



Alexander & Baldwin, Inc. FLEXSOLUTIONS

October 2005
Guam Employees

What's New For 2006

The *FlexSolutions* 2006 Open Enrollment will take place from October 31 through November 13. This is your annual opportunity to review your benefits coverage and decide if you need to make any changes for the coming calendar year.

New Dental Plan With Hawaii Dental Service

A&B is pleased to announce that Guam employees will be eligible for the *FlexSolutions* dental plan through Hawaii Dental Service (HDS) as of January 1, 2006. Your current dental coverage will continue through December 31, 2005.

FlexSolutions offers three dental plan options. Under each option, you and your covered dependents are eligible to receive a wide range of dental services. Each of the options pays 100% of eligible diagnostic, preventive and certain therapeutic care expenses, such as routine exams and cleanings. Then, for other eligible expenses...

- Option 1 pays 50%
- Option 2 pays 65%
- Option 3 pays 80%

HDS Provider Network

You may see any qualified licensed dentist you choose, but if you see HDS "member dentists" you will save money on your share of the expenses. In Guam, 70% of the licensed dentists are HDS member dentists and they have agreed to negotiated fees that do not exceed the Plan's usual, customary, and reasonable (UCR) amounts. If you visit one of these dentists, the dentist will receive payment directly from HDS and you will only need to pay the applicable copayment percentage for any covered benefits. In addition, member dentists will usually file the claim for you.

In contrast, if you visit a non-member dentist, you will need to pay the applicable copayment percentage for any covered benefits, *plus* any additional costs for fees the dentist charges that exceed the HDS UCR amounts for that benefit. To receive benefits when you use non-member dentists, you will usually need to pay the dentist in full at the time you receive the services, then file a claim with HDS for reimbursement. Claim forms are available from your local Human Resources representative, or on the Company intranet.

To locate HDS providers, log on www.deltadentalhi.org. Select *Members*, then *Search for a Dentist*. You must indicate the type of provider, such as general practitioner or orthodontist, and specify Guam for the location.

If Orthodontic Treatment Is Underway

If your covered dependent child is undergoing orthodontic treatment that will continue into 2006, you may want to contact HDS directly at 888-387-5677 to determine how the balance of the orthodontic treatment will be paid under the new plan.

Turn the page for other changes in 2006





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Increased Long-Term Disability Benefit Maximum

For disabilities starting on January 1, 2006 or after, the maximum amount that could be paid under the plan will increase as follows:

- Option 1: 50% of your monthly base salary, up to a maximum of \$8,000 (up from \$5,000)
- Option 2: 60% of your monthly base salary, up to a maximum of \$9,000 (up from \$6,000)
- Option 3: 70% of your monthly base salary, up to a maximum of \$10,000 (up from \$7,000)

Please note that if you become disabled from a pre-existing condition during calendar year 2006, the plan's pre-existing condition exclusion will apply to any increased benefit amounts for that disability. See your A&B Benefits Handbook at www.flexab.com for details.

New Administrator For The Reimbursement Accounts And The Transportation Benefit Plan

Beginning January 1, 2006 A&B has selected Denver Reserve Corporation to administer the Reimbursement Accounts and the Transportation Benefit Plan. Denver Reserve is widely respected in their field and will provide A&B employees with more services than our current administrator can.

Additional services that are available to you from this change are:

- A special Visa debit card that you can use to pay for your eligible medical, dependent care, and commuting and parking expenses. Instead of paying the expense up front and then submitting a claim for reimbursement, you may use the Visa debit card to pay for those expenses directly from your reimbursement and/or transportation benefit account. Your claims may be subject to audit, so remember to keep your receipts.
- Reimbursements may also be directly deposited into your designated checking or savings account.
- 24-hour access to your account information through Denver Reserve's website, www.denverreserve.com.
- Processing of claims daily.
- The Transportation Benefit Plan's 30-day claim-filing requirement will be eliminated. You may submit claims for reimbursement at any time through the year, but no later than March 31 of the following calendar year.

Details about the new services, enrollment materials, and important contact information for Denver Reserve will be included in your Open Enrollment packet in late October.

Buck Consultants will continue to process 2005 claims through March 31, 2006.

Reimbursement Accounts Reminder

Your participation in the Reimbursement Accounts does not carry over from year to year. You must make an election each year during Open Enrollment if you wish to re-enroll in the Reimbursement Accounts. Claims incurred during calendar year 2005 must be submitted to Buck Consultants for reimbursement by March 31, 2006.



Domestic Partners Eligible For FlexSolutions

Beginning January 1, 2006, benefit-eligible employees may cover domestic partners and their eligible children under the medical, dental, vision, dependent life, and AD&D plans. To qualify your domestic partner, you must sign an Affidavit of Domestic Partnership affirming the following:

- You and your domestic partner are both of the same sex.
- You and your domestic partner are age 18 or older and capable of consenting to the domestic partnership.
- You and your domestic partner are each other's sole domestic partner and intend to remain so indefinitely.
- Neither of you is married to another person, or in a domestic partnership with someone else that has not been terminated, dissolved, or nullified.
- You and your domestic partner are not related by blood to a degree of closeness which would prohibit legal marriage in the state in which you reside.
- You and your domestic partner have resided together in the same residence for at least six months and have been in a relationship for at least 12 months.
- You and your domestic partner are jointly responsible for each other's basic living expenses incurred during the domestic partnership.
- You are both registered in your state as domestic partners (or equivalent) if the state has a registry and you provide proof of your domestic partner status.
- You will notify A&B within 30 days if there is a change in the domestic partnership arrangement attested to in the affidavit.

If Your Domestic Partner Does Not Qualify As A Tax Dependent

Due to IRS restrictions, the value of the contribution A&B makes toward the cost of your domestic partner coverages will be considered taxable income to you.

Also, any contribution you make toward the cost of your domestic partner coverage must be paid for on an after-tax basis. However, these rules will not apply if your domestic partner qualifies as a tax dependent under Section 152 of the Internal Revenue Code.

In addition, expenses for domestic partners and their children may not be eligible for reimbursement under the Reimbursement Accounts, unless they are tax dependents under IRS rules.



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Health Care Contributions

The amount each employee contributes for health care coverage varies based on his or her salary, geographic location, which dependents, if any, are covered, the benefit options elected, and how *FlexSolutions* (FS) Credits are used. The amount of FS Credits available to you will be shown on your 2006 Enrollment Worksheet that will be included in your Open Enrollment packet.

A&B's overall employee contribution levels continue to be below the national average. We are now in the third year of implementing our three-year strategy to bring employee contributions closer to the national average. In 2006, employee contributions for medical, prescription drug, and dental will increase on average to 20%. This means that some employees will pay more than 20% while others—particularly those at lower salary levels—will pay less than 20%.

Things To Consider During Open Enrollment

In the next few weeks, you will receive your Open Enrollment packet. As you review your Open Enrollment materials, consider the following:

- What's more important to you in a health care plan: the monthly cost you pay in employee contributions or the level of coverage available if you need medical and dental care? To help you evaluate your options, refer to your *2006 Open Enrollment Worksheet* that will be sent with your Open Enrollment packet. This personalized worksheet shows the per-pay period cost for each benefit option and the FS credits available for those options. Then compare those costs to the medical plan comparison chart that will be included in your packet; this chart summarizes key plan benefit features that apply at the time you use medical services.
- Are you covering your spouse on an A&B medical or dental plan when he or she has other coverage available?
- Do you have enough life and disability coverage to provide financial protection for your family if you die or become disabled?
- Are you paying for out-of-pocket health care or dependent day care expenses with after-tax dollars instead of taking advantage of the reimbursement accounts to pay for them with money that is not taxed?

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