

# Young + Healthy = Why Should I Care About Benefits?

KU Room #222

7:10 – 7:55 PM

## As a result of this session, you will be able to answer these questions:

- What type of health insurance is best for me?
- Why should I begin investing in retirement from day 1?
- Why is it important for me to consider disability insurance?

## Key learnings from this session:

### Health Insurance

- Types of coverage to look for:
  - HMO (Health Maintenance Organization)- has a group of medical providers you must use to have coverage in the plan
  - PPO (Preferred Provider Organization) – has a group of medical providers to use for highest level of coverage, but may use non-participating providers and pay higher cost
  - CDHP with HSA (Consumer Directed Health Plan with Health Savings Account)- high deductible plan with a pretax account that can be funded by employee and employer to offset the deductible
  - HSA can be rolled forward from year to year to build up funds to cover expenses incurred down the road
- Examples of healthcare expenses:
  - Torn ACL repair surgery and recovery- Total cost \$7,000 (Out of pocket to employee with a \$500 deductible and 80% coverage = \$1,800)
  - Maternity expenses- Normal delivery total cost - \$13,000 ( Out of pocket to employee with same assumptions as above = \$3,000), Cesarean section total cost - \$15,800 ( Out of pocket to employee with same assumptions as above = \$3,560)
- Ancillary plans such as Dental and Vision should be considered based upon premium cost and need for such coverage
- FSA's (Flexible Spending Accounts) can be used to tax-shelter funds to cover out of pocket medical, dental and vision expenses and are a good thing to consider if you anticipate a lot of out of pocket costs

## Retirement Plans

- Take advantage of any employer “match” available as soon as you can
- Contribute as much of your paycheck as you can afford in order to reduce your current taxable income, as well as to take advantage of the compounding effect of pretax dollars
- See the attached example of compounding value of pretax contributions

## Disability Insurance

- No one expects to become disabled, but even in the short term a lack of income can be devastating
- Always sign up for the maximum disability coverage that you can through your employer; both short and long term disability are important
- Short term disability may be offered at no cost or minimal cost by your employer- sign up for the highest level possible
- Long term disability may be offered at no cost, minimal cost or shared cost by your employer- again, sign up for the highest level possible
- If this is not a benefit offered, consider purchasing coverage through an insurance broker

## **Additional resources:**

See the attached page on the compounding value of money in a retirement plan.

## **Speaker contact:**

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