

ABenefits Xtra

Your Health & Benefits Awareness resource published by the Human Resources Department at ABX Air, Inc.

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•Read about the survey results here!



•February is American Heart Month
Read up on signs and prevention of heart problems on page 2.

• Submit your questions to abx.benefits@airborne.com

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Survey Says!

The survey results are in! As the Company examines ways to address the impact of escalating medical costs on our business, it is important to seek your input into the process. After all, benefits are an important part of everyone's total compensation package. By seeking your input we hope to be able to develop a better overall solution to the problem. We would like to take a few minutes to explain the survey process.

The Survey Process

We sent surveys to 6,373 employees and received 2,538 completed, which represents about a 40 percent response rate. Approximately half of the surveys had additional written comments; the longest comment was five additional pages, front and back. With help from the Information Systems Department, the Human Resources staff scanned over 28,000 individual pages from the surveys into a software program that tabulates results. In addition, Human Resources staff typed the hand-written comments and produced a book of employee comments that is 194 pages long.

(There is a lot of poor penmanship out there!) The book of employee comments has been distributed to each of our executives, including President & COO Joe Hete.

(Please see Survey Says! continued on page 2)

Flexible Spending Accounts Explained!

So just what is a flexible spending account (FSA)? Under IRS tax law, an employer such as Airborne can set up a special account for its employees to allow them to pay for medical expenses on a pre-tax basis. Typically, allowable medical expenses are things that are not normally covered by your insurance, such as co-payments.

How does it work?

Suppose you had a drug you need to take every day. If your monthly cost is a \$30 co-payment or \$360 a year, under the FSA you could have \$360 deducted from your annual pay or \$13.84 a paycheck. This money is then sent to the FSA administrator who holds the money in an account with your name on it. When you get your prescription filled, you then take the receipt for \$30 and send it to the administrator. They send you a check for \$30 out of your account.

The advantage for you is a reduction in your federal and state taxes and your Social Security and Medicare taxes. The advantage for the Company is the savings on Social Security and Medicare tax. If your combined tax rate were 25%, then you would save \$90 in taxes for the year. For people with several prescriptions, the savings could add up quickly. FSAs can also be used to fund medical expenses for medical expenses such as Lasik eye surgery, hearing aids, additional orthodontia coverage, etc.

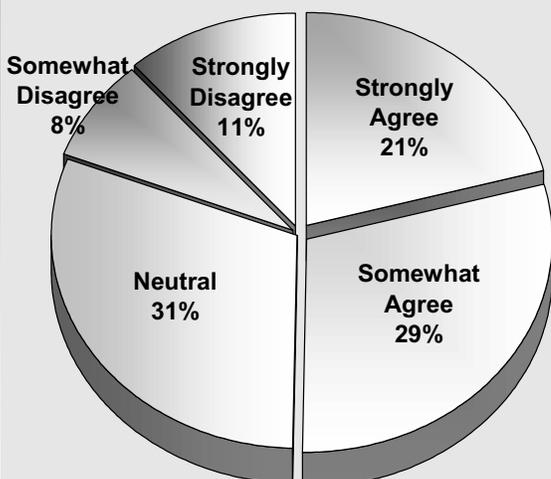
Use It or Lose It

The chief disadvantage of FSA for employees is the "use it or lose it" rule imposed by the IRS. At the end of the year, if you have money left over in the account, you lose it. The tax law does not allow the Company to return the money to you, and you cannot roll it over into the next year. With FSAs it is very important that you budget carefully. Under the tax law, the Company is free to do anything it wants with the left over money (except give it back to you). Most companies redirect any left over money into employee activities or donate it to charity.

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ABX Snapshot

Flexible Spending Accounts



February is American Heart Month

Do you know the warning signs and how to prevent a heart attack?

Some heart attacks are sudden and intense, but most heart attacks start slowly with mild pain or discomfort. Often people wait too long before seeking help.

The following are signs of a heart attack:

Chest discomfort. Most heart attacks involve discomfort in the center of the chest that lasts more than a few minutes, or that goes away and come back. It can feel like uncomfortable pressure, squeezing, fullness, or pain.

Discomfort in other areas of the upper body. Symptoms can include pain or discomfort in one or both arms, the back, neck, jaw, or stomach.

Shortness of breath. This feeling often comes along with chest discomfort. But it can occur before the chest discomfort.

Other signs: These may include breaking out in a cold sweat, nausea, or light-headedness.

Six Key Steps to Reduce Heart Attack Risks:

1. Stop smoking ~ After one year of not smoking your heart attack risk drops to about one-half that of current smokers.
2. Lower blood pressure ~ To help prevent or control high blood pressure, become physically active; lower salt and sodium intake; limit alcohol intake; and eat a heart healthy diet. Normal blood pressure is less than 130 mmHg Systolic and less than 85 mmHg Diastolic.
3. Reduce high blood cholesterol ~ Factors that affect your cholesterol include diet, physical activity, weight, heredity, age and gender. Know your numbers! A total cholesterol number below 200 is considered desirable.
4. Aim for a healthy weight ~ The risk for developing heart disease increases with a waist measurement of more than 40 inches in men and more than 35 inches in women. Losing weight and keeping it off combines heart-healthy, low calorie eating and exercise.
5. Be physically active each day ~ Physical activity helps control high blood pressure and diabetes, improve cholesterol levels, and manage weight. For heart protection, you need to do moderate-intensity activity for 30 minutes a day, preferably seven days a week. If you feel that 30 minutes would be too much, you can break up your exercise into periods of at least 10 minutes each.
6. Manage diabetes ~ Symptoms of diabetes include increased thirst and urination, weight loss, blurred vision, hunger, fatigue, frequent infections, and slow healing of wounds or sores. To reduce risk of diabetes; don't smoke; aim for a healthy weight; do 30 minutes of moderate-intensity exercise, preferably every day of the week; prevent or control high blood pressure and high cholesterol; have a heart-healthy eating plan.

Source: American Heart Association

Survey Says! *(Continued from page 1)*

The Results

The results from the survey are being shared with employees at townhall meetings this week and last in Wilmington. In addition, outbased employees participated in the town hall meetings specifically scheduled for them. Among the findings a number of common themes developed. These include:

- Benefits are very important to employees.
- Employees value choice in their benefits.
- Many employees would be willing to pay a little more for the current coverage.
- Employees need affordable health care coverage.
- Wilmington employees have a lot of interest in the health care clinic concept.

In the ABX Snapshot you can see the results from one question. Half of the employees expressed interest in the Company offering a medical flexible spending account. Another 31 percent are neutral to the idea, which may be an indication that employees would like more information about the pros and cons of a flexible spending account. Please see the article *Flexible Spending Accounts* in this newsletter for more information.

The full results will be published on the benefits section on www.abxair.com. Thanks to everyone who participated in the survey. Your opinions and views will help us design a better overall solution to the problem.

Flexible Spending Accounts Explained!

(Continued from page 1)

FSA's also pose a risk to the Company. Suppose you sign up to have \$360 deducted over the full year. In January, you turn in a receipt for \$300. The FSA administrator sends you a check for the \$300, even though you have not yet funded your account to that level. In effect, you have received an interest-free loan from the Company. In February, you decide to leave ABX. The Company is forced to eat the portion you had not yet funded. The Company cannot recoup that from you on your final check. Because of this, if instated, it's likely FSA's would be limited to longer service employees of ABX.

Other Considerations

Some employees have expressed concern that contributing to an FSA will reduce their retirement, 401(k) benefits, life insurance or Social Security benefits. Both the Airborne retirement plan and 401(k) plan use your gross income when calculating benefits. Any dollars you contribute to FSA still will count toward your retirement and 401(k) plans. Likewise, your life insurance benefit is based on your gross annual base pay. An FSA would not reduce any life insurance benefits.

Under Social Security law, because you (and the Company) contributed fewer dollars into the program, your Social Security benefit would be slightly smaller. But because of the way Social Security works, the amount is usually minimal.

Flexible spending accounts would be optional for employees with an annual election. They offer an excellent opportunity to save money by lowering your taxes provided you are willing to carefully budget. But they are not for everyone and should be used only after careful consideration. The Company will continue to explore this concept to see if it makes sense to these accounts.