

Benefits Glossary

A

Abutment

the tooth or root that supports a bridge or other structure to replace certain natural teeth.

Accelerated contributions (catch-up contributions)

for tax-sheltered annuity plans, extra contributions a participant may make in certain years to help make up for less than maximum contributions in previous years.

Accident insurance

coverage for bodily injury due to an accident.

Accidental death and dismemberment (AD&D) insurance

coverage for death or loss of a body part or function due to an accident.

Account balance plan (cash balance plan)

a type of defined benefit retirement plan that expresses an employee's benefit as an account balance growing at a pre-announced rate of interest. The company adds credits to the balance each year.

Accrued benefits

for a defined benefit retirement plan, benefits that a participant accumulates based on years of service, expressed as a dollar amount of benefit to begin at the plan's normal retirement age. For any other type of retirement plan, the accrued benefit is the balance in the participant's account.

Actively at work

the employee is present on the job, or otherwise meets the plan's requirements for being actively at work (such as, on a holiday, was actively at work on the last regularly-scheduled day).

Activities of daily living (ADLs)

activities such as dressing, feeding, and toileting, that a participant needs to perform for self-care. ADLs may help determine a participant's eligibility for benefits under a long-term care plan.

Acupuncture

the practice of piercing the body with fine needles to relieve pain, induce anesthesia, and treat illness and injury.

Acute care

treatment for a severe and short-term health problem.

Acupuncturist

a qualified provider who practices acupuncture.

AD&D

see accidental death and dismemberment.

Adoption assistance program

a program to reimburse employees for their eligible expenses to legally adopt a child. The program may cover expenses such as adoption agency and legal fees, pregnancy and hospital expenses of the birth mother, and immigration and naturalization expenses.

Adoption leave

leave of absence granted by a company due to adoption or placement of a child for purposes of adoption.

Adult care services

services to allow a disabled or elderly adult to function at home or in a center.

Advance notification

the advance notice an employee must give an employer when requesting a leave under the Family Medical Leave Act of 1993 (FMLA).

After-tax contributions

contributions to a qualified plan from an employee's pay after applicable federal, state and local taxes are withheld.

After-tax premiums

premium payments taken from an employee's pay after applicable federal, state and local taxes are withheld.

Age reduction schedule

under disability plans, the schedule showing when benefits stop or are reduced when the employee reaches a particular age, or combination of age and number of years disabled. ▲

Allergy testing/treatment

testing to determine the allergens to which a participant is allergic, and treatment to reduce sensitivity to that allergen.

Allocation

distribution of an amount. For example, an employer contribution may be allocated to the accounts of eligible employees, or a contribution may be allocated among available investment funds.

Allowable amount

the part of a provider's charge that is eligible for reimbursement (full or partial) by a plan.

Alternate payee

a spouse or former spouse with an interest in plan benefits under the terms of a Qualified Domestic Relations Order (QDRO)

Alternative care or alternative treatment

under some mental health and chemical dependency programs, alternative care is more intensive than outpatient treatment and less intensive than inpatient treatment. Examples may include partial hospitalization, residential treatment or care in a half-way house or group home.

Ambulance

a vehicle that transports patients with acute medical conditions and provides paramedic and stabilizing medical services.

Ambulatory care

services provided to an outpatient.

Ambulatory care facility

a facility providing outpatient services.

Anesthesia

local anesthesia involves administering agents to achieve the loss of conscious pain in a specific part of the body. General anesthesia involves administering agents to render the patient completely unconscious and without conscious pain response.

Anesthetic

a drug that produces loss of feeling.

Annual enrollment

the period of time a company designates each year in which an employee may make changes in enrollment for certain benefits.

Annuitant

a person entitled to receive payments under an annuity.

Annuity

a contract that provides income in periodic payments for a specific period of time, or payments made under such a contract.

Appliance

in dental plans, a device used to provide function or to heal. A fixed appliance is attached to the teeth. A prosthetic appliance replaces a missing tooth.

Appreciation

increase in an asset's value.

Arbitration

a process where independent persons, called "arbitrators" reach a decision that is binding upon disagreeing parties.

Asset

anything having commercial or exchange value and belonging to a person or organization.

Asset classes

classes of investments such as stocks, bonds, and money market instruments.

Assignment

assigning benefits to someone else. Generally, qualified plan benefits cannot be assigned to someone other than the employee or other participant. Exceptions include pension benefits affected under a Qualified Domestic Relations Order (QDRO), and some life insurance plans that allow the participant to assign the life insurance policy to someone else.

Assisted living facility

shared, supervised residence for those who cannot live independently.

Attained age

a person's age at his or her latest birthday.

B

Balance billing

the practice of charging full fees (over the covered amounts) and then billing the patient for the part of the bill (the balance) that the plan does not cover.

Bargaining contract

a contract under which all parties set the terms and conditions of the contract.

Before-tax contributions

contributions taken from an employee's pay before federal and most state and local taxes are withheld.

Before-tax premiums

premium payments taken from an employee's pay before federal and most state and local taxes are withheld.

Beneficiary

a person named by the participant to receive insurance or retirement plan benefits when the participant dies. Also, anyone who may receive benefits under an employee benefit plan.

Benefit duration period

a disability benefit plan may have a maximum length of time that benefits will be payable. The benefit duration period begins when the person has become disabled as defined under the plan and has met any waiting period, and ends when the maximum length of time to receive benefits is reached.

Benefit package

all the benefits offered by an employee benefit plan.

Bereavement leave

time taken off work due to a death.

Birth control pills and devices

pills and devices designed to prevent conception of a fetus, or to prevent implantation of a fertilized egg.

Birthday rule

in plans that follow the birthday rule, if two spouses are each covered by their own employer-provided health care plans, the plan covering the parent whose birthday falls first in the calendar year pays benefits first (is the "primary plan") regardless of which parent is older. If both parents have the same birthday, the plan that has covered the person the longest pays first.

Birthing center

some medical plans cover births at a birthing center, which provides prenatal, delivery and postpartum care, is staffed by certified nurse-midwives, and meets the plan's requirements as well as accreditation and state licensing.

Bitewing

a dental x-ray to show the teeth in the halves of the upper and lower jaw that are covered with enamel.

Blood

for medical plans that cover blood, the term may include whole blood, blood plasma, and other blood products.

Bond

an IOU from the issuer that entitles the holder to a specified sum of money, usually at regular intervals, and repayment of the principal loan amount when the bond matures.

Book value

for most assets, the value at which it is carried on the balance sheet. For a bond, the value of an original bond investment, plus interest.

Brand name drug

a drug that is patented and produced by only one manufacturer.

Break in service

an interruption in employment that affects the employee's benefits.

Bridgework

fixed bridgework is a partial denture held in place with crowns or inlays cemented to natural teeth, and used as an abutment. Fixed-removable bridgework can be removed by the dentist but not the patient. Removable bridgework is a partial denture held in place by attachments, which the patient can remove.

Burial

interment of physical remains.

Business travel accident insurance

coverage for an accident that occurs while traveling on company business.

C

Caesarian section

childbirth by surgical removal of the baby.

Cafeteria plan

an employee benefit plan that gives employees a choice among cash and one or more qualified benefits, such as health insurance, group term life and dental benefits.

Calendar year deductible

the deductible that applies for a plan that counts the deductible based on a calendar year.

Cardiac/pulmonary treatment

treatment of illness or injury affecting the heart and lungs.

Carryover deductible

a deductible that applies when a participant is eligible for continuation coverage under COBRA due to a "qualifying event" such as divorce or termination of employment. The carryover deductible is the deductible payable under the COBRA continuation coverage and that includes the part of the deductible satisfied before the qualifying event.

Cash equivalents

investments, such as money market funds and treasury bills, of such high quality and liquidity that they are considered virtually the same as cash.

Cash or deferred arrangement (CODA)

a plan under Section 401(k) of the Internal Revenue Code that allows employees to choose between receiving compensation, and electing to have that compensation contributed on their behalf to a qualified plan.

Cash value or cash surrender value

under group universal life insurance and other whole life insurance policies, cash value is the amount the insurer would

return to the policyholder if the policy were cancelled. Some policies allow loans against cash values.

Catch-up contributions

For 401(k) plans: Participants age 50 and over may be allowed to make contributions to the plan that are in excess of the annual contribution limit, depending on the rules of the plan. Annual catch-up limit for 2007 is \$5,000.

For Health Savings Accounts (HSAs): Participants age 55 or older are permitted contributions to the account that are in excess of the annual contribution limit. Contributions can be made each year until participants become enrolled in Medicare. Annual catch-up limits are:

2005 - \$600

2006 - \$700

2007 - \$800

2008 - \$900

2009 and later - \$1,000

Center of excellence

a facility named as a preferred place to have certain very specialized services performed, such as organ transplants.

Certificate of deposit (CD)

an IOU issued by a bank that usually earns interest. It may mature over a few weeks or many years.

Charitable deductions

amounts deducted from a paycheck to contribute to charitable organizations.

Chemical dependency

both alcoholism and drug dependency as classified by the International Classification of Diseases of the U.S. Department of Health and Human Services.

Chemotherapy

treatment of internal disease (primarily cancer) by drugs.

Childbirth

the act of giving birth to a child.

Chiropractor

a Doctor of Chiropractic (D.C.) who performs chiropractic services.

Chiropractic care or services

services provided by a chiropractor under a system of medicine based on the theory that disease is caused by malfunction of the nervous system, and that normal function can be restored by manipulation and other treatment.

Circumcision

surgery to remove the foreskin of a newborn male.

Civil litigation

a lawsuit in civil, rather than criminal, court.

Claim

for health care plans, a statement of services rendered by a health care provider for a given patient. The claim is submitted to the plan for payment.

Claims administrator

the company that reviews plan claims and determines whether to pay them.

Claim form

the form used to file for benefits under a health plan.

Claimant

the person who files a claim for benefits.

Claims procedure

the procedure under the Employee Retirement Income Security Act of 1974, as amended (ERISA) for filing claims under a qualified plan, and for requesting an appeal of denied claims.

COBRA

see the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

Codicil

an amendment to a will.

CODA

see cash or deferred arrangement.

Coinsurance

a cost-sharing method by which a health insurance plan pays a percentage of the provider's covered expense (often after a deductible is met) and the participant pays the rest. For example, the plan may pay 80% and the participant may pay 20%. In this case, the 20% is the participant's coinsurance.

Collective bargaining agreement or contract

a formal agreement over wages, hours and other conditions of employment entered into between an employer and one or more employee unions.

Commercial paper

short-term loans from 2 to 270 days, issued by top-rated organizations and often backed by bank lines of credit.

Common stock

units of ownership of publicly traded corporations.

Company match, company matching contributions

see match or matching contributions.

Compensation planning services

services to assist in compensation decisions such as whether or not to defer compensation.

Compensatory time cashout

overtime hours that are worked, then converted to paid time off, then cashed out rather than taken as time off.

Community leave

time off from the job to perform community service.

Compound interest

interest earned both on the principal investment and also on the previously-earned interest.

Conduit IRA

an individual retirement account set up to hold tax-deferred amounts from another employer's qualified plan.

Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (COBRA)

Federal legislation that governs the offer of temporary continued benefit coverage to participants who otherwise would lose coverage for certain reasons, such as termination of employment.

Consumer-Driven Healthcare (CDH)

Consumer-driven healthcare is characterized by accounts which participants use to fund everyday medical expenses not covered by their health care plan. With direct access to dollars to manage and spend on health care, employees learn to shop around and spend their money in a cost-conscious manner. These accounts are coupled with high deductible health plans that provide coverage for more serious medical problems. Consumer-driven healthcare also includes the use of online and other information resources, such as calculators and modeling tools, so participants can get the information they need to make health care decisions.

Consumer Price Index (CPI)

a measure of inflation based on relative prices at various times of a fixed market basket of goods and services.

Contingent annuitant

a person named to receive annuity benefits if the primary annuitant dies first.

Contingent beneficiary

the person named to receive death benefits only if no primary beneficiaries are living when the insured person dies.

Continued employment clause

a provision that requires an employee to remain employed in order for coverage to continue, or for an employee to be eligible for a contribution.

Controlled group company

a company of which the employee's company directly or indirectly owns 80% or more of the voting stock, or another company that is required to be considered a controlled group company under the Internal Revenue Code of 1986, as amended.

Conversion privileges

a privilege given to a participant to convert group insurance to an individual insurance policy, without evidence of insurability, upon termination of employment.

Coordination of benefits (COB)

a provision under a group health plan that clarifies the order in which plans will pay if a given person has coverage under more than one plan.

Copayment

a flat dollar amount that a participant pays for a certain medical service (such as an office visit) as the participant's share of the cost. Copayments may apply in addition to deductibles and coinsurance.

Cost of living adjustment (COLA)

an across-the-board change in wages or pension benefits to reflect the rise or fall in the cost of living as measured by an index such as the Consumer Price Index (CPI).

Covered dependent

a person other than the employee who is covered under an employee's health care plan.

Covered expense

an expense that meets all the rules to be covered by a plan.

Covered person

a person who is covered under a plan.

Covered provider

a service provider eligible to provide covered services and receive payment under a plan.

Credit rating

the result of a formal investigation into a person's or corporation's credit history, creditworthiness and ability to repay debts.

Credit union

a not-for-profit financial institution formed to serve members of a group.

Cremation

the process by which physical remains are converted to ash for dispersal or burial.

Critical care

health care provided to acutely ill patients during a medical crisis, such as in an intensive care unit or coronary care unit.

Crown

the part of a tooth covered by enamel.

Custodial care

services that could be rendered safely and reasonably by a person without special medical skills, or that are designed mainly to help the patient with daily living activities.

D

Daily benefit

the maximum amount of money a participant will be paid for each day covered services are received.

Death benefit

the payment made to beneficiaries upon the death of the participant.

Debenture

a bond secured only by the issuer's promise (not backed by specific collateral).

Debit card

Many HRAs and HSAs provide participants with a debit card to access the account funds when paying for services. When a participant receives a health care service and presents the card, the card debits the payment from the account. Participants can usually review these card payments online or on paper to keep track of their expenses.

Deductible

the amount of eligible expenses the participant may be required to pay each year before the plan begins to pay benefits for covered expenses.

Deductible carryover

a feature under some health care plans where covered charges incurred near the end of a year (such as in the last three months) may be carried over to be counted toward the next year's deductible.

Deferred compensation

compensation an employee elects to have contributed to a deferred compensation plan rather than receiving it as pay. Such a plan typically defers income tax on the deferred compensation until the employee withdraws it from the plan.

Defined benefit plan

a plan that is not an "individual account plan" under the law. A defined benefit plan has a definite formula by which the employee's benefits will be determined. In plans of this type, employer contributions are determined by actuaries.

Defined contribution plan (individual account plan)

a plan that provides for an individual account for each participant and for benefits to be the sum of amounts contributed to the employee's account, plus any investment return or forfeitures allocated to that account.

Dental plan

a plan designed to help participants with the cost of covered dental services.

Dental services due to accident

dental services performed due to an accident that injures teeth or their structures.

Dentist

a person licensed to practice dentistry. The term may also mean a physician who is authorized to perform a given dental service.

Denture

a device to replace missing teeth.

Department of Labor (DOL)

the department that administers the administrative and regulatory portions of ERISA.

Dependent care flexible spending account (dependent care FSA)

an employer plan that allows employees to set aside before-tax contributions from their paychecks to pay the cost of care for eligible dependents.

Dependent life insurance

insurance covering the life of an eligible dependent, such as a spouse or child.

Diagnostic services

services to determine the presence, cause or nature of a disease.

Direct roll-in

an amount the employee has transferred directly to the current company's retirement plan from a former employer's qualified plan or from a conduit IRA. A direct roll-in contribution generally does not require tax withholding.

Direct rollover

a payout of tax-deferred retirement plan money directly from the trustee of a qualified plan to the trustee of another qualified plan or an individual retirement account. A direct rollover does not incur taxes or penalties.

Disability

a condition that makes an employee incapable of performing some or all of the duties of his or her job. Plan definitions of disability vary.

Disability insurance

insurance against income lost due to the participant becoming disabled as defined by the plan.

Dismemberment

the loss, or loss of use of, a limb or function such as vision.

Diversification

dividing assets among several different investment types in an effort to reduce risk.

Dividends

earnings distributed to shareholders.

Domestic partner, domestic partnership dependent

a person who is unrelated to the employee by blood or marriage and is not legally married to the employee. Plans that provide coverage for domestic partners generally require certification of the partner.

Drug Utilization Review (DUR)

a system that reviews prescriptions to identify potential interactions with other drugs, and proposes alternative treatments.

Durable medical equipment

medical supplies that are not disposable such as wheelchairs, home hospital beds and kidney dialysis equipment.

E**EAP**

see Employee Assistance Plan.

Early distribution

a distribution taken from a pension plan before the participant reaches age 59-1/2 assuming the participant has not died or become disabled. Early distributions are generally subject to a 10% penalty tax.

Early retirement

when a participant retires after becoming eligible for a pension benefit but before reaching normal retirement date. Generally, the early retirement pension is a reduced percentage of the normal retirement pension.

Educational assistance program

a plan that allows employers to provide employees with tax-free assistance for eligible education expenses.

Effective date

the date coverage or plan participation begins.

Elapsed time method

a way of counting a participant's service that involves subtracting the hire date from the termination date.

Elder care

support for participants and their disabled or elderly relatives. This can include referral services and adult day care.

Elective care

care that can be postponed for the number of days defined by the health care plan without undue risk to the patient.

Eligibility period

the period of time that eligible participants can enroll in, without providing evidence of insurability.

Eligible adoption leave

time off due to adoption or placement of a child for adoption.

Eligible compensation

the part of an employee's pay used to determine a pay-based benefit.

Eligible dependent

a person other than the employee who is eligible to be covered under an employee's plan.

Eligible employee

an employee who is eligible to be covered under a plan.

Eligible expenses

expenses that meet all requirements to be covered under a plan.

Eligible rollover distribution

the part of a retirement plan payment that can be rolled over to an individual retirement account or to another qualified plan that accepts rollovers. Does not include dividends from an Employee Stock Ownership Plan, or after-tax contributions to a 401(k) plan.

Elimination period (waiting period)

the period of time an eligible participant must complete before being eligible to be covered under a plan. For a disability benefit, this is the period of time the person must be disabled as defined by the plan before disability benefits begin.

Emergency and short term child care services

employer-supported services designed to provide temporary care for a child when the child's regular caregiver becomes unavailable.

Emergency care

care in an emergency as defined under a health care plan. The plan's rules for preauthorizing care or for using network providers may be less strict in an emergency. Characteristics of an emergency often include sudden onset and symptoms severe enough that the lack of immediate attention could seriously harm the patient or cause severe pain. Mental health and chemical dependency plans often include potential harm to the patient or others in the definition of an emergency.

Emergency medical evacuation

emergency removal of a patient from one place to another for treatment (such as by helicopter) when either the patient's condition or the patient's location or situation do not permit timely transport by ambulance.

Emergency room

a hospital area equipped and staffed for the prompt treatment of acute illness, trauma, and other medical emergencies.

Employee Assistance Plan (EAP)

an employment-based plan designed to help employees cope with issues such as work/life balance, stress, family violence and grief. The plan may offer employees counseling assistance by telephone, and may also cover follow-up visits with counselors if needed.

Employee contribution

This is the amount an employee contributes toward an HSA. (Employees are not permitted to contribute to an HRA).

Employee coverage

Coverage that protects the employee only.

Employee Retirement Income Security Act of 1974, as amended (ERISA)

a sweeping federal statute that regulates most of the private benefit plans in the U.S.

Employee Stock Ownership Plan (ESOP)

a type of plan that encourages employees to own employer stock by distributing benefits in shares of stock.

Employer contribution

The amount an employer contributes toward an employee's HSA or HRA.

End stage renal disease

the stage of kidney dysfunction that is nearly always permanent, in which the patient needs dialysis or a kidney transplant to survive.

Endodontic therapy (root canal)

treatment of a tooth with damaged pulp. This may involve removing the pulp, sterilizing the pulp chamber and root canals, and filling those spaces.

EOB

see explanation of benefits.

EOI

see evidence of insurability.

Equities

ownership of property, usually stock.

ERISA

see Employee Retirement Income Security Act of 1974, as amended.

ESOP

see Employee Stock Ownership Plan.

Evidence of insurability (EOI)

proof of health, employment or other factor required before beginning or increasing insurance amounts.

Exclusion

something that is specifically not covered under a plan.

Exclusion allowance

a way to calculate how much compensation a participant can exclude from income and contribute to a tax sheltered annuity.

Executive retirement planning

retirement planning services for executives. May involve planning to accumulate assets for retirement or to time a retirement plan distribution.

Exercise period

for stock options, the exercise period refers to the period of time during which the owner of the options can use those options.

Exercise price

for stock options, the price at which the holder has the right to convert the options to stock.

Exercise programs

fitness programs generally for improvement of health.

Experimental or investigative treatment, drug or device

services and supplies not commonly approved by applicable government agencies, and not commonly accepted as standard practice at the time the service is given.

Explanation of benefits (EOB)

after a claim is filed with a health care company, the health care company sends this statement to the participant showing payment information for each service or supply received under the plan.

Extended care facility

an institution other than a hospital that provides inpatient medical services. Such a facility provides medical treatment and is not primarily for custodial care.

Eye exams

examinations to diagnose vision problems and determine a corrective prescription. May also include health screening for conditions such as glaucoma.

F**Fair market value**

price at which an asset or service changes hands, assuming an informed buyer and seller.

Family coverage

Health coverage that covers the employee and other family members.

Family deductible

a deductible met by the combined expenses of all covered family members.

Family Medical Leave Act of 1993 (FMLA)

an act that requires companies with more than 50 employees to provide up to 12 weeks of unpaid, job-protected leave for eligible employees who meet the service requirements and request leave for birth, adoption, foster care placement, and illness of the employee or a family member.

Fertility programs

treatment designed to increase the ability to conceive a baby, or to induce conception.

First dollar coverage

This is insurance coverage that pays the entire covered amount without requiring a deductible to be satisfied first. The high deductible health plans used as part of consumer-driven healthcare generally do not offer first dollar coverage, although some plans may provide it for preventive care services.

Fiscal year

a corporation's accounting year, which may or may not be a calendar year.

Fixed bridge

a device to replace a missing tooth or teeth that is cemented in the mouth. A fixed bridge is made up of one or more pontics held by one or more retainers attached to the abutment teeth.

Fixed income

steady income such as that from bonds, fixed annuities, or preferred stock.

Fixed match or fixed matching contributions

the fixed amount a company contributes to the employee's 401(k) account based on the employee's matched contributions.

Flexible benefit plan

a plan under Section 125 of the Internal Revenue Code that gives employees a choice between taxable benefits, including cash, and nontaxable benefit programs. Employees typically have say in the election of benefits, and may be able to add employee contributions for increased benefits.

Flexible spending account (FSA)

an account set up under an employer plan that allows employees to set aside pre-tax dollars from their paychecks to pay eligible expenses. There are two forms of flexible spending accounts: health care and dependent care.

FMLA

see Family Medical Leave Act of 1993.

Forfeiture

an amount an employee loses by terminating employment before becoming fully vested under the plan's vesting schedule. In flexible spending accounts, the amount an employee loses if any money remains in the account after the claims filing deadline.

Formulary

a list of prescription drugs that are approved for use in specific treatments and dispensed through network pharmacies to plan members. Plans may charge more for drugs not on the formulary, or may not cover them at all.

FSA

see flexible spending account.

G

Generic drug

a drug that does not have the trademark of the original manufacturer. It is chemically identical to and generally costs less than its brand name counterpart.

Grandfathered provisions

when a company changes a benefit plan, participants who were active participants in the plan before the change may remain covered under some provisions of the old plan, or may be given an option between the old provisions and the new provisions. The provisions of the old plan that carry forward for such participants are grandfathered provisions.

Grant

a grant generally refers to a grant of employer stock, or of options to purchase employer stock.

Group universal life plan (GULP)

group life insurance that combines two features: death benefit protection for named beneficiaries through term insurance, and an investment element that can create permanent insurance or accumulate money tax-deferred. Participation is voluntary and the employee pays the full cost.

Guaranteed issue amount

the amount of life insurance an individual can purchase for which no medical examination or health history is required.

H

Hardship withdrawal

a withdrawal of employee contributions from a 401(k) plan before the participant retires at age 55 or reaches age 59-1/2 and after meeting the plan's tests for financial hardship. Such a withdrawal is subject to ordinary income tax and a 10% penalty tax.

HDHP

see High Deductible Health Plan.

Health care flexible spending account (health care FSA)

an account an employee may establish to set aside before-tax contributions from each paycheck to pay eligible health care expenses.

Health Insurance Portability and Accountability Act of 1996 (HIPAA)

legislation that improves the availability of health insurance by restricting preexisting limitation clauses for those who change jobs, providing special enrollment rights to employees, and requiring data privacy and security of personal health information.

Health Maintenance Organization (HMO)

a network of hospitals, doctors and other medical providers who provide services through an HMO plan.

Health Reimbursement Arrangement (HRA)

An HRA is a fund that an employer sets up for its employees, which is used to reimburse employees for eligible health care expenses not covered by the employer's health plan. HRAs may be designed to cover any or all of the following expenses: coinsurance, copayments, deductibles, dental and vision charges, and premiums for health and long term care insurance coverage. Funds may also be rolled over from one year to the next, depending on plan design.

Health Savings Account (HSA)

An HSA is a personal account that an individual can establish to reimburse the individual for eligible health care expenses not covered by his or her health plan. Those expenses that can be reimbursed are those considered “qualified” by the IRS and include: coinsurance, copayments, deductibles, dental and vision charges. An individual must be enrolled in a high deductible health plan in order to establish an HSA. Once the individual’s expenses meet the plan deductible, the remaining eligible expenses are covered by the high deductible health plan according to its rules.

Employees and employers may contribute to the HSA. Funds that are not spent in any year can roll over to subsequent years and allow the participant to save for future expenses.

Hearing therapy/hearing aides

treatment or equipment to improve hearing.

High Deductible Health Plan (HDHP)

A plan with a large deductible, typically at least \$2,000. They are designed to treat extraordinary medical expenses and not everyday expenses. An individual must be enrolled in a high deductible health plan in order to establish an HSA.

Highly compensated employee (HCE)

an employee who earns more than a specific dollar amount established by the IRS. This dollar amount is adjusted from time to time for cost of living changes.

HIPAA

see Health Insurance Portability and Accountability Act of 1996.

HMO

see Health Maintenance Organization.

Home health care

some medical plans cover home health care that meets certain requirements. For example, such care may require precertification, a written treatment plan, and may require care to be provided by persons meeting certain requirements.

Home health care agency

an agency licensed by the state and accredited to provide services such as skilled nursing during visits to the patient's home.

Homeowner insurance

insurance on the value of the home and its contents.

Hospice

an organization licensed by the state to care for terminally ill patients.

Hospital

an organization licensed by the state to provide inpatient and outpatient care for diagnosis and treatment of illness and injury. It is not primarily for rest or custodial care.

Hours of service

hours for which the employee is paid, or entitled to be paid, by the company.

HRA

see Health Reimbursement Arrangement.

HSA

see Health Savings Account.

I

Immunizations

the process of making a person immune to a disease, generally by injection.

Impression

a negative reproduction of a given area. For example, an impression may be taken of a tooth in order to make an inlay or crown for that tooth.

In-network

when the participants choose to receive care from providers who participate in a network under the plan, this is considered receiving care "in-network." Some plans have a "gatekeeper" who must authorize all care to have that care covered at in-network levels under the plan.

In-service withdrawal

a withdrawal from a plan account while the employee is working for the company.

Indemnity plans

group health insurance plans that generally allow the patient to use any covered provider for plan services. Generally, the participant pays the full cost of services until a deductible is met, then the participant and the plan share the costs.

Index fund

an investment fund that holds investments that mirror the investments tracked by a major index, such as the Standard and Poor's 500.

Individual deductible

the deductible that must be met by an individual participant.

Individual retirement account (IRA)

an account that allows individuals to set aside money for retirement. Income limits, and whether they are covered under another qualified retirement plan, determine whether contributions can be made pre-tax. Investment return is tax deferred until withdrawal. Ordinary income tax must be paid upon withdrawal, as well as a 10% penalty tax on amounts withdrawn before age 59-1/2.

Individual underwriting

a process of determining an applicant's individual eligibility for insurance. This differs from group underwriting, where newly eligible plan participants generally are not reviewed on an individual basis for insurability.

Infant age increase schedule

some dependent life insurance programs increase the insurance coverage amount for infants at different ages. For example, one coverage amount may be available from birth to two days, another until the end of two weeks, and another beyond age two.

Inflation protection

a feature to adjust benefits to reflect changes in the cost of living as measured by an index.

Informal care

in a long-term care plan, informal care is generally assistance with basic living needs that does not need to be provided by a specially-trained person or in a formal setting.

Inlay

a restoration made to fit a prepared tooth cavity and then cemented into place.

Inpatient

a patient confined in a hospital or other health care facility as a registered bed patient for the number of hours defined by the plan, and who incurs room and board charges.

Inpatient care

care received while an inpatient.

Inpatient facility

a facility (such as a hospital) that provides inpatient care.

Inpatient surgery

surgery performed while a person is an inpatient in a hospital (a registered bed patient incurring room and board charges).

Integration with Social Security

a plan where the benefits are integrated with the Social Security benefit. With an integrated plan, employees earning more than the Social Security taxable wage base receive greater contributions to reflect the fact that Social Security benefits are not provided based on pay over that amount.

Interactive voice response

an interactive phone system that provides benefit information and/or accepts transactions.

Intermediate care

for a long-term care program, the level of care that lies between the skilled care that would be provided in a hospital or skilled nursing facility, and purely custodial care.

Intermittent leave

a form of leave under the Family Medical Leave Act taken in separate blocks of time (not as one continuous leave of absence).

International fund

an investment fund with at least two-thirds of its assets invested in equities of companies outside the U.S.

Intestate

a person dies intestate when he or she dies without a will.

Investment

use of money in an effort to create more money.

Investment management services

services to allocate assets among various available investments.

Investment option

A financial vehicle that is used to invest the funds of a participant. Health Savings Accounts (HSAs) allow the individual to invest the account funds in various options: typically, some type of cash or savings account, bonds, stocks or mutual funds.

IRA

see individual retirement account.

J**Joint and 50% survivor annuity**

the automatic payment method under some retirement plans if the employee is legally married when benefit payments begin. It provides the employee with monthly payments for life, reduced based on the ages of both the employee and the spouse when payments begin. If the employee dies before the spouse, the employee benefits will stop and the spouse will receive 50% of the reduced payments for life.

Joint and 100% survivor annuity

the automatic payment method under some retirement plans if the employee is legally married when benefit payments begin. It provides the employee with monthly payments for life, reduced based on the ages of both the employee and the spouse when payments begin. If the employee dies before the spouse, the employee benefits will stop and the spouse will receive 100% of the reduced payments for life.

Jury duty

time off from work when called to serve on a jury.

K**Keogh (HR-10) plan**

a pre-tax retirement savings program for small-business owners and self-employed people. Keogh plan participants postpone tax on both contributions and earnings while their money remains in the plan.

Kidney disease, end-stage

failure of the kidneys. A person with end-stage kidney disease qualifies for Medicare before reaching the usual Medicare eligibility age of 65. A Medicare-eligible participant should review how Medicare works with any employer-sponsored health care coverage.

L**Lawful spouse**

a person recognized as the lawful husband or lawful wife of an active employee under the laws of the state or jurisdiction where the employee lives.

Leave year

the twelve-month period a company uses for measuring leave taken under the Family Medical Leave Act.

Liability insurance

insurance that pays benefits to an injured party on behalf of a covered party that is legally responsible for the harm to that person or property.

Lifetime maximum

the most a plan will pay in benefits for a covered person.

Limit

a minimum, maximum, or other limitation.

Living needs benefits or living benefits

a life insurance plan may give policyholders access to part or all of their insurance benefit while still living, such as if they become terminally ill.

Living trust

a trust established while the donor of the trust assets is alive (as opposed to a testamentary trust, that is established at death).

Living will

a document that instructs doctors on wishes about issues such as use of life support systems and pain relieving medication for a person who has a terminal condition.

Loan

an amount borrowed under plan rules.

Long-term care

services needed by people with chronic health conditions.

Long-term care insurance

coverage to pay part or all of long-term care costs.

Long-term disability

a significant period of disability as defined by a long-term disability plan.

Long-term disability (LTD) plan

a plan designed to provide disability benefits to an employee after the employee meets the plan's disability requirements and waiting period, until the employee is no longer disabled or reaches the age limit for benefits.

Loss of a body part or function

a loss as defined by an accident plan. For example, for the plan to pay upon "loss of a hand," the plan may require that the hand be completely severed at or above the wrist joint.

LTD plan

see long-term disability (LTD) plan.

Lump-sum distribution

payment of an employee's entire vested benefit from a retirement plan after leaving the company in a single sum. Depending on the type of plan, this may be the vested account balance or the present value of a future vested benefit. Not all plans allow a lump-sum benefit at termination.

M

Mail-order drug program

filling of prescriptions by mail through a mail-order pharmacy. Plans often offer substantial savings for mail-order prescriptions, especially for long-term therapy such as blood pressure medication.

Managed care

health care cost containment through coordination of care through primary providers, use of provider networks, utilization review, preauthorization of services, and other means.

Match or matching contributions

the amount a company contributes to the employee's 401(k) account based on the employee's matched contributions.

Matched contributions

contributions an employee makes to a 401(k) plan that are eligible for matching contributions by the company.

Maternity

motherhood.

Maternity care

maternity care may include prenatal care (exams during pregnancy), childbirth, certain routine nursery care for a newborn, and postpartum care.

Maximum annual benefit

the maximum dollar amount of benefits a plan will pay for a given person in a year.

Maximum lifetime benefit

the maximum dollar amount of benefits that will be paid for a given person under a plan.

Medical certification

the documentation that may be required when an employee requests a leave under the Family Medical Leave Act for medical reasons.

Medically necessary

care that meets the plan's requirements of medical necessity. The definition often includes that the care must be appropriate, based on recognized standards of care, and not experimental or investigational.

Medicare

a federal plan administered by the Social Security Administration to pay certain medical expenses for those who qualify.

Mental health and chemical dependency professionals

caregivers with the education, certification, and licensing required by the mental health and chemical dependency plan.

Mental illness

a condition meeting the plan's definition of mental illness. This may include reference to the International Classification of Diseases by the U.S. Department of Health and Human Services, or to generally accepted standards.

Money market

the general market for short-term debt instruments including commercial paper, Treasury bills and CDs. A money market fund invests in these instruments.

Money purchase plan

a type of individual account plan in which the employer's contributions are made for specific individuals as defined by the plan (usually as a percentage of pay). Benefits are determined based on the amount that can be purchased with the money in the participant's account from contributions and investment return.

Morbid obesity

obesity that has become a direct and immediate threat to a person's life.

Mutual fund

a fund created by an investment company by raising money from shareholders and investing it in an effort to meet the fund's objectives. Mutual funds generally offer greater diversification, lower risk, and lower management fees for a given amount invested than investing the same amount in a single stock or bond.

N

Negotiated fees

the fees negotiated between a network and its providers. Generally, the providers agree to accept fees lower than those typically charged by doctors and hospitals.

Network

a group of providers in a given area who contract with a health care plan to provide care at discounted rates.

No-load fund

a mutual fund that charges no sales charge to its shareholders.

Nonassignability

generally, qualified plan benefits cannot be assigned to someone other than the employee or other participant. Exceptions include pension benefits affected under a Qualified Domestic Relations Order (QDRO), and some life insurance plans that allow the participant to assign the life insurance policy to someone else.

Nonformulary

drugs that do not appear on the plan's formulary list.

Normal retirement age

under a retirement plan, the normal age for full benefits to begin. Since full Social Security benefits are currently available at age 65 for most retirees, although it will gradually rise to age 67 in 2027, age 65 is often the normal retirement age.

Normal retirement date

under a retirement plan, the normal date for full benefits to begin. It may be based on a number of years of age or a combination of age and service.

Notice period

the lead time a company requests before a leave under the Family Medical Leave Act can begin.

Nursing home

a licensed facility that provides skilled nursing care but does not meet Medicare's definition of a "skilled nursing facility."

Nutritional counseling

some medical plans cover nutrition education and planning for a duly certified nutritionist to help manage a newly diagnosed or newly deteriorating medical condition such as diabetes that may be partially controlled by diet. Such counseling is generally not covered for general health or wellness, or weight loss or gain objectives that are not associated with a diagnosed illness.

O**Occupational illness or injury**

health problems caused by work or work conditions.

Occupational therapy

treatment after illness or injury to increase a patient's use of fine motor skills needed in daily living.

Office visit

a personal visit between a physician and a patient in an office or hospital.

Old-Age, Survivors, Disability and Health Insurance (OASDHI)

U.S. Social Security benefits.

Onlay

a restoration that covers the entire biting surface of a tooth, such as to replace a lost part of a tooth or to improve occlusion (bite) by increasing the height of a tooth.

Open enrollment

the period of time a company designates each year in which an employee may make changes in enrollment for certain benefits.

Open matter

in legal services plans, an open matter is a matter on which a participant has consulted an attorney and the attorney has begun to represent the participant.

Option

a contract giving the holder the right (but not the requirement) to exercise an option to buy or sell at a particular price. Employers sometimes grant stock options to employees giving them the right to buy employer stock at a given price (the exercise price).

Oral surgery

surgery of the mouth, such as removal of an impacted wisdom tooth.

Organ donation

the donation of an organ or bone marrow from a living or dead person. Costs for the donor and the recipient may or may not be covered under a medical plan. Such services generally require preauthorization, and may need to be performed at a special center, sometimes called a Center of Excellence.

Orthodontics, orthodontia

dentistry to detect, prevent, and correct abnormalities of the position of teeth (straightening teeth).

Orthotics

medical equipment designed to support a weak or nonfunctioning body part.

Other coverage

To establish an HSA, participants cannot have “other coverage” such as being covered under a spouse’s plan, or other individual coverage. The only coverage they can have is under a high deductible health plan (HDHP). However, a participant can be covered under dental, vision or long term care coverage, or coverage that pays a fixed dollar amount for a disease or for a period of hospitalization, and still establish an HSA; these items are not considered “other coverage.”

Out-of-area benefits

for health care plans featuring in-network and out-of-network benefit levels, the out-of-area benefits are those available to participants living outside the network's service area.

Out-of-network provider

a health care provider that does not participate in a health care provider's network.

Out-of-network care

care provided by a health care provider who does not participate in a health care company's network.

Out-of-pocket maximum

A participant’s out-of-pocket costs under a health insurance plan refer to those costs for which an employee is not reimbursed through the insurance. Generally, this includes the deductible, copayments, coinsurance amounts and costs that exceed the plan’s reasonable and customary charges. Health insurance plans have a cap, referred to as the out-of-pocket maximum, that limits the amount of out-of-pocket expenses that a participant has to pay each year. High deductible health plans that work with an HSA are subject to specific out of pocket limits: \$5,250 for employee coverage, and \$10,500 for family coverage in 2006 (limits are changed annually).

Outpatient

a patient who is treated in a hospital or other health care facility for fewer than the number of hours defined by the plan for an inpatient, and who does not incur room and board charges.

Outpatient care

care provided to an outpatient (not overnight care).

Outpatient diagnostic services/treatment

care to diagnose injury or disease provided to an outpatient.

Outpatient facility

a treatment or diagnosis facility that is licensed and staffed but does not provide overnight inpatient care. Examples include laboratories, outpatient surgical centers, birthing centers, urgent care facilities and outpatient rehabilitation facilities.

Outpatient surgery

surgery performed on an outpatient.

Overbite

the vertical overlap of the upper teeth over the lower teeth.

Overjet

the horizontal overlap of the upper teeth over the lower teeth.

P

Paid-up life insurance

life insurance protection that has been paid in full, with no additional premiums required to continue it.

Partial denture

a device to replace some, but not all, natural teeth, to be supported by the teeth or gums. It may be removable or fixed and on one or two sides.

Partial disability

a disability that prevents a person from performing some of the functions of his or her regular job.

Participating pharmacy

a pharmacy participating in the plan's network.

Paternity

fatherhood.

Payment method

for a retirement plan, the method the participant selects for receiving plan benefits.

Payout events

events at which retirement benefits are payable. These could include disability and death as well as retirement or other termination of employment.

PBGC

see Pension Benefit Guaranty Corporation.

PCP

see primary care physician.

Pedodontics

dentistry for children.

Pension

periodic payments.

Pension Benefit Guaranty Corporation (PBGC)

an entity established under ERISA to guarantee certain benefits for participants in defined benefit plans of companies with over 25 participants.

Pension plan

a type of retirement plan that provides a set amount of benefit, or a set formula to determine the amount of benefit. The contributions needed to provide the specific benefits can be determined actuarially. ▲

Periodontics

dentistry dealing with the periodontium - the bone and tissues supporting the teeth.

Permanently and totally disabled

disabled as defined by a plan in a manner that is expected to continue for life.

Personal leave

time off from work for personal reasons.

Physical therapy

treatment after illness or injury to increase a patient's use of large-muscle motor skills needed in daily living.

Physician

a doctor licensed by a state to practice medicine. Some plans cover the services of providers who are not physicians.

Podiatry

care of the foot.

Point-of-service (POS) plan

a type of medical plan that generally provides a higher level of coverage, and may require less paperwork, when the participant coordinates care through his or her primary care physician (PCP).

Policy loan

loan from an insurance company secured by a policy's cash value or cash surrender value.

Pontic

the part of a fixed bridge suspended between the abutments and which replaces a missing tooth or teeth.

Portability

the ability to keep a benefit policy in force after termination of employment, or to retain a vested retirement plan benefit.

POS plan

see point-of-service plan.

PPO

see preferred provider organization.

PPO plan

see preferred provider organization (PPO) plan.

Precertification

the process by which a medical plan participant seeks advance review of certain types of care and learns what benefits

the plan would pay. Some plans require precertification for certain types of care, such as surgeries. Such plans may limit coverage, or even deny benefits, if this precertification is not obtained.

Predetermination limit

some dental plans suggest that the participant and the dentist file a "predetermination of benefits" for planned dental care expected to cost more than a certain amount. The suggested amount is the predetermination limit. This tells the participant in advance how much the plan will cover, and advises the patient of alternative forms of treatment.

Predetermination of benefits

a participant and a dentist file a "predetermination of benefits" for planned dental care expected to cost more than a certain amount. The suggested amount is the predetermination limit. This tells the participant in advance how much the plan will cover, and advises the patient of alternative forms of treatment.

Pre-existing conditions

conditions that existed before the participant's coverage began. Some plans do not pay benefits for pre-existing conditions.

Preferred provider

a provider who has a contract with the plan to participate in the network. The contract includes provisions to accept the reasonable and customary charge or allowable amount for a given service as the full fee.

Preferred provider organization (PPO)

a network of medical care providers who have agreed to provide services at negotiated rates and have a contract with the plan.

Preferred provider organization (PPO) plan

a type of medical plan that features a network of preferred providers. When you elect to receive care from providers in the network, the plan generally provides a higher level of coverage, and may require less paperwork.

Pre-retirement survivor annuity

protection that provides the employee's spouse with a monthly annuity if the employee dies after leaving the company but before benefits begin.

Prescription drugs

drugs dispensed by written direction of an authorized person.

Pre-tax contributions

see before-tax contributions.

Pre-tax premiums

see before-tax premiums.

Present value

the value today of a future payment, or stream of payments. This is determined by discounting the future amount at some rate of interest.

Preventive care

care that is intended to prevent the onset of a condition rather than treat an existing condition, such as routine health checkups, routine well child care, and immunizations. If a high deductible health plan is used with an HSA and covers preventive care, the IRS permits the plan to cover preventive care services before the participant meets the deductible.

Preventive dental services

care to maintain oral health. May include examinations, cleaning, and bitewing x-rays.

Primary beneficiary

a person named by the participant to receive insurance or retirement plan benefits when the participant dies. If no

primary beneficiaries are living when the insured person dies, benefits will be paid to the contingent beneficiary.

Primary care physician (PCP)

some plans require a participant to name a primary care physician—usually a family doctor, internist or pediatrician—to coordinate all medical care. The PCP manages the participant's health care by serving as a main caregiver, and when necessary by referring the participant to another network provider for care. Some plans allow women to name one primary care physician for most care as well as an Ob/Gyn.

Private duty nursing

services provided in the patient's home by a private duty nurse who is licensed and certificated.

Profit-sharing plan

an individual account plan a company provides to allow employees or their beneficiaries to participate in its profits. The plan must have a set formula for allocating the contributions among the participants.

Prosthesis

for medical plans, a device designed to partially compensate for the loss of a body part, such as an artificial arm, leg, eye, or portion of an internal bodily organ. For dental plans, an artificial replacement of one or more natural teeth or associated structures.

Prosthetics

an artificial substitute for a missing body part.

Prosthodontics

appliances to restore oral function.

P.S. 58 costs

the annual cost of life insurance protection provided by a retirement plan that is included in a participant's taxable income.

Q

Qualified beneficiary

participants who are eligible for group health plan continuation coverage under COBRA due to their participation on the day before a qualifying event.

Qualified Domestic Relations Order (QDRO)

a court action that requires payment of part or all of an employee's retirement benefits to be paid to meet a property settlement agreement, alimony, or child or dependent support payments, and that is determined to be "qualified" under the Internal Revenue Code of 1986.

Qualified Medical Child Support Order (QMCSO)

a court action that requires coverage for a participant's child, and that is determined to be "qualified" under the Internal Revenue Code of 1986.

Qualifying event

an event that entitles a participant to continue, under COBRA (the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended), group health coverage that would otherwise end. Examples include termination or change of employment for the employee or spouse, annulment or divorce, or death of a covered employee.

R

Radiology

x-rays.

Reallocation

redistributing assets among options.

Reasonable and customary charge

the fee for a product or service that is usually charged most patients for a similar service performed by similar providers within a geographic area.

Reduced-hour leave

some companies' FMLA policy allows an employee to return to work from an FMLA leave on a part-time basis, or to take the FMLA leave as a reduction in the number of hours worked per day or per week.

Rehabilitation

services such as those provided by a physical, speech or occupational therapist as part of recovery from injury or illness. This may also refer to long-term disability plans that continue some financial assistance while a person seeks rehabilitation.

Residential treatment

a type of care provided under some plans. Care is provided 24 hours a day, under the supervision of medical professionals, and is generally less intense than the care provided in a hospital.

Respite care

short-term care provided in a patient's home to give the primary caregiver time off, or short-term child care to provide a break for a parent.

Restoration

for dental plans, any inlay, crown, bridge, partial or complete denture to restore or replace teeth or tissue. The term applies to the end result of repairing and restoring structure and function.

Restorative services

for a dental plan, services to restore healthy teeth, such as fillings, inlays and onlays.

Restorative surgery

surgery to restore an area seriously injured in an accident, to correct a birth defect that causes a functional disability, or to restore breast tissue which was surgically removed in response to an illness. Where there has been breast disfigurement for a female participant or covered dependent due to illness, surgery or mastectomy, legislation requires certain plans to cover reconstructive surgery on the other breast.

Roll-in contribution

a distribution an employee received from a former employer's qualified plan, or withdrew from a conduit IRA, and deposited in a qualified retirement plan with the current company that accepts rollovers.

Rollover

payment of all or part of an eligible rollover distribution from a plan to an IRA or to another employer's qualified plan that accepts rollovers.

Root canal

see endodontic therapy.

S

Salary replacement percentage

some plans, such as disability benefit plans, are designed to replace a percentage of the participant's salary.

Second opinion

a second physician's opinion concerning the need for a service, such as surgery, recommended by your physician. This may also include a third physician's opinion if the second opinion conflicts with the first opinion.

Secondary beneficiary

see contingent beneficiary.

Securities and Exchange Commission (SEC)

the organization of the U.S. government that administers laws dealing with securities and protection for investors.

Service

the company may use an employee's service to determine eligibility for benefits, vesting, or benefit amounts.

Service area

for a plan featuring networks of providers, the geographic area serviced by the network.

Short-term investment

an investment that matures in one year or less.

Short-term military service

military service by a participant that is considered short-term by the plan.

Sick child care

special day care designed for children sick enough that their usual care provider will not accept them.

Sick leave

time off, generally paid in full, due to illness or injury. Generally sick leave is for a certain maximum number of days, and may be followed by short-term and long-term disability benefits.

Sick leave cashout

some companies allow an employee to cash out accrued but unused sick leave at the end of a year, or at termination of employment.

Single coverage

health coverage that covers the employee only; also called "employee coverage."

Single life annuity

a form of retirement benefit that provides monthly payments to the employee for life, with no benefits payable after the employee dies. For some plans this is the automatic form of benefit for single employees, and available to married employees with the spouse's signed, notarized consent.

Skilled care

24-hour nursing or rehabilitative care that can only be provided under the direction of skilled medical professionals.

Skilled nursing facility

a facility that is licensed and accredited to provide inpatient skilled nursing care.

Social Security

federal program of old age and survivor benefits covering most employees and their eligible dependents. The benefits are paid by the OASDHI.

Social Security integration

see integration with Social Security.

Social Security offset

some programs, including some pension and long-term disability plans, are designed to provide a certain level of total benefit, including expected Social Security benefits.

Speech therapy

treatment after illness, injury or birth defect to restore a patient's communication abilities.

Spousal consent

if a married participant under a qualified retirement plan wants to elect a form of benefit other than the automatic form, or to name a beneficiary other than the spouse, this requires signed consent from the spouse, witnessed by a notary public or a plan representative.

Spousal IRA

an individual retirement account that can be established for a non-working spouse.

Status change

changes that, under federal regulations, permit an employee to make corresponding changes in enrollment for certain benefits at times other than the annual open enrollment period. Such changes include a change in:

- >Eligibility (a child reaches the limiting age for coverage, gets married or leaves school)
- >Employment (beginning or termination of employment or change in work schedule by the employee, a spouse or child)
- >Marital status (marriage, death of spouse, divorce, legal separation or annulment)
- >Number of family members (birth, adoption or placement for adoption, or death)
- >Residence or worksite (to move outside a plan's service area)

Stock

ownership in a corporation, held as shares that are each a claim against the corporation's assets and earnings.

Stockholder

someone who holds one or more shares of stock, or ownership in a corporation.

Stock options

options to buy or sell stock at a particular price called the exercise price for a specified period of time (called the exercise period). When a company grants stock options to its employees, the exercise price is generally at or below the market price at the time the options are granted.

Stock purchase plan

a qualified stock purchase plan is an organized program for employees to buy shares of company stock. It may allow employees to set up periodic deductions to purchase stock, and/or may allow them to purchase additional shares with dividends. The employer may contribute, or offer stock at a fixed price (usually below market value). A nonqualified program allows select employees to purchase stock. They must meet eligibility requirements and hold the stock for a set period of time.

Stock split

an action by a corporation that results in more outstanding shares of its stock but does not change ownership. For example, if there are 10 million shares outstanding and the stock is trading at \$50 per share, a 2-for-1 stock split would result in 20 million shares outstanding at \$25 per share. A person who held 5 shares valued at \$250 before the split would hold 10 shares, still valued at \$250, after the split.

Stock symbol

the letters used to identify corporations at the stock exchanges where their stock is traded (such as XON is Exxon). The letters may be the same as or different from the letters used in newspaper listing.

Subrogation

a company's right to recover benefits paid in a lawsuit if the injury was the fault of another. For example, suppose a medical plan pays a participant's expenses due to injury in a car accident, and later the participant receives a settlement from the driver at fault. The medical plan can recover certain benefits from the participant.

Substance abuse or chemical dependency

both alcoholism and drug dependency as classified by the International Classification of Diseases of the U.S.

Department of Health and Human Services.

Summary Annual Report (SAR)

participants are entitled to this annual report on the financial strength of a qualified benefit plan.

Summary of Material Modifications (SMM)

participants are entitled to this summary when a benefit plan makes material changes.

Summary Plan Description (SPD)

a document that ERISA requires be made available to participants and beneficiaries (and the DOL upon request). It must summarize the benefit plan in an easy-to-read format and cover key plan provisions.

Supplemental Executive Retirement Plan (SERP)

a nonqualified plan that allows employers to offer higher benefits to highly paid employees.

Surgery

a branch of medicine that treats injuries, deformities and illness through operative methods.

T

Takeover

change in the controlling interest of a corporation. The takeover may be friendly (often called an acquisition) or unfriendly (often called a hostile takeover).

Tax-deferred

an investment that postpones taxation on earnings until the money is withdrawn. Examples include individual retirement accounts, 401(k) plans, and tax sheltered annuities (TSAs).

Tax preparation services

services to prepare participants' tax returns.

Tax sheltered annuity plan (also called a TSA or 403(b) plan)

a plan under Section 403(b) of the Internal Revenue Code that allows employees of certain charitable and educational institutions to choose between receiving compensation, and electing to have that compensation contributed on their behalf to a qualified plan.

Taxable wage base

the Social Security wage base, or the maximum amount of earnings that are considered wages for that year in calculating Social Security benefits and determining Social Security taxes.

Ten-year certain annuity

a form of retirement benefit that provides monthly payments for life, with payments guaranteed for at least 10 years. The payments are reduced by a percentage based on your age when benefits begin. If the annuitant dies before all guaranteed payments are made, the designated beneficiary or estate will receive payments for the rest of the 10-year "certain" period.

Term life insurance

insurance for a specific period of time that provides only a death benefit (does not have an investment feature to accumulate cash values the way whole life insurance does). Premiums are generally much lower than for cash value life insurance, and also generally increase each year.

Thrift plan

an individual account plan that allows employee contributions on an after-tax basis, and generally features some matching contributions by the employer.

Tobacco use

some plans charge different premiums or provide different levels of benefits depending on whether the participant is a tobacco user. See the plan for the definition, including the length of time the participant must be tobacco-free and whether tobacco use includes snuff and chewing tobacco as well as cigarettes, cigars and pipes.

Top-heavy plan

a qualified plan that has more than 60% of its benefits allocated to key employees as defined by the plan.

Topical

on the surface. In dental plans, this refers to painting the surface of teeth, such as in fluoride treatment, or applying an anesthetic to the gum surface.

Totally disabled

disabled as defined by the plan.

Trauma

injury; generally, serious and life-threatening injury requiring emergency treatment.

Treasuries

negotiable securities of the U.S. government, backed by the full faith and credit of the government. Treasuries provide investment return that is exempt from state and local income taxes but subject to federal income tax.

Treasury bills

short-term negotiable securities of the U.S. government issued with terms of a year or less and sold at public auction at a discount in face amounts of at least \$10,000. Treasuries are backed by the full faith and credit of the government, and provide investment return that is exempt from state and local income taxes but subject to federal income tax.

Treasury bonds

long-term negotiable securities of the U.S. government issued with terms of 10 years or longer and in amounts of at least \$1,000. Treasuries are backed by the full faith and credit of the government, and provide investment return that is exempt from state and local income taxes but subject to federal income tax.

Treasury notes

negotiable securities of the U.S. government with maturities of from 1 to 10 years. Amounts may range from \$1,000 to over \$1 million. Treasuries are backed by the full faith and credit of the government, and provide investment return that is exempt from state and local income taxes but subject to federal income tax.

TSA

see tax sheltered annuity plan or 403(b) plan.

U**Ultrasound**

use of high-frequency sound waves to obtain medical information that cannot be gotten by x-rays. Often used to monitor the development of a fetus.

Uncontested adoption

an adoption in which all parties agree.

Uncontested guardianship

a guardianship proceeding in which all parties agree.

Universal life insurance

a flexible form of life insurance in which the policyholder may change the amount of death benefit (with evidence of insurability for increases), the amount of premium payments, and when premiums are paid.

Unmatched contributions

contributions the employee makes that are over an employer's matched contribution limit.

Urgent

a medical condition with symptoms severe enough that postponing care for more than a given number of hours, such as 48, could seriously harm the patient as defined by the plan.

Urgent care

treatment for an urgent situation.

Utilization controls or features

features designed to control costs and reduce unnecessary care.

V**Vacation accrual/accrued balance**

vacation time an employee has earned but not used.

Vacation accrual schedule

the schedule under which an employee earns vacation time.

Vacation buy or vacation purchase

a plan that allows a participant to buy additional paid vacation time with company consent.

Vacation carryover

the maximum amount of accrued vacation a company allows an employee to carry over from year to year.

Vacation exchange plan

a plan that allows a participant to buy or sell paid vacation time with company consent.

Vacation sell plan

a plan that allows a participant to sell paid vacation time with company consent.

Vaccinations

see immunizations.

Variable match or variable matching contributions

the variable amount a company may contribute to the employee's 401(k) account, in addition to the fixed match, based on the employee's matched contributions.

Variable life insurance

a form of life insurance with steady premiums but a death benefit that fluctuates (above a guaranteed minimum) with the value of investments backing the contract.

Variable universal life

a form of life insurance with the flexibility of universal life insurance premiums and the investment features of variable life insurance.

Vested

benefits that have become fully owned by the participant.

Vesting

the employee's ownership of retirement plan money. The employee is always 100% vested in employee contributions and roll-in contributions plus any investment earnings on those amounts.

Vesting service

for retirement plans with company contributions, the percentage of an employee's benefit that is "vested" (that the employee owns even if he or she stops working for the company) is determined based on the employee's vesting service.

Voice response system (VRS)

an interactive telephone system that provides benefit information and/or accepts transactions.

W**Waiting period**

see elimination period. Also refers to the days between the filing of a registration for a security with the SEC, and when the security can be legally offered to the public.

Waive

to give up a known right on purpose. For example, a participant eligible for certain benefits may have the option to waive those benefits.

Well-baby care

medical care such as checkups and immunizations provided for a healthy baby.

Wellness

Wellness includes the idea of being healthy—that is, without illness—and combines it with the emotional and social aspects of health, to emphasize an overall sense of well-being and holistic health. Consumer driven health plans emphasize wellness to make employees focus on keeping themselves well and thus avoid medical procedures.

Wellness (health promotion) programs

a range of programs to promote good health and safety among employees.

Whole life insurance

life insurance that provides death benefit coverage but also includes an investment feature and accumulates cash values. Unlike term insurance, for which annual premiums generally increase with age, whole life insurance generally has level premiums for the length of the policy.

Will

a document a person drafts to direct the disposition of assets to be made at his or her death.

Withdrawal

a distribution from a retirement plan account.

Witness duty

time off work to serve as a trial witness.

X**X-rays**

radiation of extremely short wavelength that can pass through various solids. X-rays are used to diagnose, photograph, and even treat certain medical conditions. While a patient's exposure to radiation while an x-ray is being taken is quite low, body parts not being x-rayed may be shielded.

Y**Year of service**

some plans determine an employee's eligibility for participation, vesting, or benefit amounts based on the employee's service. See the plan for the definition of a year of service.

Yield

return on an investment.

Z

Zero-coupon bond

a bond that is purchased for less than its face amount, that pays no interest until maturity, and that is redeemed at its maturity date for its full face value. For example, a \$1,000 five-year zero coupon bond might be purchased for \$700 and held for a 5-year maturity, at which time it would be redeemed for the full \$1,000. Because a bond's coupon rate is the rate of interest the bond pays before maturity, this type of bond has a coupon rate of zero.

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401(k) plan (also called a cash or deferred arrangement or CODA)

a plan under Section 401(k) of the Internal Revenue Code that allows employees to choose between receiving compensation, and electing to have that compensation contributed on their behalf to a qualified plan.

403(b) plan (also called a Tax Sheltered Annuity plan or TSA)

a plan under Section 403(b) of the Internal Revenue Code that allows employees of certain charitable and educational institutions to choose between receiving compensation, and electing to have that compensation contributed on their behalf to a qualified plan.

404(c) plan

an individual account plan in which the participants or beneficiaries direct the investment of their accounts from a range of options, and no plan fiduciary will be held responsible for losses from that direction.

457 plan

a tax-deferred plan available to states and certain other political entities under Code Section 457.

60-day roll-in contribution

a distribution an employee received from a former employer's qualified plan, or withdrew from a conduit IRA, and deposited in a qualified retirement plan with the current company that accepts rollovers. Mandatory tax withholding and a 60-day deadline apply.