BENEFITS AT WORK SHOULD BE GIVEN THE RESPECT IT DESERVES

5 Mistakes to Avoid When Enrolling in Benefits at Work

As year-end deadlines and the holidays approach along comes the annual tradition of selecting workplace benefits for the following year.

Health insurance and other perks helped draw you to the job. But when a bazillion projects fill your inbox, it’s tempting to cruise through open enrollment on autopilot.
This is one task worthy of your attention, though. Here are five common mistakes to avoid:

1. Choosing the same coverage mindlessly

The biggest mistake is tuning out, says Kelly Moore, president of Moore Benefits Inc. in Irvine, California. “Many people will spend more time looking at what kind of phone or TV they’ll buy than planning for their financial security.”

Ninety percent of employees elect the same plan year after year, according to a 2014 survey by Research Now for Aflac. But some things may change inside the plans.

“While one change may seem small on the face of it, it may have a big impact on the family,” says Greg Hodges, principal of Hodges-Mace, an employee benefits advisor in Atlanta. For example, the health plan might change its provider network and exclude your doctor.

The employer might also offer a greater selection of plans and new perks.

The fix: Attend the open enrollment meeting at work and use the tools provided to compare plans. Take questions to your employer's human resources department or benefits consultant.

2. Misunderstanding tax-advantaged accounts for out-of-pocket expenses

Many employers provide tax-advantaged accounts that you can use to pay for child care, commuting or out-of-pocket medical expenses.

They're all helpful, says Peter Mace, principal of Hodges-Mace. "But employees really need to understand the rules associated with them."

Each type of account works a little differently. For example, with health savings accounts, or HSAs, all the unused money rolls over to the following year. Many medical flexible spending accounts, or FSAs, let you roll over $500 of unused money to the next year. But you lose any unused money above that amount.

The fix: Understand how the accounts work and estimate your annual expenses before you decide how much to contribute.

3. Choosing a health plan on price only

The amount deducted from your paycheck for health insurance will vary depending on the plan.

"Employees start in the wrong place," says Carolyn Goodwin, president of Goodwin Benefits Group in Dallas. "They look at price before they pick a plan and then complain because the plan they picked has a higher deductible and extra copays that they cannot afford."

The fix: Dig into the details to learn how the plan works. Are the doctors and hospitals you want to use in the plan's provider network? Is there coverage outside of the network? What will you pay out of pocket when you visit a doctor, specialist or hospital? What is the maximum you'd pay out of pocket annually?

4. Undervaluing disability insurance

Disability insurance replaces a portion of your income if you get injured or are too sick to work for an extended period.

"Behind health insurance, disability insurance should be priority No. 1,".

Today's 20-year-olds have about a one-in-four chance of experiencing a disability sometime before retirement, according to the Council for Disability Awareness. Yet most people underestimate the risk.

The fix: Say yes if your employer pays the full cost of disability insurance. If the employer offers it but doesn't pay for it, seriously consider buying it.

5. Skimping on life insurance

An employer might pay for a small amount of life insurance, such as one or two times your annual salary. That's terrific, but probably not enough if you have a growing family that's financially dependent on you. And usually life insurance paid for by the employer ends when you leave the company.

The fix: You might be offered the opportunity to buy more coverage through the employer's broker. Usually you can take that coverage with you if you leave the job. Get life insurance quotes on your own to compare with the rates offered through your employer. You may get a cheaper price by buying through your employer if you have a health condition.
Meanwhile, keep the big picture in mind.

"Open enrollment is a great time to plan for the year ahead and set goals, not just for choosing a health plan, but for your overall financial plan,".