

BENEFITS SUMMARY	4
1. INTRODUCTION	4
HIPAA Special Enrollment Notice	5
2. MEDICAL CARE – UPDATED JANUARY 2009	5
Cost.....	5
The BlueChoice Open Access Plan.....	5
Away from Home Plan.....	6
Covered Medical Expenses.....	6
The CareFirst HMO	6
The Indemnity Plan Option	7
Prescription Drug Benefits – Express Scripts	7
Three Tier Prescription Plan.....	8
Dental Discount Plan.....	8
Alternative Health Care	8
Kaiser Permanente.....	8
Covered Medical Expenses.....	9
Emergency Care	9
Kaiser Prescription Drug Benefits.....	9
Three Tier Prescription Plan.....	10
Alternative Health Care Options	10
Descriptive Information.....	10
3. DENTAL CARE	10
Cost.....	10
The BlueCross BlueShield Plan.....	11
Covered Dental Expenses.....	11
Maximum Benefits.....	11
The DentaQuest Plan.....	11
Covered Dental Expenses.....	12
Descriptive Information.....	12
4. FLEXIBLE SPENDING ACCOUNTS – UPDATED JANUARY 2009	12
Tax Advantages	13
Account Deposits	13
Medical Account.....	13
Medical Account Reimbursements	13

Dependent Care Account	14
Dependent Care Reimbursements	14
5. LIFE INSURANCE	15
Cost.....	15
Basic Life Insurance	15
AD&D Insurance.....	15
Supplemental Life Insurance	15
Maximum Benefit.....	16
Total Disability Benefit.....	16
Personal Accident Insurance	16
Maximum Benefit.....	17
Total Disability Benefit.....	17
6. DISABILITY BENEFITS	17
Cost.....	17
Short-Term Disability Benefits	17
Long-Term Disability Benefits.....	18
Total Disability	18
Amount of Benefit.....	18
Early Intervention Program.....	18
Survivor Benefit.....	18
7. EDUCATIONAL BENEFITS PROGRAM	18
Benefits For You And Your Spouse Or Same-Sex Domestic Partner	19
Maximum Benefit.....	19
Benefits For Eligible Dependent Children	19
Plan #1: American University/Wesley Theological Seminary	20
Plan #2: Tuition Exchange, Inc., Scholarships	20
Plan #3: Cash Grants	20
8. ARAG GROUP LEGAL PLAN.....	20
Cost.....	21
Covered Legal Services	21
Using The Plan.....	21
Preexisting Legal Conditions	21
Waiting Period	21
Network Attorney Benefits	22
Non-Network Attorney Benefits	22

Telephone Legal Assistance.....	22
Preventive Legal Services	22
9. RETIREMENT BENEFITS	22
Contributing Your Own Money.....	22
Automatic Enrollment	23
University Matching Contribution	23
Eligibility for the University Matching Contribution	24
Eligible Faculty Member	24
Eligible Staff Member	24
Year of Eligibility Service	24
Your Plan Contributions.....	25
Regular Salary.....	25
Matching Contributions.....	25
Catch-Up Contributions	25
Rollover Contributions	26
Investing Your Contributions and the University’s Contributions	26
Investing Your Contributions.....	26
Investing the University’s Contributions	27
Investment Changes And Fund Transfers	27
Investment Changes.....	27
Fund Transfers	28
Transfers within a Fund Group	28
Transfers between Fund Groups.	28
Personal Account Statement	28
Investment Management Fees	29
Tax Advantages	29
Pre-Tax Contributions.....	29
Receiving Your Plan Benefits	29
10. MISCELLANEOUS BENEFITS	30
Long-Term Care Insurance.....	30
Pre-Tax Parking And Metrochek.....	30
Membership in the William I Jacobs Fitness Center.....	31
Discount Tickets	31
United Buying Service (UBS).....	31
Membership in the Engraving and Printing Federal Credit Union.....	31

BENEFITS SUMMARY

1. INTRODUCTION

Eligible faculty and staff members of American University receive a valuable and comprehensive package of benefit plans and programs. This Summary of Benefits highlights the major provisions of your benefits plans and has been prepared for your convenience as a quick reference source.

You should refer to the appropriate sections of the benefits handbook or the official plan documents for more extensive information concerning your benefit plans, including your eligibility to participate in them. *In the event of any conflict between this Summary of Benefits or the appropriate descriptive sections of this benefits handbook and the official plan documents, the plan documents will govern.*

The university reserves the right to change, amend, or terminate any of its benefit plans for active or retired faculty and staff members. These changes may extend to the level of benefits provided, the eligibility rules, or any other feature of the plan. Your participation in the university's benefit program does not guarantee your employment with the university for any length of time.

Open Enrollment offers employees the one opportunity each year to change their elections for health, dental, group legal insurance, flexible spending accounts and optional life and personal accident insurance. At other times of the year, faculty and staff can make changes to their benefits only if they have a qualifying event or an event that is covered under the HIPAA Special Enrollment provisions. Qualifying events include the following circumstances:

- Marriage, divorce, legal separation
- Death of a spouse or dependent
- Birth or adoption of a new dependent or gaining legal custody of a new dependent
- A change in a dependent's eligibility status (including, but not limited to, a spouse or dependent exceeding a lifetime limit on all benefits under another employer's plan)
- Employment change for a spouse
- A change in your employment status or that of your spouse
- A change of your residence

HIPAA Special Enrollment Notice

If you are declining enrollment for yourself or your dependents (including your spouse) because of other health insurance or group health plan coverage, you may be able to enroll yourself and your dependents in this plan if you or your dependents lose eligibility for that other coverage (or if the employer stops contributing toward your or your dependents' other coverage). However, you must request enrollment within 30 days after your or your dependents' other coverage ends (or after the employer stops contributing toward the other coverage). In addition, if you have a new dependent as a result of marriage, birth, adoption, or placement for adoption, you may be able to enroll yourself and your dependents. However, you must request enrollment within 30 days after the marriage, birth, adoption, or placement for adoption. To request special enrollment or obtain more information, contact your Human Resource contact by calling x2591 or going to [my.american.edu/Employment/ Who to Call in HR](http://my.american.edu/Employment/Who%20to%20Call%20in%20HR).

If you have a Qualifying Event or HIPAA Special Enrollment and wish to change your benefits, you must submit supporting dated documentation and a benefits enrollment form within 30 days of the qualifying event to the benefits office. Please note that the change to benefits must be consistent with the event that occurred.

2. MEDICAL CARE – UPDATED JANUARY 2009

Eligible faculty and staff members are provided with two medical care options. Coverage is also available for your eligible dependents. Your medical care options include participation in:

- CareFirst BlueChoice Open Access; or
- Kaiser Permanente HMO

Cost

You and the university share the cost of your medical coverage. Your share of the cost will depend on your salary, the medical care option you select, and the level of coverage you choose. You can elect to pay your share through pre-tax or after-tax contributions.

The BlueChoice Open Access Plan

The CareFirst BlueChoice Open Access Plan (the “BlueChoice Plan”) combines the features of an HMO (health maintenance organization) and a traditional

indemnity plan. If you enroll in the BlueChoice Plan, you can choose one of the following each time you or an eligible dependent needs medical care:

- the CareFirst HMO
- any physician you want (through the Indemnity plan)

With some exceptions, both the CareFirst BlueChoice HMO and Indemnity Plans cover the same broad range of medical services. In general, it will cost you less to use CareFirst BlueChoice HMO, because each of the participating providers in the CareFirst BlueChoice HMO network has agreed to accept direct payment from the plan for covered medical services. You automatically have access to both plans by enrolling in CareFirst. How much you pay when you see your doctor is driven by whether your doctor participates in the BlueChoice HMO network or not.

Away from Home Plan

If one of your covered family members is based outside the Washington DC area for an extended period of time, you may be able to enroll in the Away from Home plan. This plan allows out-of-area family members to receive coverage on an in-network basis through their local BlueCross BlueShield plan even when they are out of the area. The family member continues to receive coverage in-network when they are in the Washington DC area. For example, if you had a child in college in another state or a spouse based out of the area, assuming there is a participating network, they would be able to see their physicians on in-network basis both in the Washington DC area and where they are living.

This coverage applies to covered eligible family members living in areas that participate in the Away from Home network. There are no limits to the years of coverage, assuming the family member is eligible for coverage under our plan. Please contact the Away from Home group at 888-452-6403 for more information or to apply for coverage.

Covered Medical Expenses

The BlueChoice Plan covers a wide range of medical expenses, including hospital care, doctors' visits, surgical care, maternity care, home health care and other services. In January 2009, the university added transgender, acupuncture, chiropractic, hearing aids, infertility and travel inoculation benefits.

The CareFirst HMO

CareFirst is a comprehensive network of participating doctors, hospitals, and other health care providers. Using the CareFirst HMO option can save you time and money, because:

- you pay only a modest co-payment and one-time annual deductible for most covered services
- you don't have any claim forms to complete
- your hospital certification (see *Utilization Management*) will be arranged by your physician
- your out-of-pocket expenses will (in most cases) be lower
- you do not have any claim forms to fill out
- you do not need a referral to see an in-network specialist (effective January 1, 2008, with the addition of the Open Access feature)

When you enroll in the BlueChoice Plan, you will be asked to select a primary care physician from a list of participating CareFirst providers.

The Indemnity Plan Option

The Indemnity Plan works like a traditional medical plan. This means that you can choose any doctor you want for your care. In general, it will cost you more to use the Indemnity Plan, for the following reasons:

- You must satisfy an annual deductible before the Indemnity Plan begins paying benefits.
- Once the deductible is met, the plan will pay a specified percentage of the cost for a given covered service, and you will be responsible for paying the balance.
- If your provider is not a BlueCross BlueShield participating provider, you must file a claim form in order to receive your benefits, and you will be responsible for provider charges in excess of BlueCross BlueShield Allowable Charges.

Hospital admissions under the Indemnity Plan are subject to preadmission review. You should read the appropriate section of the Faculty Staff Benefits Manual for more information on the BlueCross BlueShield Plan's Utilization Management Program, which includes preadmission review, continued stay review, case management, and mental health care review.

Prescription Drug Benefits – Express Scripts

Prescription drug benefits for participants in the CareFirst BCBS Plan are provided through Express Scripts. CareFirst participants will also qualify for the mail service program option for long-term maintenance drugs.

Three Tier Prescription Plan

Under this program, all covered prescription drugs fall into one of three tiers. The tiers represent the level of cost that CareFirst BCBS participants pay to have their prescriptions filled:

- Tier One - Generics (lowest copayment): All generic drugs are on the preferred drug list.
- Tier Two - Preferred brand-name [formulary] drugs (middle copayment): These brand drugs are chosen by Express Scripts for their quality, effectiveness and cost. They are not available as a generic drug and research indicates them to be as effective as Tier 3 drugs. A drug gets on the preferred list based on current medical research and input from an independent committee of doctors and pharmacists. Some Tier 2 drugs also require a pre-approval be made by your physician with Express Scripts.
- Tier-Three - Non-preferred brand-name [non-formulary] drugs (highest copayment): These brand drugs are considered non-preferred by Express Scripts because they are typically more expensive than Tier 2, and there is a therapeutic equivalent in Tier 1 or 2. Additionally, some Tier 3 drugs require a pre-approval be made by your physician with Express Scripts.

Dental Discount Plan

Under our medical plan, you receive discounts on dental care within CareFirst BlueChoice Discount Dental Network. For more details, please go to the summary plan description and dentist network for CareFirst BlueChoice Discount Dental Network on www.carefirst.com.

Alternative Health Care

Employees receive coverage for acupuncture and chiropractic care through approved providers. Additionally, employees are eligible for discounts on alternative therapies including massage therapy. Employees are responsible for paying the discounted fee at the time of service. A complete list of participating discounted facilities and services are available through CareFirst.

Kaiser Permanente

Kaiser Permanente is an HMO (Health Maintenance Organization) that is designed to provide a full range of health care services on a prepaid basis. When

you enroll in the Kaiser Permanente plan, you will be asked to select a primary care physician at one of their Kaiser Permanente Centers. If you elect the Kaiser Permanente option, all of your non-emergency care will be provided through Kaiser Permanente Centers' staff doctors, medical centers, or affiliated hospitals.

Covered Medical Expenses

Most medical services are paid in full or by a copayment by Kaiser Permanente or through its participating network, including:

- hospital care
- doctor's visits
- surgical care
- maternity care
- home health care
- other services
- limited benefits for dental and vision care.

In January 2009, the university added acupuncture, chiropractic, hearing aids, and infertility benefits to the Kaiser plan.

Kaiser has no co-payments for wellness physical exams and screenings for adults and children over 5 for care such as:- routine physicals and PSA test, well child exams, annual OB/GYN exams, mammograms, screenings and PAP smears, routine immunizations, prostate and colorectal cancer screenings. Children under 5 receive 100% coverage for all primary care physician office visits, including well baby care visits (specialist office visits subject to co-payment).

Emergency Care

Kaiser Permanente covers treatment for a life-threatening emergency at any hospital or emergency facility. A 24-hour emergency line is also available to members for non life-threatening situations.

Kaiser Prescription Drug Benefits

Kaiser Permanente participants' prescription drug coverage is provided through Kaiser. Prescriptions may be filled at the Kaiser center, a participating retail pharmacy or through the mail service program. The mail service prescription drug program is an integrated feature to your pharmacy benefits. Once ordered, your prescription is reviewed and dispensed by a registered pharmacist and is mailed directly to your home.

Three Tier Prescription Plan

Under this program, all covered prescription drugs fall into one of three tiers. The tiers represent the level of cost that Kaiser participants pay to have their prescriptions filled:

- Tier One - Generics (lowest copayment): All generic drugs are on the preferred drug list.
- Tier Two - These brand drugs are chosen by Kaiser for their quality, effectiveness and cost. They are not available as a generic drug and research indicates them to be as effective as Tier 3 drugs.
- Tier-Three - These brand drugs are considered non-preferred by Kaiser because they are typically more expensive than Tier 2, and there is a therapeutic equivalent in Tier 1 or 2.

Alternative Health Care Options

Employees receive coverage for acupuncture and chiropractic care through Kaiser-approved providers. Additionally, employees are eligible for discounts on alternative therapies including massage therapy. Employees are responsible for paying the discounted fee at the time of service. A complete list of participating discounted facilities and services are available through Kaiser Permanente.

Descriptive Information

The full details concerning Kaiser Permanente are included in brochures, which you can obtain from Human Resources. You should read these brochures carefully before you elect this option.

3. DENTAL CARE

Eligible faculty and staff members are provided with two dental care options. Coverage is also available for your eligible dependents. Your dental care options include participation in:

- BlueCross BlueShield Indemnity Dental Plan; or
- DentaQuest Plan

Cost

You pay the full cost of your dental coverage. Your cost will depend on the dental care option you select and the level of coverage you choose. You can elect to pay for your coverage through pre-tax or after-tax contributions.

The BlueCross BlueShield Plan

The BlueCross BlueShield Indemnity Dental Plan (the “BlueCross BlueShield Plan”) is a traditional indemnity plan. This plan is called the D.C. Regional Traditional Dental. Under this indemnity plan:

- you can choose any dentist you want for your care
- you must satisfy an annual deductible before benefits are paid for
- certain types of care
- if your provider is not a BlueCross BlueShield participating provider, you may have to pay in full for the service and then file a claim form to receive your benefits and you may be responsible for charges above the plan allowance

Covered Dental Expenses

The BlueCross BlueShield Plan pays 100 percent of plan allowance for covered expenses for preventive and diagnostic care, with no deductible. The plan also pays a specified percentage of other covered expenses, including:

- 80 percent of plan allowance for covered expenses after the annual deductible for *basic services*, such as fillings, simple extractions, oral surgical procedures, and endodontic care (including root canal)
- 50 percent of plan allowance for covered expenses after the annual deductible for *major services*, such as crowns, dentures, inlays, and onlays
- 50 percent of plan allowance for covered expenses for *orthodontic care* (teeth straightening), with no deductible

Maximum Benefits

A maximum annual benefit of \$1,500 for each covered person applies to all preventive, basic, and major services (Levels I, II, and III). A separate maximum lifetime benefit of \$1,000 applies for each covered person who receives orthodontic care under the plan.

The DentaQuest Plan

The DentaQuest Plan is a DHMO (Dental Health Maintenance Organization). When you join the DentaQuest Plan, you will be asked to select a general dentist from the *Directory of Participating General Dentists and Specialists*.

Routine care will be provided through your participating general dentist. If you need specialty care, your general dentist will refer you to a participating dental specialist.

Participation in the DentaQuest Plan can save you time and money, because:

- there is no charge for preventive care that is performed by your general dentist
- there are no deductibles to pay, or claim forms to fill out
- there are no annual or lifetime maximums for covered services

Covered Dental Expenses

The DentaQuest Plan covers a full range of dental services. The plan pays:

- 100 percent of covered expenses for preventive care

In addition the DentaQuest Plan offers discounted fees that are generally 50 percent to 70 percent below the usual and customary rates for more complex care, including:

- routine restorative care (fillings)
- oral surgery
- crowns and bridgework
- dentures
- periodontic and endodontic care (including root canal)
- orthodontic care

Descriptive Information

You can obtain a DentaQuest Plan brochure and other descriptive information from Human Resources. You should read this material carefully before you decide to participate in the plan.

4. FLEXIBLE SPENDING ACCOUNTS – UPDATED JANUARY 2009

Participation in the university's flexible spending account program gives you the opportunity to pay for eligible health care and/or dependent care expenses with *pre-tax* dollars. Eligible faculty and staff members can open one or both of the following accounts:

- a medical flexible spending account; or
- a dependent care flexible spending account

The above two accounts are completely separate. You can't use the money that is in your medical account to pay for dependent care expenses (and vice versa).

Your health care and dependent care expenses must meet specific requirements to qualify for flexible spending account reimbursement.

Tax Advantages

Participation in the flexible spending account program can lower your taxable income because your deposits are made in pre-tax dollars. In addition, you don't have to pay taxes on the money that you withdraw from your accounts to pay for eligible expenses.

Account Deposits

During the annual open enrollment period, you will be given the opportunity to choose your annual medical and/or dependent care account deposits for the coming calendar year.

Medical Account

You can deposit up to \$6,000 in your medical account each calendar year.

You should make a careful estimate of the unreimbursed health care and dependent care expenses that you expect to have before you make your flexible spending account election. If the eligible expenses that you submit for reimbursement during a given calendar year are *less* than the amount you elected to deposit for that year, you will forfeit the unused portion of your account balance.

The university offers an extended grace period in which eligible expenses can be incurred. If you elect the flexible spending account in a given calendar year, you will have until March 15th of the following year to incur eligible expenses. The forfeiture rule will still apply, but the extended grace period allows you an additional 2 ½ months to incur eligible expenses (see *Extended Flexible Spending Account Grace Period*). Claims incurred within the grace period must be filed with FlexAmerica using the Grace Period Claim Form.

Medical Account Reimbursements

In general, you can use your medical account to pay for eligible health care expenses *that are not covered by any medical, dental, or health care insurance*. Some examples of eligible health care expenses include:

- deductibles and copayments under a health care plan in which you, your spouse, or other eligible dependents participate
- routine physical exams
- expenses for medical, dental, vision, or hearing care unreimbursed by insurance
- charges in excess of your medical or dental coverage
- eyeglasses, contact lenses, or birth control pills
- any other expense that would qualify as a medical deduction under current IRS rules

The above is just a partial list of eligible health care expenses. See the provider website for additional information (www.mypayflex.com).

Dependent Care Account

If you are single (or married and filing a joint tax return and your spouse is working), you can deposit up to \$5,000 in your dependent care account each calendar year. If you and your spouse file separate tax returns, you can each deposit up to \$2,500 each calendar year.

You should make a careful estimate of the unreimbursed health care and dependent care expenses that you expect to have before you make your flexible spending account election. If the eligible expenses that you submit for reimbursement during a given calendar year are *less* than the amount you elected to deposit for that year, you will forfeit the unused portion of your account balance.

The university offers an extended grace period in which eligible expenses can be incurred. If you elect the flexible spending account in a given calendar year, you will have until March 15th of the following year to incur eligible expenses. The forfeiture rule will still apply, but the extended grace period allows you an additional 2 ½ months to incur eligible expenses (see *Extended Flexible Spending Account Grace Period*). Claims incurred within the grace period must be filed with FlexAmerica using the Grace Period Claim Form.

Dependent Care Reimbursements

In general, you can use your dependent care account to pay for eligible dependent care expenses *that are necessary for you (or you and your spouse) to work outside the home*. Your claim for dependent care expenses must also meet these requirements before it can be approved:

- your claim must be for the care of an “eligible dependent”
- the expense must be an eligible dependent care expense
- your claim must be supported by appropriate documentation

5. LIFE INSURANCE

Eligible faculty and staff members receive comprehensive life insurance benefits, including:

- Basic Life Insurance
- Accidental Death and Dismemberment (AD&D) Insurance
- Supplemental Life Insurance
- Personal Accident Insurance

Cost

Your Basic Life Insurance and AD&D Insurance is fully paid for by the university. You can also elect Supplemental Life Insurance and Personal Accident coverage, which you pay for through convenient payroll deductions.

Basic Life Insurance

Your Basic Life Insurance benefit is 1x your Annual Salary, rounded up to the next higher \$1,000. The maximum Basic Life Insurance benefit is \$50,000.

For plan purposes, your “Annual Salary” is your annual base salary only (up to a maximum of \$50,000). It does not include overtime, stipends, shift differentials, or other additional forms of compensation.

AD&D Insurance

Accidental Death and Dismemberment (AD&D) Insurance will pay you or your beneficiary an additional benefit in the event that you die or suffer dismemberment as the direct result of an accidental injury.

The death benefit payable from AD&D is 100 percent of your Basic Life Insurance benefit. The benefit payable for dismemberment depends on the severity of the injury.

Supplemental Life Insurance

You can add to your life insurance coverage for you and your dependents by purchasing additional Supplemental Life Insurance coverage equal to:

- 1 x your Annual Salary
- 2 x your Annual Salary
- 3 x your Annual Salary
- 4 x your Annual Salary
- 5 x your Annual Salary

When your Supplemental Life Insurance benefit is determined, it will be rounded up to the next higher \$1,000.

Maximum Benefit

The *maximum* amount of Supplemental Life Insurance coverage that you can elect is \$1,000,000 or 5x your Annual Salary (whichever is lower).

Total Disability Benefit

Your life insurance premiums may be waived if you become totally disabled before the date that you reach age 70.

Personal Accident Insurance

You can add Personal Accident Insurance coverage for you and your dependents equal to:

- 1 x your Annual Salary
- 2 x your Annual Salary
- 3 x your Annual Salary
- 4 x your Annual Salary
- 5 x your Annual Salary
- 6 x your Annual Salary
- 7 x your Annual Salary
- 8 x your Annual Salary
- 9 x your Annual Salary
- 10 x your Annual Salary

When your Personal Accident Insurance benefit is determined, it will be rounded up to the next higher \$1,000.

Maximum Benefit

The *maximum* amount of Personal Accident Insurance coverage that you can elect is \$500,000.

Total Disability Benefit

Your Personal Accident insurance premiums may be waived if you become totally disabled before the date that you reach age 70.

6. DISABILITY BENEFITS

Eligible faculty and staff members are provided with short-term and long-term disability benefit coverage. These benefits consist of:

- Short-Term Disability (STD) coverage for short-term illnesses or injuries; *and*
- Long-Term Disability (LTD) coverage for total disability

Eligible faculty members automatically become covered for STD Plan benefits on their first day of full-time employment with the university. Eligible staff members become covered for STD Plan benefits after six months of full-time employment.

Participation in the LTD Plan is mandatory for all eligible faculty and staff members. Your coverage under the LTD Plan will begin on the first day of the month following the date that you complete one year of full-time service with the university.

Cost

STD Plan benefits are provided at no cost to you. You and the university share the cost of your LTD Plan coverage. You pay your share of this cost through convenient payroll deductions.

Short-Term Disability Benefits

The Short-Term Disability (STD) Plan provides you with up to 26 weeks of income protection (100 percent of your base annual salary for faculty; 100 percent of base annual salary after a 15-day waiting period for staff) if you are unable to work due to a non-occupational illness or injury.

You should immediately notify Human Resources if you become disabled due to an illness or injury. Human Resources will provide you with the appropriate information concerning your STD benefits, including the amount and duration of your benefits and any required documentation.

Long-Term Disability Benefits

The LTD Plan is designed to provide you with a continuing source of income if you become totally disabled. You become eligible for LTD Plan coverage following your completion of one year of full-time service with the university.

Total Disability

In order to qualify for LTD Plan benefits, you must meet the conditions established by the insurance company for total disability.

When benefits begin. Your LTD Plan benefits will start after six months of continuous total disability, as defined by the plan.

When benefits end. The maximum payment period for LTD Plan benefits will depend on your age at the date that disability begins. The plan also limits benefits for total disability resulting from a mental illness that does not require hospital confinement.

Amount of Benefit

In general, the LTD Plan is designed to assure that your *total* monthly disability income (including income from other sources, such as Social Security) equals 60 percent Basic Monthly Earnings. In other words,

YOUR DISABILITY INCOME FROM OTHER SOURCES	Plus	YOUR LTD PLAN BENEFIT	=	60% OF YOUR BASIC MONTHLY EARNINGS
--	------	--------------------------	---	---------------------------------------

Early Intervention Program

If you become totally disabled, you may elect to participate in an early intervention program that is sponsored by the insurance company. This program monitors a participant's progress towards rehabilitation and helps coordinate the participant's disability management schedule.

Survivor Benefit

A benefit equal to three times your monthly LTD Plan benefit (with no reduction for income from other sources) will be payable to your spouse or other eligible survivors if your death occurs after you become eligible for LTD Plan payments.

7. EDUCATIONAL BENEFITS PROGRAM

The university provides eligible faculty and staff members with valuable educational benefits, including:

- tuition remission for courses taken by an employee or an employee's spouse or domestic partner at American University or the Wesley Theological Seminary;
- tuition remission for eligible dependent children who attend American University or the Wesley Theological Seminary; and
- other educational benefits for eligible dependent children

*Benefits For You And Your Spouse Or Same-Sex
Domestic Partner*

The Educational Benefits Program provides tuition remission for undergraduate or graduate courses taken at American University or the Wesley Theological Seminary. This benefit is available to:

- any eligible faculty or staff member and legal spouse or same-sex domestic partner
- any eligible retiree and spouse
- totally disabled faculty or staff members
- the surviving spouse of an eligible faculty or staff member who dies during active employment.

You must have completed four months of active full-time employment before the last day of late registration for any given semester in order to qualify for tuition remission benefits for that semester.

Maximum Benefit

The maximum benefit available each to you, your spouse, or same-sex domestic partner is eight credits per semester. In addition, your total credits for courses taken under the program may not exceed 20 credits per academic year each.

Benefits For Eligible Dependent Children

In order to qualify for dependent child benefits, you must have two years of continuous, full-time employment with the university. Your child must also meet the eligibility requirements outlined in the appropriate section of this benefits handbook.

Benefits for eligible dependent children are available under three plans:

- Plan #1: Tuition remission for full-time regular or provisional enrollment in a degree program at American University or the Wesley Theological Seminary
- Plan #2: Tuition remission at another institution which participates in the Tuition Exchange, Inc., scholarship program
- Plan #3: Cash grants (available only if you were hired before July 1, 1995 and employed continuously since in a full-time position)

Plan #1: American University/Wesley Theological Seminary

Your eligible dependent children may qualify for tuition remission if they are admitted to American University or the Wesley Theological Seminary on a full-time basis with regular or provisional status. Tuition remission applies only to regular, full-time tuition. You or your child will be responsible for all other fees and expenses.

Plan #2: Tuition Exchange, Inc., Scholarships

An eligible dependent child may qualify for tuition remission at an institution other than American University through Tuition Exchange, Inc. Tuition Exchange is a nonprofit organization of colleges and universities that assists in the undergraduate education of faculty and staff members' children. Tuition Exchange scholarships are not guaranteed. They are awarded on a competitive basis.

Plan #3: Cash Grants

Cash grants are available only for the children of eligible faculty and staff members who were hired before July 1, 1995. A cash grant may be awarded to an eligible dependent child for study at an institution other than American University. Cash grants may be applied to tuition only, and no more than three eligible dependent children from each family may qualify for these grants in any given year.

The amount of the cash grant is \$725 per semester, \$1,450 per academic year, fall and spring semesters only.

8. ARAG GROUP LEGAL PLAN

Eligible faculty and staff members can participate in the ARAG Group Legal Plan, which provides:

- assistance on a wide variety of personal legal matters
- toll-free telephone legal assistance

- coverage for network and non-network attorneys

Your coverage options under the ARAG Group Legal Plan include coverage for yourself only, or family coverage.

Cost

You pay the cost of your ARAG Group Legal Plan coverage through convenient payroll deductions.

Covered Legal Services

The ARAG Group Legal Plan is designed to assist you in meeting a wide variety of personal legal needs. The services covered by the plan include:

- preventive legal services
- estate planning and wills
- domestic matters
- adoption proceedings
- bankruptcy
- defense of traffic charges that could lead to license suspension or revocation
- major trial involving a felony charge
- other specified personal legal matters

Using The Plan

In general, you or a covered family member can use the ARAG Group Legal Plan once per year for each covered matter. This applies regardless of whether you have individual or family coverage. Please refer to the appropriate section of this benefits handbook for an explanation and example illustrating how often you can use the plan.

Preexisting Legal Conditions

The plan will not pay benefits for any legal matter that was initiated prior to the date that your coverage became effective. This includes any legal services related to that matter, even though the legal services may have been received after coverage began.

Waiting Period

The plan does not provide coverage for certain matters that are initiated during your first six months of plan participation. This includes:

- domestic matters (divorce, legal separation, or annulment)

- bankruptcy

Network Attorney Benefits

When you join the ARAG Group Legal Plan, you will have access to a list of network attorneys. When you use a network attorney for a covered legal service, the plan will pay the full cost of legal fees in connection with that service. This includes the charge for the attorney's time, including reasonable travel time.

Non-Network Attorney Benefits

The ARAG Group Legal Plan gives you the option of using a non-network attorney. If you use a non-network attorney for a covered legal service, the plan will reimburse you for your legal fees, up to a specified amount. The amount of the non-network attorney reimbursement varies, depending on the type of legal service you receive.

Telephone Legal Assistance

Participants in the ARAG Group Legal Plan have unlimited access to telephone legal assistance. Telephone legal assistance helps you with everyday legal questions. Telephone legal assistance can also be helpful in determining whether it would be appropriate to seek additional legal assistance for a particular matter.

Preventive Legal Services

The plan provides benefits for preventive legal services. "Preventive legal services" are any legal services that are not specifically covered by or excluded by the plan. Some examples include an attorney's advice, negotiation on your behalf, or review and preparation of documents.

9. RETIREMENT BENEFITS

Planning for your future retirement security is one of the most important long-range goals that you can have. Eligible faculty and staff members of American University may participate in the American University Defined Contribution Retirement Plan (the Plan).

Contributing Your Own Money

You can make contributions of your money on a before tax basis ("elective deferrals") to the Plan prior to becoming eligible for the University matching contribution, or in addition to your contributions that are matched by the University.

You are immediately eligible to make elective deferrals if you are an eligible faculty or staff member. You are considered to be an eligible faculty member if

you currently have a contract as a full time faculty member and are receiving remuneration. You are considered an eligible staff member if you are currently employed by the University, you are not a full-time student and/or you are not a non-resident alien. There is no waiting period for this benefit.

You have a wide variety of options for the investment of your elective deferrals with Fidelity and/or TIAA-CREF. In the event that you do not make an investment election, your contributions will be invested in accordance with the Plan's Qualified Default Investment Alternatives.

Automatic Enrollment

If you become eligible for the University matching contribution on or after May 1, 2009, you will automatically be enrolled to make elective deferrals to the Plan unless you elect otherwise. The University will provide enrollment materials to you when you are hired and again shortly before you become eligible for the University matching contribution. If you do not make an elective deferral election (including an election not to contribute), your Compensation will be reduced by 1%, and contributed to the Plan on your behalf and invested in the default investment selected by the University.

Absent an affirmative election by the participant, contributions pursuant to automatic enrollment will be invested in Fidelity's Freedom Funds. The Freedom Funds are intended to provide a mix of investments that takes into account a participant's anticipated retirement date. The University will invest those contributions in the Freedom Fund with the maturity closest to the participant's retirement date.

When you are automatically enrolled you must file a designation of Beneficiary with the appropriate Funding Vehicle (i.e., currently Fidelity). You may file an election form to designate a different Funding Vehicle for your investments or to elect a different percentage reduction, including zero.

There are statutory limits on the amount of elective deferrals that may be contributed each year. These limits are announced annually by the Internal Revenue Service. The total amount of elective deferrals and University matching contributions are subject to additional limitations under federal tax laws.

University Matching Contribution

Once you become eligible, the University will make a matching contribution to the Plan on your behalf equal to twice your elective deferral contribution (up to a maximum University matching contribution of 10% of your annual base salary).

Eligibility for the University Matching Contribution

You are eligible to participate in the University matching contribution if:

- you are an eligible faculty or staff member, and
- you are age 24 or over, and
- you complete at least one year of eligibility service.

Eligible Faculty Member

You are considered to be an eligible faculty member if you currently have a contract as a full time faculty member and are receiving remuneration.

Eligible Staff Member

You are considered to be an eligible staff member if:

- you are employed by the University on a full time or part time basis;
and
- you are normally scheduled to work 20 hours per week or more for at least 1,000 hours per year as measured from your date of hire.

You are not eligible for a University matching contribution if you are working for the University on a temporary basis or if you are a staff member normally scheduled to work less than 20 hours per week, resulting in less than 1,000 hours per year. If you are not certain about your eligibility for participation, please contact human resources.

Year of Eligibility Service

For purposes of the University matching contribution, you earn one year of eligibility service for each 12-consecutive-month period in which you earn at least 1,000 hours of service, measured from your date of hire. If you completed at least one year of full time service at another 501(c)(3) higher educational institution or a 170(d)(1) public college or university, your prior period of service will count towards your eligibility service. One year of eligibility service at another 501(c)(3) institution is calculated as a 12-consecutive-month period in which you earn at least 1,000 hours of service, measured from your date of hire with that institution.

Your Plan Contributions

You can contribute any percent of your regular salary (not to exceed 100) to the Plan through convenient payroll deductions. These contributions will be on a pre-tax basis.

Regular Salary

Your regular salary is your basic annual salary paid between May 1 and April 30 of each year including pre-tax reductions under the cafeteria plan, the parking or transportation benefit, and this Plan. However, for Plan purposes, your regular salary does not include stipends, research grants not paid through the University, overtime, bonuses, nontaxable fringe benefits, workers' compensation, or unemployment compensation.

Matching Contributions

As stated above, the University will make a matching contribution to the Plan equal to twice your contribution after you have met the eligibility requirements described above. The maximum amount that the University may contribute is 10% of your regular salary.

The following chart shows the amount of the University's matching contribution, as well as the total amount that may be added to the Plan each year if you elect to defer only amounts that will be matched:

Your Contribution	Matching Contribution	Total Contribution
1 % of Regular Salary	2 % of Regular Salary	3 % of Regular Salary
2 % of Regular Salary	4 % of Regular Salary	6 % of Regular Salary
3 % of Regular Salary	6 % of Regular Salary	9 % of Regular Salary
4 % of Regular Salary	8 % of Regular Salary	12 % of Regular Salary
5 % of Regular Salary	10% of Regular Salary	15 % of Regular Salary

Catch-Up Contributions

Participants that attain at least age 50 by the end of the applicable calendar year can elect to make Catch-Up Contributions in addition to their elective deferral contributions. These contributions are also made on a pre-tax basis and will not be aggregated with any other contributions for purposes of other limitations under federal tax laws. The limit on Catch-Up Contributions for 2008 is \$5,000. After

2008, this limit will be indexed in accordance with cost-of-living adjustments in \$500 intervals.

Employees with 15 Years of Service with the University may be eligible to make additional special 403(b) Catch-Up Contributions. For additional information and to see if you qualify, contact Human Resources.

Rollover Contributions

The Plan will accept participant rollover contributions from any of the eligible retirement plans specified below:

- a plan qualified under Code Section 401(a) or 403(a),
- a plan meeting the requirements of Code Section 403(b);
- a Code Section 457(b) plan sponsored by a governmental entity; or
- the portion of a distribution from an individual retirement account (IRA) as described in Code Section 408(a) or 408(b) that is eligible to be rolled over and would otherwise be includible in gross income.

The Plan will separately account for these rollover contributions (and the earnings on the contributions), including separate accounting for the pre-tax and after-tax portions of such rollover contribution.

Investing Your Contributions and the University's Contributions

Your options for the investment of your contributions and the University's contributions to the Plan include:

- Teachers Insurance and Annuity Association (TIAA) Traditional Annuities
- Teachers Insurance and Annuity Association (TIAA) Real Estate Account
- College Retirement Equities Funds (CREF)
- Fidelity Investment Funds

Investing Your Contributions

You can invest all of your Plan contributions in one fund. You can also split the investment of your contributions between any of the available TIAA, CREF, or Fidelity funds, as long as:

- your investment allocations are in whole percentages, and
- these percentages add up to 100%

Investing the University's Contributions

You can invest all of the University's contributions on your behalf in one of the TIAA, CREF, or Fidelity* funds. You can also split the investment of the University's contributions between any of the available funds, as long as:

- your investment does not include one of the Fidelity "Select" funds*
- your investment allocations are in whole percentages, and
- these percentages add up to 100%

*Certain of the Fidelity Investment funds are designated as "Select" funds. These funds are not available for the investment of the University's contributions.

All of the Plan funds are professionally managed and invested. However, please remember that any investment can go up or down, depending on market conditions. There are no guarantees on how your investments will do, and no one (including the Plan fiduciaries or the University) can be held liable for the investment decisions that you make.

Investment Changes And Fund Transfers

You have two options for changing the way your Plan funds are invested:

- an investment change
- a fund transfer

Investment Changes

When you make an investment change, you are changing the way your future contributions to the Plan will be allocated to the various investment funds. An investment change does not affect the way your current account balances are invested.

You can make an investment change election at any time by contacting the appropriate investment fund manager (i.e., TIAA-CREF or Fidelity). This change will go into effect on the next day following the date that your election is received.

You can make elect to direct contributions to a different investment fund manager (i.e., TIAA-CREF or Fidelity) by contacting Human Resources.

Fund Transfers

When you make a fund transfer, you are changing the way your current account balances are invested. In other words, you are shifting money already in your account from one investment fund to another. A transfer election does not affect the way your future contributions will be invested.

Transfers within a Fund Group

The rules and restrictions for making fund transfers within a particular fund group depend on the procedures established by that fund group. For example, you should refer to CREF's descriptive materials for information concerning transfers between the various CREF funds. This also applies if you wish to transfer money among the Fidelity funds.

Transfers between Fund Groups.

Subject to the restrictions outlined below, you may make a transfer among the fund groups at any time before your retirement benefits begin. For example, you may wish to transfer funds from your Fidelity fund account to your TIAA or CREF account.

The following restrictions apply to transfers among the fund groups:

- You may make a transfer from a Fidelity fund to a TIAA and/or CREF fund, or from a CREF fund to a TIAA and/or Fidelity fund.
- Transfers from the TIAA Traditional regular retirement annuity account to a CREF or Fidelity fund account must be made in substantially equal installments over a period of ten years.
- TIAA Real Estate Accounts can be transferred out quarterly.

If you have any questions concerning the fund transfer rules, please contact Human Resources.

You can obtain a fund transfer election form by contacting TIAA-CREF directly at 1-800-842-2776 and Fidelity Investments directly at 1-800-343-0860.

Personal Account Statement

Each of the investment fund groups will provide you with a periodic personal account statement. The frequency of these statements may vary, depending on the investment fund group that you are participating in.

Investment Management Fees

Each of the fund managers charges an investment management fee, which is charged to a given fund's investment earnings. The Fidelity Investment Funds also charge an annual \$12.00 fund maintenance fee, which is charged directly to participants' accounts.

Tax Advantages

Participation in the Plan will provide you with a number of unique tax advantages. These tax advantages apply in three important ways:

- while you are contributing to the Plan
- while your investments accumulate
- when your benefits are paid to you

Pre-Tax Contributions

You may elect to make your retirement plan contributions on a pre-tax basis. If you elect to make pre-tax contributions, you will not have to pay any federal or state* taxes on these contributions until you receive them from the plan (however, please note that your pre-tax contributions will not reduce your Social Security taxes). Your funds will accumulate tax-deferred as long as they stay in the Plan.

*Except in New Jersey, Pennsylvania, and certain localities. You should consult with your personal tax advisor concerning the most current state and local tax rules for your location.

Receiving Your Plan Benefits

To the extent permitted by the Plan, you will be entitled to the full value of your Plan accounts if you terminate your employment with the University for any reason. Your surviving spouse or other beneficiary will also be entitled to a benefit if your death occurs during active employment.

There are two important points to keep in mind concerning the payment of your Plan benefits:

- The full value of your Plan account may be converted to an annuity, unless you qualify for and elect the cash payment option (see Repurchase of TIAA-CREF Retirement Annuity) or another optional form of payment.

- A special Retirement Transition option exists for TIAA-CREF participants.

10. MISCELLANEOUS BENEFITS

As a university employee, you are eligible for the following benefits:

Long-Term Care Insurance

Long-term care insurance provides cash payments to an individual to cover expenses related to bathing, dressing and eating when he or she cannot perform these daily functions for themselves due to accident, illness, mental deterioration or advanced age. The cash payments are intended to reimburse charges delivered at home by a healthcare aid, or through an adult daycare, assisted living or nursing home facility. Generally health care plans and Medicare provide limited or no coverage for these services thereby requiring an individual or their family to deplete their savings or other assets to pay for related bills.

The university's long-term care insurance plan provides faculty and staff with the opportunity to purchase individual policies at a group discount. Employees will be responsible for the entire premium and will be able to pay for them through after-tax payroll deduction. These policies are individually owned by employees and are portable if and when they leave the university. The plans will allow for unlimited benefit configurations and access to multiple vendors. Once selected, rates will be level over the lifetime of the policy, unless the insurance carrier receives authorization from the state insurance commissioners to increase the premium.

The university has selected the Todd Benefits Group (TBG) as the broker for the long-term care insurance. TBG will provide enrollment counseling and support over the phone and web to university employees and will help employees select a plan from one of two insurance carriers – John Hancock and Metlife. TBG's Benefits Specialists will help you select the best plan and carrier for employees and their family's situation. For more information, please call your HR contact under my.american.edu/Employment/Who to Call in HR.

Pre-Tax Parking And Metrochek

Full-time faculty and staff who purchase on-campus parking permits may have their deductions taken out of their pay on a pre-tax basis.

Also, full-time faculty and staff who regularly use public transportation to commute to and from work may purchase *Metrochek* vouchers each month through a pre-tax payroll deduction. *Metrochek* vouchers can be used as Metrorail

fare cards or can be exchanged for the fares on most of the other types of regional public transportation including Metrobus, commercial vanpools, county and commuter buses, MARC Rail, Virginia Railway Express, etc.

Membership in the William I Jacobs Fitness Center

Faculty and staff are eligible to use the university-subsidized state-of-the-art fitness center at a low cost for employees and their families. Payments for membership may be made through a payroll deduction.

Discount Tickets

You may pick up from HR discount tickets to area theme parks and other offers.

United Buying Service (UBS)

You may utilize UBS to purchase a new car or other major purchases at discounted prices through UBS (UBS purchase guide in the Benefits Office).

Membership in the Engraving and Printing Federal Credit Union

Financial services including a Share Draft Checking Account, First and Second Mortgage Loans, Tax preparation, MPI Realty Network, Insurance Products, Financial Planning are available through the credit union. For further information please call the credit union at (202) 874-3210.