Wellness Benefits U!

The University of Maine System's medical plan provider, Anthem, wants to play an active role in promoting your good health. That's why they are excited to announce a new program beginning January 1, 2005, *Anthem Rewards*™, to encourage healthier lifestyles.

*Anthem Rewards*™ is a free, voluntary program available to you. It is a relatively easy-to-do fitness incentive program that rewards you for maintaining a regular routine of physical activity.

For every day that you participate in a healthy activity for at least 30 minutes, you earn 10 points. Once you reach 250 points, you're eligible for a reward. You can either redeem your 250 points for a reward and start over... **OR** you can keep adding to your points in order to redeem even better rewards!

You can register for the program online at anthemrewards.com. As you maintain or build your level of physical activity — and tracked your progress online — you'll be eligible to select a prize for your commitment to physical activity and improved health.

It's a fact that regular physical activity leads to improved health. No matter what your age or fitness level, studies show that just 30 minutes of moderate exercise a day can make a big difference in promoting health and well being. Numerous studies have also shown that regular physical activity can help prevent or lower your risk of developing heart disease and diabetes, relieve stress, and help you get a good night's sleep. It can also help boost your morale and productivity on the job, making you feel better all around.

Anthem encourages you to join *Anthem Rewards*™ today. Together, we can make 2005 a healthier year for all of us.

This program is being offered to UMS employees and their dependents free of charge.

SOURCE: AnthemBlueCross/Blue Shield

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**INTRODUCING ANTHEM REWARDS**

Program begins JANUARY 1, 2005. You don't have to be a marathon runner or bicycle 100 miles to earn points... **USE THE HONOR SYSTEM when recording your time.**

Remember, you choose the activity — mow the lawn, walk the dog, play basketball, swim, walk, clean, golf, jog, shovel snow, ...
403(b) Limits

For calendar year 2005, employees of the University of Maine System will be eligible to tax-defer the lesser of 100% of pay or $14,000. Also, if you are already age 50 or older or will turn age 50 sometime during 2005, you may shelter an additional $4,000, referred to as catch-up contributions. In addition, if you have more than 15 years of service, you MAY BE ELIGIBLE to shelter an additional $3,000, subject to Internal Revenue Service (IRS) calculations, for a potential 2005 deferred maximum of $21,000 under the 403(b) retirement plan.

The 15-year lifetime excess deferral amount must be applied first. This means that if you have already made excess deferrals anytime since 1987, that amount counts toward the lifetime maximum $15,000 in excess deferrals. It is important that you have maintained records to know when you reach the $15,000 lifetime excess deferral maximum. Thereafter, you are eligible to defer only the general annual maximums ($14,000 plus $4,000 catch-up, if 50 or older). Please note, however, that the $3,000 deferral based on service cannot be initiated until it has been confirmed through the IRS calculations that you are eligible. Service of 15 or more years does NOT automatically entitle you to the service related $3,000, as explained below.

If you are eligible for the 15-year service related deferral, the IRS imposes a $15,000 lifetime maximum (referred to as excess deferrals) above the general annual maximum. This means that if you have made excess deferrals anytime since 1987, that amount counts toward the lifetime maximum $15,000 in excess deferrals. It is important that you have maintained records to know when you reach the $15,000 lifetime excess deferral maximum. Thereafter, you are eligible to defer only the general annual maximums — $14,000 in calendar 2005 and the $4,000 catch-up (if age 50 or older or will turn age 50 sometime during 2005). Please note that it is your responsibility to maintain those records. The University of Maine System does not maintain lifetime excess deferral limit records for employees.

Also, if you defer the general maximum for 2005 ($14,000) and are eligible for both the age 50 catch-up ($4,000) and the 15-year service rule ($3,000) under 403(b) plans, IRS regulations establish the order in which these additional contributions MUST BE APPLIED. The 15-year lifetime excess deferral amount $3,000 above the general maximum ($14,000 in calendar 2005) must count toward the lifetime excess deferral limit; thereafter, the age 50 catch-up amount ($4,000 in calendar 2005) would be applied.

457(b) Limits

The University of Maine System adopted a 457(b) deferred compensation plan on April 1, 2004 as provided under Federal law. All employees who are eligible to defer under the 403(b) plan are also eligible to defer under the 457(b) plan. While the 457(b) plan operates similarly to any other tax-deferred voluntary option relative to deferral of federal and state taxes, you are permitted to defer the calendar year maximum under each plan.

For calendar 2005, the 457(b) plan maximums are the lesser of 100% of pay or $14,000 plus an additional $4,000 catch-up contribution if you are already age 50 or older or will turn age 50 sometime in calendar 2005 (the same as the 403(b) plan). Therefore, if you are under age 50, you could defer a total of $14,000 in the 403(b) plan and $14,000 in the 457(b) plan; if you are age 50 or older or will turn age 50 in 2005, you could defer a total of $18,000 in the 403(b) plan and $18,000 in the 457(b) plan. Unlike the 403(b) plan, the 457(b) plan does not permit any additional contributions based on service. This is actually a good feature — it does not require you to keep track of any IRS lifetime excess deferral limits, since there is no provision for that in the 457(b) plan.

The 403(b) and 457(b) plans are also similar in that they have cash-out/transfer provisions upon separation from the University and in-service hardship withdrawals, subject to IRS restrictions.

As noted earlier, you are eligible to tax-defer under both the 403(b) and 457(b) plans. You do not have to defer the maximum under one before using the other; however, your basic retirement plan contributions and the corresponding University matching contribution MUST continue to be directed to the 403(b) plan.

SUMMARY

Your basic retirement plan contribution and corresponding University match must remain under the 403(b) plan. If you wish to defer additional voluntary monies, you are eligible to defer up to a maximum of $14,000 in both the 403(b) and 457(b) plans in calendar 2005, for a total of $28,000. If you are age 50 or older or will turn age 50 sometime in calendar 2005, you are eligible to defer up to an additional $4,000 catch-up amount in both the 403(b) and 457(b) plans in calendar 2005, for a total of $8,000 more. If you have 15 or more years of service, and the IRS formulas determine that you are eligible for the $3,000 service component ($15,000 lifetime excess deferral amount), and you choose to take advantage of the IRS lifetime excess deferral limit (described above), you must maintain the appropriate records to monitor when you reach that lifetime limit.

Please contact your Campus Benefits Office if you wish to tax-defer in calendar 2005.
Non-Discrimination Notice: In complying with the letter and spirit of applicable laws and in pursuing its own goals of diversity, the University of Maine System shall not discriminate on the grounds of race, color, religion, sex, sexual orientation, national origin or citizenship status, age, disability, or veterans status in employment, education, and all other areas of the University. The University provides reasonable accommodations to qualified individuals with disabilities upon request. Questions and complaints about discrimination in any area of the University should be directed to the campus Equal Opportunity Director.
Brrrr.... it’s cold outside. REMEMBER!! bundle up, stay warm, exercise, but most important stay healthy. Find the hidden somewhere in this newsletter and you could win a $25 gift certificate from Wal-Mart. Once you find it, mail the location to the University of Maine System, 107 Maine Avenue, ATTENTION: Benefits Office, Bangor, ME 04401, or e-mail it to benefits@maine.edu describing the location and the page where you found it. You will then be entered into a drawing for the $25 gift certificate. All entries MUST BE IN OUR OFFICE BY FEBRUARY 16, 2005. Drawing to be held on FEBRUARY 18, 2005. Good Luck!

CONGRATULATIONS to Charlene Burns, a University of Maine System retiree, winner of October’s Wal-Mart gift certificate.