

Look Closely At Open Enrollment Choices

Once again, it's the season for football games and back-to-school activities. And if you work for a medium-size or large employer, it will soon be open enrollment season – the time of year when you can review your employee benefits and make changes as needed. What areas should you focus on?

Actually, it's a good idea to pay close attention to all your benefits. Some of the offerings may have changed from last year — and you might have experienced changes in your own life, too, which might lead you to look for something different from your existing benefits package.

You may want to start with your health insurance. If you're satisfied with your coverage, and it's essentially the same as it's been, you may well want to stick with what you have. However, many employers are increasingly offering high-deductible health plans, which, as the name suggests, could entail more out-of-pocket costs for you. But high-deductible plans may also offer something of benefit: the ability to contribute to a health savings account (HSA). Your HSA contributions are made with pre-tax dollars, so they can reduce your taxable income for the year. Also, your earnings grow tax-free, and your withdrawals are tax-free, provided the money is used for qualified medical expenses. (Withdrawals taken before age 65 that aren't used for qualified medical expenses are taxable and subject to a 20% penalty; once you reach 65, the penalty no longer applies, although withdrawals are still taxable as income if not used for a qualified expense.)

Your next benefit to consider: Life insurance. Your employer may offer a group life insurance plan, but you'll want to evaluate whether it's sufficient for your needs, especially if you've experienced changes in your personal situation over the past year, such as getting married or

adding a new child. There's no magic formula for how much life insurance you need — you'll need to consider a variety of factors, such as your income, family size, mortgage and so on — but it may be necessary to supplement your employer's coverage with a private policy.

Your employer may also offer disability insurance as a benefit. Some employers' disability policies are fairly limited, covering only short periods of time, so you may want to consider a private policy.

Beyond the various insurance policies your employer may offer, you'll also want to closely look at your 401(k) or similar retirement plan. Typically, you can make changes to your 401(k) throughout the year, but it's important to make sure your investment selections and contribution amounts are still aligned with your risk tolerance and goals. Also, are you contributing enough to earn your employer's match, if one is offered? And if you've already receiving the match, can you still afford to put in more to your plan if such a move makes sense for you?

Your employee benefits package can be a valuable part of your overall financial strategy. So, as open enrollment season proceeds, take a close look at what you already have, what's being offered, and what changes you need to make. It will be time well spent.

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