



## Don't Wing It During Open Enrollment – Review Your Options First

For many of us fall triggers the time when our already busy schedules get even more jammed-packed as we strive to meet year-end business goals amidst increasing family commitments. When juggling competing priorities, some things get back-burnered until it is too late. Sometimes the situation is easily fixed with modest discomfort – like begging the registration person to allow your daughter to play soccer despite the fact that sign-ups were two weeks prior. Other times, however, you have to live with the consequences.

Enrollment in your company sponsored health and retirement benefits is one of those instances where you often have to live with the consequences if you don't enroll or make benefit changes during a specified period of time. Open enrollment is the period of time (typically the fall) when companies allow employees to sign up for various health and retirement savings benefits. The choices made are ones that you have to live with for the entire next calendar year.

When you receive notification from your company of the open enrollment period, you may want to carve out some time for the following:

**Check 401(k) allocation and holdings:** Use the open enrollment window as a trigger to review your 401(k) holdings. Also reconsider the amounts that you are contributing. Can you afford to set aside more for retirement in the upcoming year? Do your holdings still fit your age, risk tolerance and the kind of retirement you want? How have the funds you have previously chosen performed? Are new funds being offered? Get some advice, and obviously, if you're not a member of your employer's 401(k) or 403(b) plan, try to join, particularly if your employer matches your contribution.

**Review your health plan choices:** During open enrollment, make sure you think about all the health issues you have experienced throughout the year. It could be a diagnosis of a chronic disease, the birth of a child, or the need to place a new spouse or partner on your coverage. A new spouse or child can usually be added with proper notice throughout the year, but open enrollment is a good time to review all current and future situations. If you're healthy– and make sure you confirm that you are – you might want to opt for a lower-premium plan that

requires higher co-pays or deductibles and try to put more into your retirement savings. Just try not to go below any plan that limits lifetime benefits to \$1 million – you would be surprised how little time it takes to get there for an accident or serious illness.

**Review your prescription coverage:** You need to look at your prescription needs and find the best insurance choice to cover them. While you may have a co-pay of \$5 to \$10 for generic drugs, will your plan pay for a brand-name drug that you really need, or will you get stuck with a co-pay of \$50 or more? Make sure you understand the tier system within your pharmaceutical plan and pick the right one for you based on your expected needs.

**Understand the FSA/HSA maze:** A flexible spending account (FSA) is an account some employers offer so workers can deposit funds on a pre-tax basis to pay out-of-pocket health and dependent care costs. However, workers need to make a good estimate on the funds they'll use by yearend because excess funds can't be carried over. Health Savings Accounts (HSAs) allow workers to save pre-tax dollars for health care costs without the "use it or lose it" restrictions in FSAs, though they require the enrollment in a qualified high-deductible health plan. These dollars often can be directed into different investment accounts and used on a tax-favored basis in retirement. In 2007, individuals can deposit up to \$2,850 in their HSA, even if the minimum single person deductible of \$1,100 is selected. Insured individuals with family coverage can deposit up to \$5,650, even if the minimum family deductible of \$2,200 is selected.

**Check on education benefits:** Tuition for college or professional seminars is extremely valuable because it can help you advance in your career. If your company offers to pay for coursework of any kind – even courses taken strictly for fun – don't ignore that benefit. It might help you in your next job or a promotion with your current employer.

Employee benefits are an important component of your financial plan, and in two-income households, they should be coordinated. If you would like any assistance determining how your choices fit into your overall financial strategy, please contact us at 212.878.1760.

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