

AUBURN UNIVERSITY

Employee Benefits Policies

(Administrative/Professional and University Staff)

9.0 Employee Benefits

9.1 Unemployment Compensation - Unemployment Compensation coverage is provided for all eligible employees. The purpose of Unemployment Compensation is to pay benefits to those employees who lose their job through no fault of their own. Persons who voluntarily terminate or persons discharged for "just cause" may be disqualified for Unemployment Benefits for a period of time or altogether. The University contributes the total cost for this coverage.

9.2 Liability Insurance

9.2.1 Auburn University, as an instrumentality of the State of Alabama, may not be a defendant in any State court. The constitutional immunity of the institution does not prohibit suit against a faculty member or employee for negligence causing injury or damage to third parties. Even though claims may be made against the University through the State Board of Adjustment and settlements may be made on behalf of the institution in this way, an injured party may also elect to file suit against the faculty member or employee individually.

9.2.2 In order to protect Trustees, Officers, Faculty, Administrative/Professional and University Staff employees from potential liability suits, Auburn University has implemented a Comprehensive General Liability Insurance Plan. This plan provides insurance protection in accordance with the terms and conditions of the policy, from the legal liability which could result from events occurring during the course of performing their duties for the University.

9.2.3 Educators Legal Liability Coverage is provided for the Board of Trustees, Officers, Faculty, Administrative/Professional and University Staff employees and will pay in accordance with the terms and conditions of the policy any claims that an insured may become legally obligated to pay as damages resulting from claims arising from a wrongful act of an insured in the performance of his or her duties for the University.

9.2.4 Auburn University also carries Automobile Liability Coverage which extends to the Board of Trustees, Employees, Students and Volunteers while driving a University owned vehicle on University business. There may also be non-owned coverage for individuals when driving personal vehicles on University business.

9.3 Benefits While on a Leave of Absence - Group health care and group life coverage may be extended for employees while on official leave without pay as follows:

9.3.1 **Involuntary Leave Without Pay** - Coverage will continue with no change in the premium provided the employee requests continuation of coverage and arranges for advance premium

payment. Periodic reviews will be made for employees to maintain this status. The employee must request continuation of coverage and arrange for advance premium payment.

9.3.1.1 Employees approved for leave under the Family Medical Leave Act will be permitted to continue their group health insurance coverage with no change in the premium in accordance with the University's policy and procedures.

9.3.2 Voluntary Leave Without Pay - Coverage will continue for the pay period for which their last premiums were deducted.

9.3.2.1 Employees with at least three years of service can request coverage up to three full months beyond the last premium period deduction provided the employee pays 100% of the total cost. Group health insurance may be continued after the three month period under the Consolidated Omnibus Budget Reconciliation Act (COBRA). Additional information is available at the Payroll and Employee Benefits Office.

9.3.2.2 Employees with less than three years of service can request coverage under COBRA paying 102% of total cost.

9.3.2.3 Long Term Disability benefits will not be effective while on Voluntary or Involuntary Leave Without Pay.

9.4 Direct Deposit - The salary check of a monthly or biweekly employee (excluding undergraduate students) may be automatically deposited into his/her bank account. For more information, contact the Payroll and Employee Benefits Office, (334)844-4183.

9.5 Disability - Group Plan

9.5.1 **Eligibility** - Full-time non-student employees are eligible if the most recent employment period is continuous for a minimum of one year (nine or twelve months as appropriate to the appointment).

9.5.2 **Coverage** - The plan consists of two parts:

a) Salary Continuation during the first six months of disability; and

b) Long Term Disability Insurance beginning at the end of the 6-month period.

9.5.1.1 Both parts provide coverage up to 60% of the employee's monthly salary with a maximum amount of \$3,000 per month and minimum of \$100.

9.5.1.2 Both parts are subject to the "Non-Duplication Off-set Provision" which requires that any payment through Social Security, Teachers' Retirement, etc., must be coordinated with disability payments from the plan. This coverage is provided by the University at no cost to the employee.

9.5.3 Definition of Disability - For the purpose of the insurance, total disability means that during the first two years of any period of disability, a person is unable to perform the duties of his/her occupation. During the continuation of the period of disability beyond two years, the person is unable to engage in any business or occupation or to perform any work for compensation, gain, or profit for which he/she is reasonably fitted by education, training, or experience.

9.6 Supplemental Disability - Individual Plan

9.6.1 Eligibility - All full-time regular (non-student) employees are eligible to participate in this supplemental disability insurance plan on a voluntary basis.

9.6.2 This supplemental plan gives Auburn University employees the opportunity to complete their disability insurance program in accordance with their individual financial needs. It provides coverage during the one-year waiting period before the group plan takes effect; since it would not be coordinated with the group plan, provided additional monthly benefits during the total period of disability.

9.6.3 The employee is responsible for the cost of the coverage. Further information may be obtained by contacting Johnson Sterling Paul and Company locally at 887-5533 or outside the local area, 1-800-824-6256.

9.7 Life Insurance/Accidental Death & Dismemberment

9.7.1 Eligibility - Full-time regular (non-student) employees are eligible if the most recent employment period is continuous for a minimum of one year (nine or twelve months as appropriate to the appointment).

9.7.2 Enrollment - A Statement of Health is not required if application is made within 30 days following the date of employment. Participation in the program is optional. If an employee rejects the life insurance when employed and elects later to accept it, they may make application at any time by furnishing a satisfactory statement of health. Coverage is subject to approval or disapproval by the life insurance company. Amount of coverage:
Employees

9.7.3 Coverage - Base Group Life Insurance - All employer paid.

Amount of coverage: Employees receive 1 X salary (rounded up to next \$1,000) with a cap of \$35,000.

Optional Life and VAD& D for Employees and their Spouses - All employee paid.

Amount of coverage:

Employee: 1, 2 or 3 X Salary to a maximum of \$450,000

(Round Salary up to next \$1,000 then multiply).

Spouse: \$10,000 increments to a maximum of \$100,000

(\$20,000 without evidence of good health during first 30 days of employment or marriage.)

VAD&D: Same as the optional life amounts for Employees and Spouses. The employee does not have to purchase the optional life in order to purchase the VAD& D coverage.

Optional Dependent Child(ren) Life and VAD& D

Amount of Coverage: Employees may purchase either a \$5,000 or a \$10,000 policy. Eligible children are unmarried from live birth up to age 19, or up to age 25 if a full-time student.

9.7.4 **Cost** - The University and the employee participate in the cost of the coverage.

9.7.5 **Conversion** - Upon termination of employment, life insurance may be converted without evidence of insurability into any form of insurance available, except term insurance, if application is made within 30 days from the time insurance expires. Such employees will not again become eligible for insurance under this group policy upon reemployment.

9.7.6 **Disability Benefit** - In the event of permanent and total disability prior to age 60 as outlined in the contract, after the most current policy has been in force one year, all future premiums will be waived during duration of disability. Additional information is available upon request from the Payroll and Employee Benefits Office.

9.8 Voluntary Retirement Plans

9.8.1 **Tax Deferred Annuities** - University personnel have a means of deferring federal and state income tax that is unique to colleges, universities and other nonprofit organizations. Under Section 403 (b) of the Internal Revenue Code, tax deferred annuity plans are made available to make up for the tax and retirement benefit advantages that are lost by not working in private industry. These plans reduce the employee's gross wages before federal and state taxes are computed. Theoretically, when these funds are withdrawn later in life and subject to taxation, the employee is usually in a lower income tax bracket.

9.8.1.1 **Eligibility** - Full-time, non-student employees are eligible if the most recent employment period is continuous for a minimum of one year (nine or twelve months as appropriate to the appointment).

9.8.1.2 **University's Contribution and Additional Amounts that can be vested** - Effective January 1, 2001, Auburn University will match up to \$1,050 per year of a qualifying employee's contribution. This equates to 5% of gross salary with a maximum-covered salary of \$21,000 per year. All employees enrolling in one of the University's tax deferred annuity plans will not vest in the University's matching portion until they have completed five years of full-time continuous service. Upon completion of the five-year requirement, the University's matching contribution and interest earned will be credited (or vested) to the participant's accounts. Nonparticipating employees with full-time continuous service will be given credit toward the five-year requirement upon joining the tax deferred annuity programs. The appropriate company will compute the maximum amount that may be tax sheltered through payroll deduction. The total investment in the annuities is determined by Section 403 (b) of the Internal Revenue Code.

9.8.1.3 Investment Options Available - There are several investment options available, giving the investor a wide spectrum of opportunities ranging from fixed and variable annuities to mutual funds. Detailed information is provided by the following approved companies:

- a) VALIC
- b) TIAA-CREF
- c) Johnson Sterling Paul & Company
- d) Fidelity Management & Research Company

Company telephone numbers may be obtained by calling the Payroll and Employee Benefits Office at 844-4183.

9.8.2 Deferred Compensation Plan - The Retirement Systems of Alabama have implemented a Deferred Compensation Plan available to all members of the Teachers' and Employees' Retirement Systems. According to federal law, annual contributions may not exceed \$8,000 or 25% of your compensation whichever is less. The amount must be coordinated with any Tax Deferred Annuity contributions, health insurance deductions, and flexible spending account plan deductions. The income deferred is not included in the employee's taxable wages for federal and state income tax purposes. This plan only allows employee contributions.

9.9 Mandatory Retirement Plans

9.9.1 Retirement Systems of Alabama - As a condition of employment at the University, all eligible employees in at least a 50% time position for 12 months or more are required to join the Retirement Systems of Alabama. This program provides retirement allowances for eligible members in accordance with the option the member designates at the time of application for retirement. All contributions to the retirement system are tax deferred for federal income tax purposes until retirement or withdrawal from the plan.

9.9.1.1 Teachers' Retirement System of Alabama - All non-student employees, except Civil Service employees, who are employed for a year in at least a 50% work capacity on a continuing basis must be participants in the Teachers' Retirement System. Each member will have a payroll deduction equaling 5% of salary. Those employees appointed on a temporary basis for no longer than one year may be exempt for that period.

9.9.1.2 Employees' Retirement System of Alabama - All Civil Service employees employed by the Alabama Cooperative Extension Service must participate in the Employees' Retirement system. Each member will have a payroll deduction equaling 5% of one-half of gross salary from his or her monthly compensation.

9.10 Federal Insurance Contribution Act (FICA)/Medicare - A deduction is made from all employees' wages, except Civil Service employees, for Social Security. The noted Civil Service personnel are only eligible for Medicare and have a deduction from wages to cover the Medicare portion.

9.10.1 Monthly Benefits - A retired worker receives monthly Social Security retirement payments based on the worker's Social Security earnings record. In addition, a spouse and/or eligible children can receive benefits of one-half of the retired worker's benefits. The law allows for retirement as early as age 62.

9.10.2 Medicare - The Federal Social Security System makes available a broad program of health insurance for people age 65 and older. In certain circumstances this insurance is extended to individuals under age 65. The program popularly known as "Medicare" provides two kinds of health insurance:

9.10.2.1 Hospital Insurance (Medicare Part A) - provides a basic coverage designed to help pay hospital bills. It covers hospitalization, post hospital extended care, post hospital home health care, outpatient hospital diagnostic services, drugs and health supplies, and most other items ordinarily furnished by a hospital or an extended care facility.

9.10.2.2 Supplemental Medical Insurance (Medicare Part B) - is a voluntary plan designed to help pay for doctors' services and for a number of other medical items and services not covered under the hospital insurance program. These items and services include physicians' and surgeons' services, home health visits, and other medical and health services, such as diagnostic tests, x-ray or radium treatments, surgical dressings, splints, casts, certain ambulance services, and rental of medical equipment. Special enrollment in this plan is necessary and should be completed three months before reaching age 65.

9.11 Health Insurance - Auburn University has a self-insured group health insurance program with Blue Cross/Blue Shield of Alabama acting as an administrator for the processing of medical claims. This is a brief summary of the health insurance benefits. A booklet is available to explain the benefits in detail and a copy of the contract is also available in the Payroll and Employee Benefits Office.

9.11.1 Eligibility - Active, full-time regular (non-student) employees are eligible if their most recent employment period is continuous for a minimum of one year (nine or twelve months as appropriate to the appointment.) Participation in the program is optional. **There is no waiting period for preexisting conditions.**

9.12 Summary of Benefits - Below is a brief overview of the benefits. Each benefit is more fully explained in the Group Health Care Plan booklet that is given to all new employees.

Cost - The University contributes a portion of the biweekly or monthly premium. The employee's share is deducted from his or her paycheck and is exempt from federal, state, and FICA/Medicare Taxes.

Continuation of Coverage through COBRA - Continuation of your group health benefits as provided by the Consolidated Omnibus Budget Reconciliation Act of 1986 is available for employees, spouses and dependents after certain qualifying events occur. Additional information including cost and application for applying for coverage is available in the Payroll and Employee Benefits Office.

Continuation of Coverage through Family Medical Leave Act - Employees approved for leave under the FMLA will be permitted to continue their group health insurance coverage with no change in the premium in accordance with the University's policy and procedures.

9.12.1 **Blue Cross/Blue Shield Traditional Plan**

Blue Cross Hospital Benefits:

\$100 deductible per hospital admission

365 days of care during each hospital

stay Semi-private accommodations

General nursing care

X-rays, drugs, and other usual hospital ancillary services

Diagnostic X-ray and Medical Examinations:

\$500 maximum each calendar year

Major Medical Benefits:

\$150 deductible

\$1,000,000 contract maximum per member

Maximum of three deductibles per family

Pays 80% of the first \$5,000 of covered expenses, 100% of covered expenses more than \$5,000

Pays 50% of outpatient expenses for mental or nervous conditions

Pays 100% of expenses for cancer with no deductible required

9.12.3 Preferred Medical Doctor Benefits - The Preferred Medical Doctors Program is an option in addition to your benefits not instead of them. All one needs to do to take advantage of PMD is choose a Preferred Doctor from the PMD directory. The chosen doctor will take care of everything else, including filing all claims for PMD benefits.

The advantages of seeing a Preferred Doctor are many. There is no major medical deductible after paying only a minimum co-pay for each visit to a Preferred Medical Doctor and some procedures are covered at 100%. The co-pay does not apply toward the Major Medical Deductible.

9.12.4 Prepaid Prescription Drug Card - Effective January 1, 2001, prescription drugs purchased from a participating pharmacy and dispensed by a licensed pharmacist are covered in full after a \$5.00 co-pay for generic drugs or a \$20.00 co-pay for preferred drugs and \$35.00 for non-preferred drugs. There are no benefits available if one uses a nonparticipating pharmacy located in Alabama. Prescription drugs purchased out of state will be paid at 100% of the participating allowance less a co-pay of \$5.00 for generic drugs or a \$20.00 co-pay for preferred drugs and \$35.00 for non-preferred drugs.. The co-pays do not apply toward your Major Medical Deductible.

9.12.5 Alcohol and Drug Abuse Rehabilitation Benefits - This benefit provides comprehensive rehabilitative treatment in a participating substance abuse facility. A list of those facilities is available in the Payroll and Employee Benefits Office. Benefits include 100% of covered services with no deductible and 120 residential days or 120 outpatient visits in a participating facility per benefit period. There is a maximum of two benefit periods for each covered member.

9.12.6 Blue Cross/Blue Shield Personal Choice - An HMO Plan (Personal Choice) is available. Contact the Payroll and Employee Benefits Office at (334)844-4183 for more information.

9.12.7 Dental Insurance Program - Auburn University provides a voluntary diagnostic and preventive dental insurance program. Total premiums are paid by the employee. For further information regarding this program, please contact the Payroll and Employee Benefits Office at (334)844-4183.

9.13 Termination of Coverage

9.13.1 Upon termination, an employee and his/her dependents will be covered for the time period for which his/her last premium was deducted. Coverage will cease automatically and without notice unless coverage is continued under COBRA.

9.13.2 The coverage of the spouse of an employee will terminate automatically and without notice as of the date of divorce or other termination of the marriage, and on such date the spouse will cease to be a member unless coverage is continued under COBRA.

9.13.3 The coverage of a child as a member will terminate automatically and without notice as of the date such child ceases to be a dependent unless coverage is continued under COBRA.

9.14 **On-the-Job Injury Program (OJI)** - The University On-the-Job-Injury Program provides medical and lost wage benefits for compensable, work-related injuries for University employees. Employees must report their injuries to their supervisor and the claims administrator, an independent processing firm, within three days of the incident causing the injury or illness. See the Risk Management and Safety Web site at <http://www.auburn.edu/administration/rms/> for the phone number of the claims administrator.

9.15 **Lactation Policy** - Consistent with federal law which requires the provision of an unpaid, reasonable break time for certain employees to express breast milk, the university subscribes to the following policy:

- Any employee will be provided an unpaid reasonable break time to breast feed or express breast milk for her nursing child for the first year of the child's life. These break periods will be given each time the employee has need to breastfeed or express breast milk.
- An employee lactation room will be provided as a private and sanitary place, other than a bathroom for breastfeeding employees to breast feed or express their milk during work hours. This room provides an electrical outlet, comfortable chair, and nearby access to running water. Employees may use their private office area for breastfeeding or milk expression, if they prefer.
- A refrigerator will be made available for safe storage of expressed breast milk. Employees may use their own cooler packs to store expressed breast milk, or may store milk in a designated refrigerator/freezer. Employees should provide their own containers, clearly labeled with name and date. Those using the refrigerator are responsible for keeping it clean.
- All employees are expected to provide an atmosphere of support for breastfeeding employees.