchased service and transfer service.

Benefit Factor: The current benefit factor, as established by the State Legislature, is 2.0125%.

Employees must request retirement benefits. The application which usually is processed through our Payroll office, has to be submitted no earlier than 90 days prior to the date that benefits are payable and no later than 30 days earlier. Benefits are always payable on the 1st day of the month; the payment is disbursed on the last working day of the month.

Retirement Formula for Maximum Monthly Benefit

Average Final Salary x Years and Months of Service x Benefit Factor ÷ 12 = Maximum Monthly Benefit.

Example:

Average Final Salary: \$35,000
 Service Credit: 27 years and 6 months
 $\$35,000 \times 27.5 \times .020125 \div 12 =$
 \$1,614.19 per month

DROP

Deferred Retirement Option Plan (DROP) is an optional program which offers qualified active members a way to continue to work while accumulating funds in a DROP account to be distributed at retirement.

Requirements for DROP Participation

To be eligible to participate in DROP, the member must meet **all** of the following requirements:

1. Have at least **25** years of creditable service exclusive of sick leave (members cannot convert sick leave into creditable service to become DROP eligible).
2. Be at least **55** years of age.
3. Be an active contributing member

A member may participate in DROP only **one** time.

The Standard Life Insurance Company Additional Life Rates

We are pleased to announce that we have received a reduction in the rates for additional life insurance effective July 1, 2008. The rates are based on five year age brackets as follows:

| <u>Age of Employee</u> | <u>Current Rate</u> | <u>New Rate</u> |
|------------------------|---------------------|-----------------|
| Less than 30 | \$.06 | \$.05 |
| 30 - 34 | .07 | .06 |
| 35 - 39 | .09 | .08 |
| 40 - 44 | .15 | .14 |
| 45 - 49 | .23 | .21 |
| 50 - 54 | .37 | .33 |
| 55 - 59 | .53 | .48 |
| 60 - 64 | .82 | .74 |
| 65 - 69 | 1.36 | 1.22 |
| 70 and over | 4.28 | 3.85 |

*Rates are per \$1,000 of coverage per month.

Employees may apply for additional coverage equal to 1, 2, or 3 times the amount of their basic life insurance. Medical underwriting is required. This coverage is in addition to the basic life insurance the University provides to you at no cost.

You may also apply for additional dependent life insurance. In order to be eligible for dependent life coverage, you must have a minimum of 1 times additional coverage on yourself. Coverage for your spouse is available in the amount of \$25,000 at a monthly rate of \$6.50. You may also elect \$10,000 of additional child life insurance coverage for your eligible, dependent children at a monthly rate of \$3.00, regardless of the number of children covered.

For more information, contact your Office of Human Resources.

TheStandard®

Supplement Your Savings With TIAA-CREF

The statistics are disquieting: Most of us will need at least 70% of our pre-retirement income—and probably much more than that—to live comfortably in retirement. Whether you're on track to meet your retirement goals or not, contributing to a supplemental retirement plan can help you increase your savings.

Here are some advantages:

- **It's an easy way to save.** With a supplemental retirement plan, your contributions are made directly from your paycheck. You don't have to worry about sending a check on time.
- **You save on taxes.** You contribute on a "pretax" basis—before taxes are deducted from your salary. As a result, your taxable salary is lowered and your current tax bill is reduced.
- **Tax-deferral is powerful—use it.** With a supplemental plan, you don't pay income taxes on either your earnings or contributions until you withdraw the money!
- **You can save a lot of money.** In 2008, you can contribute as much as \$15,500, and up to \$20,500 if you're age 50 or older.

To learn more about retirement planning and other TIAA-CREF financial services, visit their web site at www.tiaa-cref.org or call 1-800-842-2776.

Building Your Savings With TIAA-CREF

One of the best ways to begin the process of allocating your retirement investments is by reviewing some key investment principles, as well as your own situation and goals. At the cornerstone of any savings or retirement plan is the relationship between risk and return. As a rule, the potential return on any investment generally corresponds to its level of risk. The amount of risk you're willing to take is a personal matter. You may be more comfortable keeping the bulk of your contributions in a low-risk option like a guaranteed annuity, or you may be willing to assume more risk for the potentially higher returns of stock investments.

Some people are very knowledgeable about investments and are able to make these decisions on their own. Others may find they need professional help to: determine their ultimate retirement goals; estimate how much money will be needed to fund these goals; or deciding on the right mix of asset classes that can help them achieve a comfortable retirement.

It's a good idea to revisit your retirement allocation strategy periodically, as your goals and personal situation change. You can modify the allocation of future contributions or transfer existing funds as often as you like, free of charge, by contacting TIAA-CREF at 1-800-842-2776 or by logging on to the web site at www.tiaa-cref.org.

RSA-1 457 PLAN

On the average, Social Security and a retirement pension will make up less than sixty percent of the total sources needed for a sound retirement income. This makes personal savings extremely important to help members maintain their standard of living once they retire.

RSA-1 is a tremendous benefit offered to you by the Retirement Systems of Alabama. By contributing pre-tax dollars, a member lowers his or her taxable income and reduces the amount of taxes he or she pays.

RSA-1 is payroll deductible which makes saving easy and convenient. There is no minimum amount one must contribute each month and the contributions may be changed up to four times annually. Members can enroll in RSA-1 at anytime.

Please read the **Secure A Better Tomorrow with RSA-1** brochure available at www.rsa-al.gov/ and **contact RSA-1** with any questions you may have about RSA-1's Deferred Compensation Plan at 1-800-214-2158.

2008 RSA-1 Deferral Limits:

| | |
|------------------------------|----------|
| Participants under age 50 | \$15,500 |
| Participants age 50 and over | \$20,500 |

Coping with Stress

When experienced over a long period of time, stress can damage your health. Chronic stress has been linked to many health conditions, including high blood pressure, heart disease and stroke. It can also impact your sleeping habits, mood and overall quality of life. While the events and situations that trigger stress may be unavoidable, you do not have to let stress control you. By learning ways to manage stress-causing situations effectively, you can not only improve your health, but your life.

Use these tips to help manage stress:

- Exercise, take a brisk walk or try yoga.
- Use progressive relaxation.
- Keep a journal or diary.
- Take deep breaths from the diaphragm (“belly breathing”).
- Make a list of chores and errands – putting them on paper can relieve anxiety you may feel about the number of tasks on your “to-do” list.
- Practice healthy eating habits.
- Try meditating, visualizing, or retreating to a quiet area.
- Get a massage.
- Use positive “self talk.”
- Take time to learn and/or develop a hobby.
- Foster friendships and a social support network – it is important to have someone to talk to.
- Slow down and simplify your life.
- Try counseling sessions, especially those that focus on changing your way of thinking.

Fruits and Vegetables

Fruits and vegetables taste great and are vital when it comes to maintaining good health. The Food Guide Pyramid was developed by the U.S. Department of Agriculture and the U.S. Department of Health and Human Services as a daily guide for healthy eating. It says we need three to five servings of vegetables and two to four servings of fruit daily.

If you're not getting enough fruits and vegetables in your diet, use these tips to help your body get what it needs:

- Place fruit in a convenient place. A bowl on your kitchen table or counter is handy. You can grab a piece on the go!
- At break time, drink fruit juice instead of coffee, tea or soda.
- Keep a package of dried fruit or raw vegetables handy at work for easy snacking.
- Add fruits and vegetables to other dishes. Put grapes and apples in salads or raisins and bananas in cereal.

If you have diabetes or other dietary restrictions, consult your doctor about appropriate ways to get the nutrients you need from fruits and vegetables. Fruits and vegetables are high in vitamins and minerals but low in calories and fat. They are a great way to stay healthy and get needed nutrition.

WALKING WORKS

Regular, brisk walking is one of the simplest and safest forms of physical exercise. A regular walking program can help control weight, condition the heart and lungs, strengthen bones and help control the cost of health care.

Just the Facts

When done briskly on a regular basis, walking can have many positive impacts on health, including:

- Helps to control weight - Taking a brisk, one-hour walk burns approximately 400 calories for the average person.
- Improves muscle tone - Walking leads to lean, toned muscles, and keeps bones and joints in shape, minimizing the effects of osteoporosis and arthritis.
- Decreases the risk of a heart attack - Walking helps lower low-density lipoprotein (LDL) cholesterol (“bad” cholesterol) and raise high-density lipoprotein (HDL) cholesterol (“good” cholesterol). Regular exercise can also help keep your blood pressure in check and reduces your risk of blood clots and irregular heartbeats.
- Reduces the risk of developing type 2 diabetes - For individuals with type 2 diabetes, regular exercise may help decrease the amount of insulin or other medications needed to control their condition.

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