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**IMPORTANT NOTICE**  
 The compensation and benefits plans, policies and practices described in Compensation & Benefits Update are subject to and administered in accordance with the terms of the respective plan, practice or policy. In the event of a conflict between the statements in Compensation & Benefits Update and the terms of any applicable collective bargaining agreement, compensation or benefits plan, practice or policy, the collective bargaining agreement, applicable plan, practice or policy will control.

**RETIREMENT PLANS**

**Increases to IRS Limits Allow for Greater 401(k) Savings**

The Internal Revenue Service (IRS) places yearly limits on tax-qualified retirement plans like the Avaya 401(k) Plan. Some limits for 2007 will be increased beginning in January, allowing more opportunities for tax-deferred savings. The table below outlines the changes for 2007.

Annual Limit	New 2007 Amount	2006 Amount
<u>Pre-tax Contributions:</u> Amount contributed to a 401(k) account before taxes.	\$15,500	\$15,000
<u>Annual Compensation Limit:</u> Compensation that can be used to calculate 401(k) contributions.	\$225,000	\$220,000
<u>Annual Contribution Limit:</u> Total contribution amount (your and Avaya’s combined) to a 401(k) account.	\$45,000	\$44,000

**What the limits mean.** If you reach a limit during 2007, your contributions will either change (from pre-tax to after-tax) or stop for the remainder of the year.

**Catch-up Contributions Reminder.** Note that there is no change to the Annual Catch-up Contribution limit, which will remain at **\$5,000** in 2007. Catch-up contributions allow employees age 50 or older to contribute an additional pre-tax amount to their 401(k) accounts each year. While the 2007 limit is unchanged at \$5,000, *catch-up contributions remain a useful option.* They allow total contributions of up to \$20,500 of pre-tax funds into a 401(k) account in 2007 (\$15,500 plus \$5,000). Catch-up contributions are not restricted by the annual compensation and contribution limits described above. If you elected to make catch-up contributions during 2006, that election will carry over into 2007 and no further action is required on your part. Note that Avaya does not match catch-up contributions.

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**Note:** Did your 401(k) contributions automatically switch from pre to after-tax in 2006? If so, no action is required: your contributions will automatically switch back to pre-tax in Jan. 2007. However, if you stopped or lowered your contributions on your own in 2006, consider re-starting or increasing them to previous levels in 2007. Remember, if your contributions fall below six percent, you're contributing below the amount of the Avaya matching program -- and leaving "free money" on the table.

## HEALTH and WELFARE

### Reminder: 2007 Benefit Elections Effective in January



Beginning Jan. 1, your benefit elections for 2007 will take effect. At that time, it's a good idea to re-familiarize yourself with the benefits you chose during Annual Enrollment. Visit the Avaya Health and Benefits Decision Center at [www.AvayaHealthyDecisions.com](http://www.AvayaHealthyDecisions.com) to review your elections. Note that you *cannot* change any of your enrollments except for the following:

- You experience a qualified status change – see story on page 3.
- Life insurance coverage amount can be changed throughout the year.

Please review the following important reminders as we move into 2007.

#### Benefits of Primary Care Physician

If you are in the Point-of-Service option, consider the benefits of selecting a Primary Care Physician (PCP) for your medical plan. One is cost: if you select a PCP, your copayment will be **\$20** when you visit your PCP in 2007. If you do not select a PCP, your copayment will be **\$30** for each office visit, the same copayment as a visit to a specialist.

An additional benefit is that a PCP offers consistency in your health care. A PCP can deliver value by becoming familiar with the health needs of you and your family.

**Take Action!** If you have not already done so, choose a PCP for yourself and each covered dependent *before* Jan. 1, 2007. To find a doctor, go to [Aetna Navigator](#) > Find Health Care in DocFind®. Then to elect or change your PCP, at [Aetna Navigator](#) go to Requests and Changes > Changes > Change Primary Care Physician.

#### Free Annual Physical Examinations

Employees and their covered dependents age 18 and over covered under the Point-of-Service or Traditional Indemnity medical option may take advantage of free annual physical examinations and health screenings. Screenings may include prostate screenings, mammograms and colorectal screenings.

**Take Action!** Get guidance on the type of screenings for which you are eligible. Go to [www.aetnavigators.com](http://www.aetnavigators.com) > Take Action on Your Health > Staying Healthy > Preventative Health Care Schedule. If you have questions, call Aetna Member Services at 1-877-508-6927.

## Statement of Health Required with Supplementary Life Insurance

Most employees who purchased Supplementary Life Insurance during the recent Annual Enrollment period must complete a Statement of Health form.\* (This is required whether you elected it for the first time, or elected an increase.) Mail the completed form to the insurer, MetLife, as soon as possible. This provides evidence of your insurability so that MetLife can determine whether your election is approved. A Statement of Health form was included in the mail from the Avaya Health and benefits Decision Center along with your Annual Enrollment confirmation statement.

**Note** that you can increase your Supplementary Life Insurance at any time, not only during Annual Enrollment. For more information visit [www.AvayaHealthyDecisions.com](http://www.AvayaHealthyDecisions.com) and find 'Life Insurance' on the left navigation bar.

Statement of Health forms also are available through the Avaya Healthy Decisions Web site. Go to [www.AvayaHealthyDecisions.com](http://www.AvayaHealthyDecisions.com) > Reference Materials & Forms, then scroll down to Life Insurance.

Failure to mail a completed form to MetLife will result in denial of your Supplementary Life Insurance election.

\*This does not apply if you increase your Supplementary Life Insurance from five to six times your Total Annual Pay in 2007. Terms of the latest collective bargaining agreements allow this specific increase without providing evidence of insurability.

\*This does not apply to new hires that elect up to two times their Total Annual Pay.

## Qualified Status Change Requirement

As a reminder, if you experience a qualified status change (such as marriage, birth or adoption of a child, spousal employment change, etc.), you have 31 days from the qualifying event to notify the Avaya Health and Benefits Decision Center. Make this notification at [www.AvayaHealthyDecisions.com](http://www.AvayaHealthyDecisions.com) (see Qualified Status Changes on the left navigation bar) or call 800-526-8056, prompt, 1 between 8 a.m. and 8 p.m., ET, Monday through Friday.

## New ID Cards on the Way

Employees enrolled in the Aetna Point-of-Service or Traditional Indemnity medical coverage will get new ID cards in the mail by Jan. 1. In the event you do not receive your ID card before you need services in 2007, download a temporary card from Aetna Navigator. Go to [www.aetnavigators.com](http://www.aetnavigators.com) > ID Card. You can also order replacement cards at this site.

## New Contact Information for Aetna Rx Home Delivery

If you get your prescription drugs through Aetna Rx Home Delivery, note that there is new contact information for the service. As communicated in a mailing to employees' homes from Aetna last month, the new contact information is:

Phone number:	1-800-227-5720
Web site address:	<a href="http://www.aetna.com/aetnarxhomedelivery">www.aetna.com/aetnarxhomedelivery</a>
Fax number for doctors:	1-866-681-5166
Address:	Aetna Rx Home Delivery P.O. Box 829518 Pembroke Pines, FL 33082-9913



Aetna Rx Home Delivery also is enhancing services with:

- Improved features on its Web site including details of your order history and status.
- The convenience of one order for you and any dependents in your household.
- A new self-service telephone system with access to all services customers need (customer service professionals remain available).
- Access to the Aetna Navigator™ secure member site and the Aetna Rx Home Delivery Web site using one password.

For more information visit [www.aetna.com/aetnarxhomedelivery](http://www.aetna.com/aetnarxhomedelivery).  
Or call 1-800-227-5720.

### Prescription Drug Mailing Reminders:

- Your mail order copayment is the same whether you're filling a 30 day or a 90 day prescription. No matter how many refills are designated, you are responsible for the same copayment every time you mail a prescription. If possible, ask your doctor to prescribe the maximum amount.
- Be sure to include payment or payment information every time you mail a prescription. Without it, your prescription will be delayed.

## Focus on: Generic Drug Discounts from Chain Pharmacies

Recently, a few prominent chain pharmacies have announced programs to offer certain generic medications at a discounted price. We asked Aetna to answer questions you may have about these offers.

### Who is offering this type of program?

Currently, Wal-Mart, Target, Meijer and Wegmans have announced plans to offer certain generic medications at a reduced price. Some independent pharmacies may offer discount programs as well. The details of these programs vary by store.

**Are all generics included in the discount programs?**

The list of medications available varies by store. Often, the medications included are inexpensive. Many of the recently introduced generic medications are not included. It is also important to note that the number of doses allowed for this price varies by medication. See your applicable local retail store(s) for more information.

**Should I continue to present my Aetna member ID card at the retail pharmacy?**

Yes. Presenting your card each time you fill/refill your prescription ensures that *you will pay the lowest price*. It also ensures that your prescription is reviewed for proper dosage, drug/drug, and drug/disease interactions.

**How will these generic programs affect my out of pocket costs?**

You will still get any available cost benefit. If the pharmacy's price for a medication is lower than your copayment, you would be responsible for paying the pharmacy's price.

**My plan requires me to use mail-order service for some prescriptions. What should I do?**

Mail order pricing is generally more favorable than retail for most drugs, including those in the generic discount programs. Your plan has a mandatory mail order benefit. Therefore, you will still be required to use mail order after the three allowable retail fills for maintenance drugs, including those on the generic discount programs, to receive any plan benefit.

You can compare the cost of the retail generic programs to your mail-order cost by logging on to Aetna Navigator at [www.aetn navigator.com](http://www.aetn navigator.com) and using the Price-A-Drug<sup>SM</sup> feature. If you are taking a maintenance medication that is less expensive at retail, you can elect to pay the retail price instead of submitting the prescription to mail order after the third fill.

If you elect this course of action, please be aware that that drug will not be processed in the Aetna claim system and will not be screened by Aetna for proper dosage and possible interactions with other drugs or diseases. Please consult with your pharmacist to discuss potential side effects and to address any safety concerns.

## **2006 Reimbursement Account Deadline**

If you currently participate in the Health Care Reimbursement Account (HCRA) or Child/Elder Care Reimbursement Account (CECRA), you must use the money in your account for expenses incurred on or before Dec. 31, 2006, or the money is forfeited. You have until April 16, 2007 to file for reimbursement, but the claims submitted must have a 2006 date of purchase or service. A variety of expenses, such as certain over-the-counter drugs, qualify for HCRA reimbursement. Get more information at [www.AvayaHealthyDecisions.com](http://www.AvayaHealthyDecisions.com). See 'Reimbursement Accounts' in the left navigation bar. Or, see 'Summary Plan Descriptions' at [www.avaya.com/benefitanswers](http://www.avaya.com/benefitanswers).

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# WORK and FAMILY

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## Work and Family Programs Can Help During Holidays

Avaya offers benefits that can help you better manage the challenging mix of work and personal responsibilities, at no additional cost to you. While these 'Work and Family' programs are available at any time of year, they may be especially useful during the busy holiday season.

- **Counseling Connection**, your *Employee Assistance Program* (EAP). If the season is wearing you down, you can turn to this confidential counseling and referral service. The EAP is designed to support you and your eligible dependents when life's challenges prove especially difficult. An EAP counselor from Magellan Health Services is available 24 hours a day, seven days a week, free of charge. Call **1-877-804-9753**.
- **The Family Resource Program**. If there are not enough hours in the day, this is the program for you. It offers one-stop shopping for advice and referrals on a range of services. From finding child and elder care services to entertainment, household services and shopping advice, the Family Resource Program can help simplify your life. Call toll-free **1-877-804-9753**. Get more information at [www.MagellanHealth.com](http://www.MagellanHealth.com).
- **Employee Discount Program**. Looking for that last-minute gift? The Avaya Employee Discount Program has offers on a range of consumer products like wireless phones, PCs and other consumer electronics, cookware, books and more. When the holiday season is finished, why not look ahead to deals on leisure travel, automobiles, financial products and other services? See the full range of the Avaya Employee Discount Program at [www.beneplace.com/avaya](http://www.beneplace.com/avaya) or navigate through the [Enterprise Portal](#). Go to the ESC> Benefits> Employee Discounts.

# POLICY UPDATES/REMINDERS

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## How to Report Absences

SHPS is the administrator for Avaya absence programs that include Disability, Workers' Compensation, and Leaves of Absence laws such as the Family and Medical Leave Act (FMLA). The programs are now part of Avaya Healthy Decisions.

You should continue to report all absence information to your supervisor or Workforce Management Representative, who will report the appropriate information to SHPS.

For more information, contact the Avaya Health and Benefits Decision Center at **1-800-526-8056 (prompt 3)** or log on to [www.AvayaHealthyDecisions.com](http://www.AvayaHealthyDecisions.com) and click on "Absence Management."

## Women's Health and Cancer Rights Act

The Women's Health and Cancer Rights Act of 1998 requires that all group health plans providing medical and surgical benefits with respect to a mastectomy must provide coverage for:

- Reconstruction of the breast on which the mastectomy has been performed;
- Surgery and reconstruction of the other breast to produce a symmetrical appearance; and
- Prosthesis and treatment of physical complications of all stages of mastectomy, including lymphedema.

These services must be provided in a manner determined in consultation with the attending physician and the patient. This coverage may be subject to annual deductibles and coinsurance provisions applicable to other such medical and surgical benefits provided under the Avaya Medical Expense Plan.

## My Total Rewards Statement Updated Quarterly



The My Total Rewards (MTR) Web site has been updated with your personal information as of Oct. 1, 2006. The next update is scheduled for the end of January 2007, and will reflect your information as of Jan. 1, 2007. MTR is customized with your personal pay and benefits data. It's also a great place to check your current benefits elections and find useful links to vendors and company policy.

MTR includes a summary benefits page, a tool that helps you estimate how much money you will need for retirement and integrated beneficiary information from each of the various benefit programs. Additionally, you can save your MTR statement as a PDF, making it easier to retain for your records.

Access your updated My Total Rewards statement at <http://esc.avaya.com/totalrewards>. Use your NT handle and password to log on.

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