

POLICY 12
GROUP INSURANCE PLAN, WORKERS' AND UNEMPLOYMENT COMPENSATION

Rule 12.02 - Optional Insurance/Benefit Plans

Eligible employees are provided the option to participate in the following additional benefit plans:

Optional Term Life Insurance

Additional coverage is available for employees and dependents under the State Plan or under a University Plan.

Accidental Death & Dismemberment Insurance

Coverage is available for employees and dependents under the State Plan and under a University Plan.

Salary Reduction Savings Plans

Contributions to salary reduction savings plans, such as Tax Deferred Annuities and Deferred Compensation Plans which have been established and are governed by provisions of the Internal Revenue Service Code, are by payroll deduction only. Salary reduction contributions are taken after the 8 percent State Universities Retirement System contribution is withheld, but before federal and state income taxes are withheld. Contributions and accumulated earnings become subject to income tax when withdrawn from the plan(s).

The maximum amount of income which can be tax deferred, the circumstances under which withdrawals are permitted, and withdrawal requirements are governed by federal law and may vary depending upon the applicable section of the Internal Revenue Service Code.

- A. University Plans. Tax sheltered investment opportunities in Section 403(b) guaranteed interest or variable annuities and/or Section 403(b)(7) mutual fund families.
- B. State Plan. Section 457 Deferred Compensation plan provides for investment in guaranteed interest annuity and individual mutual funds.

Flexible Spending Accounts

Flexible Spending Accounts permit employees to authorize payroll deduction of specific dollar amounts to be deposited into accounts before taxes are withheld. The tax-free dollars in these accounts can then be used to pay eligible expenses. There are two types of flexible spending accounts: the Medical Care Assistance Plan for health related expenses, and the Dependent Care Assistance Plan for eligible child or other dependent care expenses.

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Other optional plans may be implemented from time to time by the State Department of Central Management Services or by the University. For brochures and handbooks that provide details of the plans or for information about eligibility and enrollment periods, contact the campus benefits centers at the Urbana and Chicago campuses or the human resources office at the Springfield campus.