

November is Beneficiary Month

Time to Update Your Beneficiaries

Naming beneficiaries (for life insurance or retirement savings) is typically something we do once and then forget about. Why is that? One reason is the connections in our lives to those we name as beneficiaries don't change often. Another reason is that considering such matters forces us to think about the unpleasant business of our own death.

Yet choosing beneficiaries (or reviewing and updating them) is important because at times they do change. It ensures that your wishes are followed and that your loved ones are taken care of after your passing.

It is common to have employees pass away with no beneficiary listed or out-of-date beneficiaries, listing ex-spouses, former friends or deceased family members. If no beneficiary is listed, the life insurance typically follows a set order of your spouse, your children, your parents, your brothers and sisters and then your estate. When no beneficiary is listed on a retirement account, it will go to your estate. While this usually works out, it places an unnecessary burden (and delay) on your family at the wrong time. The situation is worse when a person no longer part of your life is listed as a beneficiary, bringing words like "contested" and "challenge" into the process.

The Employee Benefits Team for the State has declared **November as Beneficiary Month** to encourage employees to review and update beneficiaries. Take care of this important task this month rather than leaving it to your families (and the State, the insurance companies, the financial institutions, the lawyers and the courts) to figure out after the fact.

You can find instructions on how to review and update your beneficiaries at the Employee Benefits Web site, www.colorado.gov/dpa/dhr/benefits. These instructions address the State's life insurance, the State's 457 Supplemental Retirement Plan, the State's Defined Contribution Retirement Plan, the PERA Defined Contribution Retirement Plan, the PERA 401(k) Supplemental Retirement Plan, and the PERA Defined Benefit Retirement Plan.

Review this information and update your beneficiaries (and their contact information) in November. Your family will thank you.

Important Beneficiary Terminology and Information

Primary Beneficiary—These are the first people who will be the beneficiaries of the proceeds of your life insurance or financial accounts. There can be multiple primary beneficiaries. For example, if you have two children and you want them to each have an equal share of your life insurance, you would list each as a primary beneficiary, with each designated to receive 50%.

Contingent Beneficiary—These are the people who will be the beneficiaries if the primary beneficiaries have passed away or cannot be located. Think of them as the "back-up" beneficiaries. The distinction is important. Contingent beneficiaries get *nothing* if primary beneficiaries are still around.

State Life Insurance (Basic and Optional)—The beneficiaries you list for the State life insurance apply to *both* the basic, state-paid coverage, as well as any employee optional life insurance you have.

State Spouse and Dependent Optional Life—Be aware that only the state employee can be the beneficiary for these policies.



Colds and Flu Prevention



Health, Wellness & You

With the falling of the leaves and holidays approaching, we have officially entered the cold and flu season. Now is the time to give serious consideration to the preventive measures you can take to minimize these viruses for you, your family and coworkers.

Flu shots—This is one of the best protections against the flu. It takes around two weeks for your body to make the protective antibodies, so the best time for a shot is in October or November. Anyone over 6 months of age can get a flu shot, although those who are allergic to eggs, who have had a previous negative reaction to the shot, or who have had a rare nervous disorder called Guillain-Barré syndrome after a shot, should not get the flu shot without discussing with their doctor. Also those who already sick with the flu should wait until they have recovered.

Getting a flu shot may keep you from getting the flu, or if you do get it, it can keep the symptoms milder. It also limits spreading the flu to your family and coworkers. Know that you cannot get the flu from a flu shot as the viruses in the shot are dead.

Wash your hands—This is one of the keys to keeping these infections at bay. A thorough washing (not the quick wet and splash method) with regular soap and warm water is just as effective as antibacterial products and sanitizers. Still, when you're out and about, the sanitizing hand gels work well too.



Don't touch that face—When the cold or flu virus is on your hands (after touching a contaminated object or surface), you only have to touch your eyes, nose or mouth to give it free passage to your body.

Stay healthy—When you are run down, your resistance to cold and flu viruses is diminished. Eat well (fruits and vegetables), get your rest, exercise and watch your stress levels.

Coughing and sneezing—Once you get a cold or the flu you want to limit its spread to others. In addition to washing your hands, be sure to cover your mouth and nose when you cough and sneeze, limiting the number of contaminated airborne particles you're emitting.

Stay home—If you're sick, stay home from work, school and skip the errands. If you don't, you're not only delaying your recovery, but getting others sick.

These are only strategies to limit the impacts of colds and the flu. Remember, you can't stop colds and flu, you can only hope to contain them.

31-day Window for Changes

For events such as **BIRTH** or **MARRIAGE** or when a spouse **GAINS** or **LOSES** benefits with their job, any change to your State benefits must be completed within 31 days of the event. Day One is the date of the event itself. If you miss this 31-day window, you'll have to wait until the next Open Enrollment to make your change.

Retirement Plan Terminology



Retirement Corner

With the financial world the focus of the news these days, it's a good time to review some common investment and retirement plan terminology. For more information on the supplemental retirement plans available to state employees visit the Supplemental Plan Web site—www.colorado.gov/dpa/dhr/benefits/retire/supretire.htm.

Stocks—When investing in stocks, you are buying shares of ownership in a corporation. Stocks have the highest growth potential in the long term, but they also come with a higher degree of risk. Historically, over the long haul, stocks have had a greater rate of return than other types of investments.

Bonds—With bonds, you are lending money to an organization such as a corporation or the government in exchange for interest payments. The value of the principal may fluctuate up and down, but typically not as much as stocks.

Time Horizon—The number of years you have to invest before you start making withdrawals from your retirement accounts. If you are many years away from retirement, you may be comfortable with higher risk and more aggressive investment strategies. If you are close to retirement, you may be interested in less risky investments. The key is to get started as soon as you can, to give your investments time to grow.

Risk Tolerance—Your comfort level with the ups and downs in the value of your investments. You should strive for a balance in your investments between safety (less risk) and growth (higher risk) that meets your comfort level while working towards your retirement goals.

Diversification—Spreading your money amongst different types of investments, such as stocks, bonds or cash equivalents.

Asset Allocation—The process of determining your investment mix. Putting your money into a number of different types of investment options that include various asset classes can help reduce the risk if one particular class or industry performs badly. Examples of asset classes are: stable value funds, large company stocks, small/mid-size company stocks, or international stocks.



What is COBRA?

And why should I know about it?



These days, most employees put medical and dental insurance near the top of the list of important employment benefits. Yet for all of its importance, many employees don't give it much thought after making their initial choices.

But all of that changes when something happens and an employee, or their dependents, may lose that coverage. Employees become very interested in their options. COBRA is one option, allowing the continuation of existing medical and dental coverage for a limited period of time, serving as a bridge to a longer term solution.

Below are some of the most common questions regarding COBRA. For more information visit the State's COBRA Web site, www.colorado.gov/dpa/dhr/benefits/COBRA/cobra.htm or contact your agency's human resources staff.

What is COBRA?

The Consolidated Omnibus Reconciliation Act (COBRA) is a federal law offering all Qualified Beneficiaries (QBs) the opportunity to continue the medical, dental and Flexible Spending Account elections they had prior to a COBRA Qualifying Event (QE).

What is a COBRA Qualified Beneficiary?

In general, a qualified beneficiary is an employee, spouse, or dependent child who is covered under the group health plan on the day *before* the qualifying event.

What is a COBRA Qualifying Event?

An event that terminates a Qualified Beneficiary's normal coverage under a healthcare plan. Examples of Qualified Events include: termination of employment, divorce, death of an employee, or a dependent child's loss of eligibility.

How do I enroll in COBRA?

Within 14 days of a Qualified Event (QE), all Qualified Beneficiaries will receive, via first class mail, a COBRA Election Notice. This notice will contain important legal information as well as an enrollment form. Understand that this Election Notice cannot be provided until the QE has occurred, although you certainly can ask questions and research your options in advance of the event.

How much does COBRA coverage cost?

If COBRA continuation coverage is chosen, the Qualified Beneficiary becomes responsible for the TOTAL premium plus a 2% administrative fee. See the FY09 COBRA medical and dental premiums on the COBRA Web site at www.colorado.gov/dpa/dhr/benefits/docs1/rates/fy09cobraprem.pdf.

For example, in the current FY09 plan year, the total monthly premium for the OA-1500 medical option for employee plus spouse is \$834.20. An active employee is eligible for the State to pay a portion of the monthly premium, meaning the employee only pays \$268.76 per month, while the State contributes \$565.44. When a QE occurs and COBRA is elected, the QB pays what the State had paid along with the employee's portion (\$565.44 + \$268.76), plus a 2% administration fee, for a total of \$850.88 per month.

How long can COBRA coverage continue?

The length of COBRA continuation coverage depends on the Qualifying Event. Coverage can last 18 months (employment termination), 24 months (military leave), 29 months (employment termination due to disability) or 36 months (divorce, death of the employee or dependent child's loss of eligibility).

When does COBRA coverage become effective?

COBRA coverage is effective once the premiums have been received and coverage is retroactive to first of the month following the loss of coverage. It is very important to keep in mind that claims will not be paid until COBRA premiums are received.

What is the deadline for enrolling in COBRA?

The latter of the following:

- 60 days from the day coverage ends as an active employee or the eligible dependent of an active employee; or
- 60 days from the date of receipt of the COBRA election notice.

Will coverage change under COBRA?

For those electing to continue their coverage under COBRA, it is the same coverage in place as the day before the qualifying event occurred. For example, if an employee and her family had the OA-1500 medical option and the Dental Basic option, then it is only those options that can be continued under COBRA, through the end of the plan year (June 30). Any amounts paid towards deductibles or out-of-pocket maximums as an active employee will continue to be counted under COBRA coverage. COBRA participants have an annual open enrollment where they may choose from the same medical and dental options as active employees.

FSA Forum

FSA Reminders

If you have a Flexible Spending Account (FSA), now is a good time to start thinking about your claims. Take a look at the following topics to ensure that you make appropriate claims. Remember, ASIFlex is the State's FSA administrator—www.asiflex.com.

Filing a claim—Claim reimbursement is quick, unless your information is incomplete. Avoid needless delays by submitting all the required documentation and information. See www.asiflex.com/claim-filing-procedures.htm for details on claim filing procedures.

FSA eligible expenses—Find a list of expenses eligible for reimbursement from your FSA at www.asiflex.com/Eligible%20Expenses/eligibleexpenses.htm.

OTC—Over-the-counter (OTC) medicines and products are reimbursable under your health care FSA when the OTC product is used for medical purposes. However, OTC products that are not medicines or that only benefit your general health are not reimbursable. For more information on OTC products and FSAs go to www.asiflex.com/ASIOTC.pdf.

Dependent Day Care FSA (DCFSA)—The purpose of a DCFSA is to enable you and, if married, your spouse, to work, look for work or be a full-time student. While you may still use day care if you have a stay-at-home spouse, those day care expenses would



be ineligible for reimbursement. Also remember that you cannot claim day care expenses for children over age 13. See www.asiflex.com/Programs/dcfsa.htm for more information.

FSA FAQs—Many FSA questions can be answered at the FSA FAQ (Frequently Asked Questions) listing—www.asiflex.com/faq/faq.htm.