



# For Your Benefit

News from the Employee and Retiree Service Center



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Open Enrollment 2009

## Benefit Open Enrollment: October 26 through November 13, 2009

Montgomery County Public Schools (MCPS) will hold the annual open enrollment for the Employee Benefit Plan from October 26—November 13. Employees wishing to make benefit enrollment changes during open enrollment must submit MCPS Form 455-20: *Employee Benefit Plan Enrollment* to the Employee and Retiree Service Center (ERSC) no later than November 13. **Any changes made to your Employee Benefit Plan will become effective January 1, 2010.**

If you elect to make changes to your benefit plan, you will be provided with a benefit confirmation statement. If you are not making changes to your benefits, no confirmation will be supplied and **no response is required.**

Studies show that an educated health care consumer is able to navigate the confusing world of health insurance and make decisions that are in his/her best interest. We encourage you to pay close attention to the benefit options MCPS makes available to you. Please read the forthcoming open enrollment memorandum and materials carefully.

During open enrollment, any eligible MCPS employee not currently enrolled in a

health plan may enroll, and employees currently enrolled may change health insurance carriers, make changes to their coverage levels, and add or drop dependents. Employees may enroll in the full benefit plan or choose only the individual components (medical, dental, vision, or prescription drug) that meet their needs. For example, you may select the medical and prescription drug coverage but decline dental and vision coverage.

### Pick, choose, switch, change October 26 through November 13, 2009

**All family members must have the same coverage.** For example, you may not enroll for medical and dental coverage and enroll a spouse for dental coverage only.

MCPS is pleased to announce an improvement to the CVS/Caremark prescription drug plan. The prescription benefit plan administered by CVS/Caremark now includes the option of using a CVS retail pharmacy or the CVS/Caremark Mail Service Pharmacy for a 90-day supply of long-term medications. This option allows employees enrolled in the CVS/Caremark prescription benefit plan to choose which method of refill is more convenient. For more information, please refer to the article "CVS/Caremark Offers New Mail Order Option" in this publication.

During open enrollment, you also may enroll in a Flexible Spending Account (FSA), even if you decline MCPS health insurance coverage. ERSC Form 300: *Flexible Spending*

*Account Election* must be submitted to enroll in a medical or dependent care FSA for the 2010 calendar year. The FSA deadline coincides with the benefit deadline of November 13. This will ensure your money is available January 1, 2010. **You must reenroll in your FSA each year.**

If you choose to enroll in a medical FSA, MCPS will continue to match the first \$100 of contributions to the medical FSA.

Employees who participated in an FSA in 2009 will not receive a new flexible spending debit card. The card you received last January 1 is valid for three years from the date of issue. If you have misplaced your debit card, please contact SHPS | Carewise Health (SHPS) for a replacement debit card at [www.shps.net](http://www.shps.net). SHPS charges a \$5 fee to issue a replacement card. New participants will receive their debit cards in late December. The debit card is not available for the dependent care FSA.

Basic term life insurance is provided automatically for all employees and eligible dependents, unless specifically declined. The basic life insurance plan insures employees for two times their annual salary rounded to the nearest thousand dollars, insures spouses for \$2,000, and insures eligible dependent children for \$1,000. Additional optional employee life and optional dependent life insurance can be added to your benefit plan only if you are enrolled in basic term life insurance. Proof of insurability is required to make any changes to your existing life insurance plan.

All employees will receive an open enrollment memorandum prior to the open enrollment start date in October. The open enrollment memorandum provides a summary of the employee benefit plan options, charts

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comparing benefits, enrollment forms, and rate tables. You are encouraged to review the open enrollment materials to ensure that you and your family are fully aware of your benefit options. The open enrollment memorandum and enrollment forms also are available on the ERSC website.

Employees interested in learning more about the Employee Benefit Plan or who have questions about their open enrollment options should plan to attend one of three health fairs held during October and November. ■

## Open Enrollment Health Fairs

Additional benefit enrollment information will be available at all of the health fairs, as well as in the lobby of ERSC. Eligible MCPS active employees will have an opportunity to meet with benefit program vendors and to discuss open enrollment options with ERSC staff on the following dates:

### Tuesday, October 27th

James Hubert Blake High School  
300 Norwood Road  
Silver Spring, MD 20905  
3:00–5:00 p.m.

### Tuesday, November 3rd

Carver Educational Services Center  
850 Hungerford Drive  
Rockville, MD 20850  
3:00–5:00 p.m.

### Tuesday, November 10th

Clarksburg High School  
22500 Wims Road  
Clarksburg, MD 20871  
3:00–5:00 p.m.

OCTOBER						
Sun	Mon	Tues	Wed	Thur	Fri	Sat
18	19	20	21	22	23	24
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NOVEMBER						
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## CVS/Caremark Offers New Mail Order Option

In 2007, CVS Corporation and Caremark Rx, Inc. merged to become CVS/Caremark. According to CVS/Caremark, this merger makes them “the largest integrated provider of prescriptions and health related services in the nation.” For employees who are enrolled in the prescription benefit plan administered by CVS/Caremark, this merger means a greater variety of options when filling and maintaining prescriptions.

One of these new options is the choice of filling your 90-day supply of long-term maintenance medications either by using a CVS pharmacy or the CVS/Caremark Mail Service Pharmacy for the same co-pay. This option lets you choose which method is more convenient for you.

### Getting started

#### CVS/pharmacy

Bring your long-term prescription to the nearest CVS/pharmacy location. You can receive a 90-day supply for the same copay as mail service. You also have the convenience of getting 30-day prescriptions at a CVS/pharmacy location.

#### Mail Service

To use the CVS/Caremark Mail Service Pharmacy, you can either register online or mail in your prescription. For faster service, log on to Caremark.com/FastStart and fill in your information. CVS/Caremark will take care of contacting your doctor and getting your 90-day prescription for you. For more

With CVS/pharmacy you can:	With CVS/Caremark Mail Service Pharmacy you can:
Enjoy same-day prescription availability	Enjoy convenient delivery of your long-term medications to the location of your choice at no additional cost
Pick up your long-term medications at a time that's convenient for you	Receive your long-term medications in confidential, tamper-resistant, and (if required) temperature-controlled packaging
Talk face-to-face with a pharmacist	Talk to a pharmacist by phone or connect online at Caremark.com

Whether you choose to fill your long-term prescriptions via your local CVS/pharmacy or via the CVS/Caremark Mail Service Pharmacy, getting your long-term maintenance prescriptions filled is simple and cost-effective.

information on this convenient new option or on any aspect of the CVS/Caremark prescription plan, visit CVS/Caremark's website at [www.Caremark.com](http://www.Caremark.com) or call Customer Care at 1-800-378-7558. ■

## Flexible Spending Debit Cards

Your medical FSA debit card is valid for three years. New participants will receive a debit card in the mail. If you currently participate in an FSA and have misplaced your debit card, please contact SHPS for a replacement. SHPS charges a \$5.00 fee to replace a missing debit card.

after March 15, 2010. All 2009 plan-year FSA claims have to be submitted by April 30, 2010.

### “Use It or Lose It”

Qualifying expenses from your medical or dependent care flexible spending accounts incurred between January 1, 2009, and March 15, 2010, may be reimbursed from your 2009 plan election. Any unspent 2009 balances will be forfeited under the “use it or lose it” rule

### Keep Your Receipts

Employees are required to maintain documentation (receipts) to substantiate all claims made via debit card or paper submissions. You may be required to submit documentation upon request. All expenditures are subject to audit, per Internal Revenue Service regulations.

### Free Money!

As an incentive to employees, MCPS will deposit an additional \$100 to the account of any employee who contributes at least \$100 in a medical FSA.

## A Flexible Spending Account Can Help You Save Money

The MCPS Flexible Spending Account (FSA) allows employees to set aside a specified dollar amount from their gross pay—"pre-tax"—to pay for qualifying out-of-pocket medical and dependent care expenses. This amount reduces gross pay and is sheltered from taxes. An employee indicates the amount set aside from his or her gross pay and deposited into the FSA. After paying for qualified expenses, the employee submits a claim reimbursement form to the FSA plan administrator, SHPS | Carewise Health (SHPS). SHPS, a third party vendor, can be reached at 1-800-678-6684 or via their website at [www.shps.net](http://www.shps.net).

If you wish to participate in an FSA for 2010, you must enroll using ERSC Form 300: *Flexible Spending Account Election*, by November 13. **A new enrollment election must be completed yearly, even if you have participated in an FSA in the past.**

The following examples illustrate the tax-saving potential of an FSA in some commonly used situations.\*

**Orthodontics:** Brian's son needs braces next year. The orthodontist says the braces

will cost \$3,500. Brian sends the treatment plan to Aetna and is informed that they will pay a total benefit of \$1,000. Brian plans this procedure for the next calendar year and plans his medical spending FSA for the next calendar year, since the IRS requires FSA accounting on a calendar-year basis. Brian elects to contribute \$2,500 to his medical FSA. The total tax savings is \$766.25, as shown in Chart 1.

**Child Daycare:** Jhumpa and Alberto both work full time and pay \$100 per week for daycare for their 2-year-old daughter, Noor. Allowing two weeks for vacation, they expect to pay \$5,000 (50 weeks @ \$100 per week) for daycare in 2010. Jhumpa and Alberto use this figure with the dependent care worksheet in the document *Flexible Spending Account Information* (available on the ERSC website) to compare their potential tax savings from an FSA to the income tax credit available for dependent care. They determine that the tax savings from an FSA would be greater than the dependent care tax credit available at their level of income and decide to make an FSA election each year until Noor reaches

age 13. By placing \$5,000 in a dependent care FSA each year, they expect to realize a total tax savings of \$1,532.50 per year, as shown in Chart 2.

**Laser Eye Surgery:** Latrice has decided to have laser eye surgery performed on both eyes to correct her vision. She knows this \$4,300 procedure is not covered by her MCPS medical or vision plan, but is eligible for reimbursement from a medical FSA. Latrice decides to contribute the maximum \$4,000 to a medical FSA, knowing she will realize a combined federal, state, and FICA tax savings of \$1,226, as shown in Chart 3.

For more information and assistance in making an FSA decision, please visit our website. Here you will find the document *Flexible Spending Account Information*, which features a list of eligible and ineligible expenses, worksheets for estimating qualifying expenses, and instructions for enrolling and filing claims.

In addition, the plan administrator, SHPS, has an interactive website with information that may help you make an FSA decision. To access this portion of the site, go to [www.myshps.com](http://www.myshps.com), where you will see "Learning Center" on the left navigation bar. From here, click on "Flexible Spending Accounts" which will provide you with information on FSAs, including Frequently Asked Questions and an interactive calculator. ■

**Chart 1: Tax Savings for Brian**

Amount Sheltered from Taxes	Tax Rates	Tax Savings
\$2,500	Federal Tax Rate of 15%	\$375.00
	State and Local Tax Rate of 8%	\$200.00
	FICA Rate of 7.65%	\$191.25
<b>Total Savings</b>		<b>\$766.25</b>

**Chart 2: Tax Savings for Jhumpa and Alberto**

Amount Sheltered from Taxes	Tax Rates	Tax Savings
\$5,000	Federal Tax Rate of 15%	\$ 750.00
	State and Local Tax Rate of 8%	\$ 400.00
	FICA Rate of 7.65%	\$ 382.50
<b>Total Savings</b>		<b>\$1,532.50</b>

**Chart 3: Tax Savings for Latrice**

Amount Sheltered from Taxes	Tax Rates	Tax Savings
\$4,000	Federal Tax Rate of 15%	\$ 600.00
	State and Local Tax Rate of 8%	\$ 320.00
	FICA Rate of 7.65%	\$ 306.00
<b>Total Savings</b>		<b>\$1,226.00</b>

\*Based on federal tax savings at 15%; state and local tax savings at 8%; and FICA tax savings at 7.65%



### Re-enrolling in an FSA

If you wish to participate in a FSA for 2010, you must enroll using ERSC Form 300: *Flexible Spending Account Election*, by November 13. Form 300: *Flexible Spending Account Election* is enclosed in your open enrollment materials and also is available on the ERSC website.

A new enrollment election must be completed yearly, even if you have participated in an FSA in the past.

Employees who had an FSA in 2009 should review their account on the SHPS | Carewise Health (SHPS) website at [www.shps.net](http://www.shps.net) and make plans to use any remaining balances before March 15, 2010. ■

## Defined Contribution Plans: Important Tools for Retirement Savings

Have you taken control of your retirement savings? MCPS offers employees two defined contribution plans, a 403(b) Tax Sheltered Savings Plan and a 457(b) Deferred Compensation Plan. The 403(b) and 457(b) plans enable you to supplement retirement savings to more easily reach your retirement goals, while also reducing your current taxable income.

Many MCPS employees have already recognized the benefit of saving with a 403(b) or 457(b) plan. One half of all full time employees currently participate in one or both of the plans. To date, total plan assets, including both the 403(b) and 457(b) plans, exceed \$800 million.

These employees already know that the 403(b) and 457(b) defined contribution plans allow them to take control of retirement savings by electing contribution amounts and making their own investment decisions. In contrast, an employee's pension is a defined benefit plan, in which the employer makes the majority of the contributions as well as the investment decisions.

Contributions to a 403(b) and/or a 457(b) plan are set aside from your income on a pre-tax basis. This reduces your overall taxable income, allowing you to not only save for the future, but also to enjoy some tax savings today. For example, Carol, who earns \$30,000 a year, is in the 15 percent federal tax bracket.

### For Your Information

Open Enrollment is a great time to review your retirement savings plan and make adjustments for 2010. Information, forms, and procedures are available on the ERSC website.

If Carol contributes 10 percent (\$3,000) of her income to a 403(b) or a 457(b) plan, her taxable income would be reduced to \$27,000. This reduction would result in a savings of \$450 on Carol's federal income taxes.

Defined contribution plans carry yearly contribution limits. In 2009, participants are allowed to contribute up to \$16,500 to a 403(b) plan and \$16,500 to a 457(b) plan. In addition, each plan has a catch-up provision that enables participants over 50 years old to contribute an additional \$5,500. Your savings are not limited to only one plan; you may elect to contribute to both plans, thus doubling your yearly savings potential to \$33,000 prior to age 50 and \$44,000 after age 50 (due to the catch-up provision). The Internal Revenue Service (IRS) may issue new contribution limits for the 2010 calendar year during the fall season; watch for upcoming news about the 2010 contribution limits.

Beginning January 1, 2009, the IRS implemented new rules governing 403(b) and 457(b) plans. To comply with the new regulations, MCPS retained a third-party administrator (TPA) to coordinate contributions and pre-qualify certain withdrawal requests. According to these regulations, if you have previously participated in a defined contribution plan, you will no longer be able to "self-certify" eligibility for withdrawals. Instead, the TPA will pre-qualify loans, hardship withdrawals, withdrawals based on separation of service, and in-service exchange of assets between approved vendors. (For more information on withdrawals and the certification process, please see the website below.)

MCPS provides a website that helps employees research retirement savings with a 403(b) and/or 457(b) plan. This site offers valuable tools such as financial calculators to provide an estimate of future savings growth in your 403(b) or 457(b) account under a variety of assumptions. The site also provides information about basic investment concepts, available 403(b) and 457(b) vendors, and forms to get started. You can access this site at [www.mcps.yourplan.info](http://www.mcps.yourplan.info). ■

### Thinking of Retiring?

ERSC sponsors retirement workshops at the Carver Educational Services Center (CESC), located at 850 Hungerford Drive, Rockville, MD 20850. Our retirement workshops will help you research your retirement options or prepare for an upcoming retirement. Workshops will be held on the following dates:

- Wednesday, November 4, 2009
- Wednesday, February 24, 2010
- Monday, March 1, 2010
- Tuesday, March 16, 2010
- Wednesday, April 7, 2010

All workshops are held from 4:30–6:30 p.m. in the evening in the CESC Auditorium. Additional information is available on the ERSC website.

#### NOVEMBER 2009

Sun	Mon	Tues	Wed	Thur	Fri	Sat
1	2	3	4	5	6	7

#### FEBRUARY 2010

21	22	23	24	25	26	27
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#### MARCH 2010

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#### APRIL 2010

4	5	6	7	8	9	10
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