To: Ben Pay Participants  
From: Tony DeCrosta  Executive Director  
Teri Suhr  Benefits Manager  
Date: October 25, 2011  
Subject: Open Enrollment - Ben Pay Program Ends 12/31/11

As you may know, the University changed the way in which it supports the cost of employee insurance and related benefit plans beginning January 1, 2008. At that time the former “cafeteria” plan called Ben Pay ended and the more traditional “Cost Share” model (where the University contributions directly off-set the cost of benefit plans) commenced. Continuing benefits eligible employees were given the option of remaining in Ben Pay (grandfathered) or converting to the Cost Share model. The “grandfathered” Ben Pay option was available for four years. Grandfathered employees have been given the option during the past four open enrollment periods of moving to Cost Share.

You are receiving this communication as you have continued with the Ben Pay model during the entire four-year period and your grandfathered status will end December 31st. It is likely that your net income (after the deduction of taxes and insurance premiums) will be different, with the identical benefit plan choices under Cost Share.

The Open Enrollment period runs from November 1st – 18th. The 2012 Open Enrollment materials will be available at www.hrs.colostate.edu as of November 1st. It is important that you carefully review the information in this memorandum and the 2012 Open Enrollment materials.

Please note that if you choose to continue with the plans and coverage levels you elected under Ben Pay, you need not take any action during open enrollment; however, the costing structure will change. Your existing Ben Pay plan elections, except for coverage levels under the Basic Life plan, will be carried forward including your election of pre or post-tax for plans eligible for such choice. However, as in the past, if you wish to continue either a medical or dependent care flex spending account (FSA) into 2012, or if you wish to change your current elections, you must do so through the online benefits enrollment system.

The University provides $70,000 of Basic Life insurance coverage under Cost Share (subject to benefit reduction at age 70) and you will be automatically enrolled with this level of coverage. Basic Life coverage under Ben Pay was in increments of $10,000 with maximum coverage of $50,000. It is recommended you confirm and/or update your beneficiaries for life and accident related insurance coverage through the online benefits enrollment system.

If you are currently waiving medical coverage under Ben Pay, that waiver will continue but you will no longer be assessed the $125/month medical plan waiver fee. As a reminder, when you first waived medical coverage you provided evidence that you had comparable coverage outside the University. If that is no longer the case, you must now enroll in one of the available University medical plans.

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1 Your last Ben Pay contribution occurs in November. Consequently, your December pay advice will reflect your benefit plan choices and costs under Cost Share for January 1st coverage. Please compare the pay advices from these two months to view the changes to your gross income (the removal of Ben Pay as additional “Earnings”). You may also see a difference in your net income due to the different formula used in computing the University support under Cost Share. Ben Pay amounts were determined on the basis of salary and retirement plan while Cost Share contributions are based on level of coverage (employee only, employee + 1, or family).
If you are currently waiving Long Term Disability (LTD) or Short Term Disability (STD) coverage, you will be automatically enrolled in both as the University covers 100% of the cost of each (LTD coverage limited to age 70). Automatic enrollment will be on a post-tax basis for both LTD and STD. If you wish to change that to pre-tax on the LTD you may do so during open enrollment. STD is only provided on a post-tax basis. It is important to note that disability benefits for which premiums were paid on a post-tax basis are tax exempt under current IRS regulations while those whose premiums were paid on a pre-tax basis are fully taxable.

The amount you must pay for your benefit choices under Cost Share may be greater or less than the amount you paid under Ben Pay, resulting in some potential impact on your net income. Under the Cost Share model, the University contribution to benefits is:

- 100% of the premium cost of employee only coverage under the medical Green Plan and/or the Delta Dental Basic plan.
- 75% of the premium cost of employee + 1 or family coverage under the medical Green Plan and/or the Delta Dental Basic plan.
- 100% of the premium cost of $70,000 of coverage under the Basic Group Term Life (AD&D) plan administered by The Hartford. (Note: The Internal Revenue Code requires that the imputed value of employer provided life insurance beyond $50,000 must be added to the taxable income of the employee. The amount of imputed income is age based and is generally nominal. Rate table information will be included in the 2012 Open Enrollment materials.)
- 100% of the cost of coverage under the Long Term and Short Term disability plans (LTD and STD).

Employees electing coverage under the medical Gold or Point of Service plans and/or the Delta Dental Plus plan are responsible for the premium differences between the plan and coverage levels elected and the University’s contribution amounts outlined above.

We understand that there is substantial information outlined above. We encourage you to attend the Benefits Fair in the LSC North Ballroom on Monday, November 7th from 9am – 2pm for additional information or to contact the Human Resources Benefits Office at (970) 491-6737 with any questions.