**Open Enrollment Is Around the Corner – Examine Your Investment and Health Picture Now**

The recession has put even greater pressure on companies offering employee benefits. Employers are not only looking for ways to save money, they're also starting to implement surveys to force changes in health behavior that can lower their costs over time. A 2008 survey by global consulting firm Watson Wyatt Worldwide found that more than half (53 percent) have incorporated health risk assessments into their enrollment systems or will incorporate these programs this year.

That means that for the best benefit deals in the future, employees are going to have to become much more circumspect about their health and other behaviors. Getting the best benefits packages during open enrollment going forward may involve quitting smoking, losing weight or using a fitness center.

Open enrollment happens during a specified time period – usually in the fall – where companies let their employees sign up for various health and retirement savings benefits as well as smaller benefit options that may be unique to a company. You're going to be stuck with these choices for a whole year – why not take a little extra time to understand them?

Employee benefits are a very important component of an individual's financial plan, and in two-income households, they should be coordinated. That's why it makes sense to talk about your benefit choices with a financial planning professional to see how such choices at work fit into your overall financial strategy.

Some critical issues you should consider before you choose your benefits for the coming year:

**Review your health plan choices:** During open enrollment, make sure you think about all the health issues you've experienced throughout the year. It could be a diagnosis of a chronic disease, the birth of a child, or the need to place a new spouse or partner on your coverage. A new spouse or child can usually be added with proper notice throughout the year, but open enrollment is a good time to review all current and future situations. If you're healthy– and make sure you confirm that you are – you might want to opt for a lower-premium plan that requires higher co-pays or deductibles and try to put more into your retirement savings. Just try not to go below any plan that limits lifetime benefits to $1 million – you'd be surprised how little time it takes to get there for an accident or serious illness.

**Use open enrollment as a chance to check your 401(k) holdings and question matching options:** Most companies allow more than one chance per year to adjust the holdings in your 401(k) retirement accounts, but generally, it's a bad idea to constantly change your investment allocations. However, fall is a good time to see if your holdings still fit your age, your risk tolerance and the kind of retirement you want. Get some advice, and obviously, if you're not a member of your employer's 401(k) or 403(b) plan, try to join, particularly if your employer matches your contribution. Also, if your company cut back on its 401(k) matching during the recession, see if they plan to restore that contribution after the economy improves.

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You might want to review whether to stay with a company that offers benefits that are below that of its competitors.

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

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

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

**See if you can buy additional coverage:** Open enrollment can offer life insurance coverage – or increases in coverage and sometimes long-term care insurance without a medical exam. If you or another immediate family member has health issues and your company extends this coverage to your family, don't pass up the chance to protect your or their futures.

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