



# A NEW APPROACH

to your retiree  
medical benefits



**EMERITI**<sup>®</sup>  
RETIREMENT HEALTH SOLUTIONS

# OUR AGENDA TODAY



1. What is the Emeriti Program
  - Health Accounts
  - Health Insurance Options
  - Reimbursement Benefits
2. Why you need to save
3. Understanding the insurance design
4. How you choose investment options
5. How you enroll in Emeriti

# ABOUT EMERITI

- **Not-profit consortium serving the higher education community**
- **Forty-two current member institutions and growing**
- **Generous grant support from The Andrew W. Mellon and William and Flora Hewlett Foundations**
- **First-ever, comprehensive retiree medical benefits program**
- **Headquartered in Hudson Valley, New York State**
- **Commitment to education and integrated retirement planning**

Source: This information is provided by Emeriti® Retirement Health Solutions as of September 1, 2006.



**EMERITI®**  
RETIREMENT HEALTH SOLUTIONS

# ABOUT FIDELITY INVESTMENTS

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- Largest provider of workplace savings plans in the United States
- Management of \$1.3 trillion in assets on behalf of 22 million individuals\*
- Leading mutual fund company with goal of solid long-term performance
- Service to 900 higher education clients with 840,000 participants\*\*
- Headquartered in Boston, Massachusetts
- Commitment to seamless integration and delivery of the Emeriti Program

\*as of 7/31/2006

\*\* as of 8/31/2006



# ABOUT AETNA LIFE INSURANCE

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- **Oldest and leading insurance company in the United States**
- **15.4 million medical members and 10.2 million pharmacy members**
- **Delivery of integrated medical, dental, pharmacy, group insurance products**
- **Certification to offer Medicare-approved Part D plans in all fifty states**
- **Headquartered in Hartford, Connecticut**
- **Commitment to seamless integration and delivery of the Emeriti Program**



This information is provided by Aetna.

# WHAT EMERITI PROVIDES

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- **Emeriti Health Accounts**

A **tax-advantaged way** for you to invest and accumulate assets exclusively to help meet future retiree medical expenses

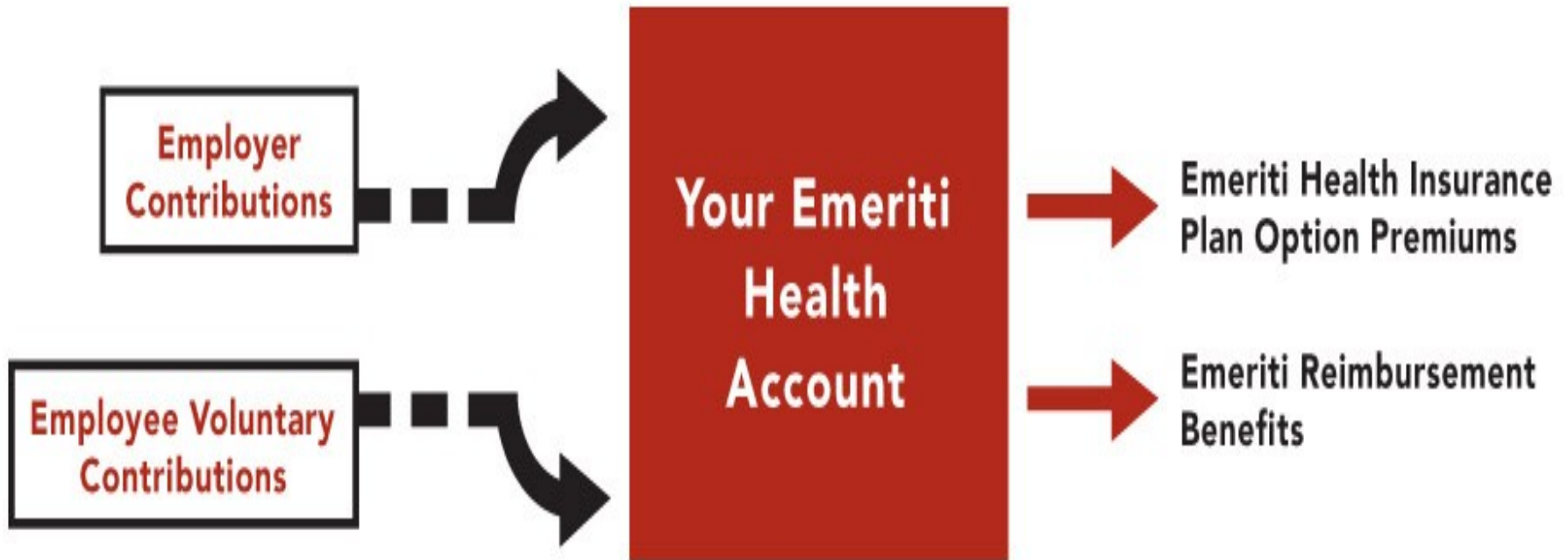
- **Emeriti Health Insurance Options**

**Portable group health insurance options** wherever you decide to live in retirement

- **Emeriti Reimbursement Benefits**

A **tax-free method** for you to pay for other qualified out-of-pocket medical expenses not covered by Medicare or Emeriti

# HOW EMERITI BENEFITS WORK





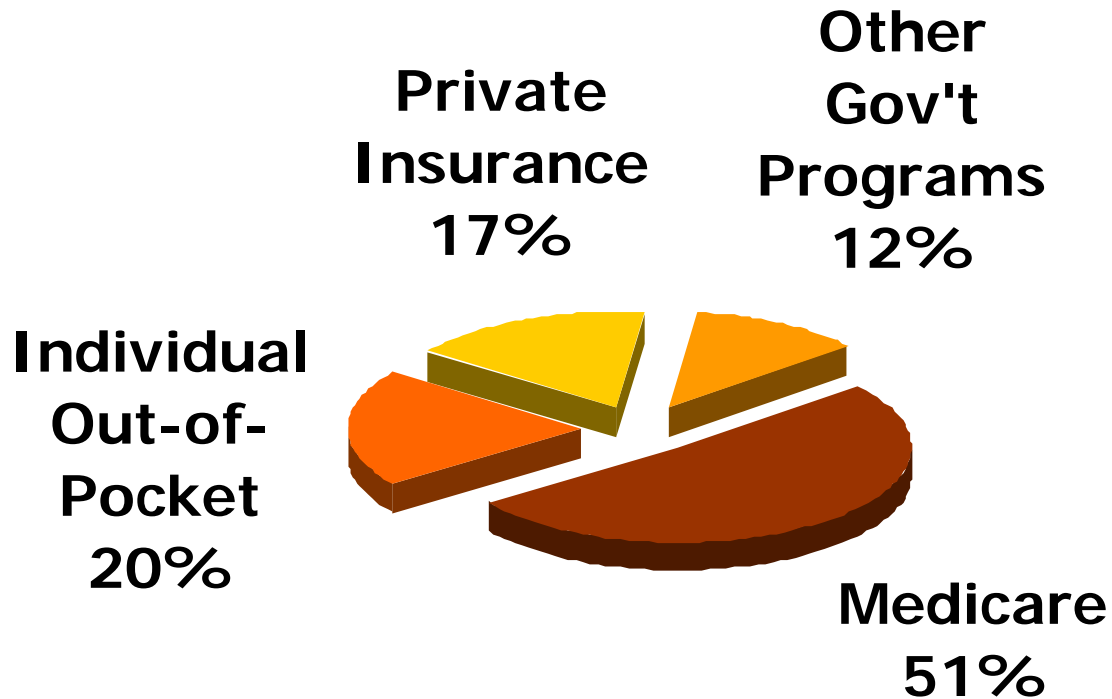


# WHY YOU NEED TO SAVE

- **The Medicare Gap**
- **Estimating Savings Goals**



# YOU NEED TO FILL IN THE MEDICAL EXPENSE GAP



Source: The Employee Benefit Research Institute (EBRI) estimates from the 2003 Medical expenditure survey.

# HOW YOU CAN SAVE FOR FUTURE RETIREE MEDICAL COSTS

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## ■ DURING ACTIVE SERVICE

- Regular deductions from your payroll
- Periodic lump sums (\$100 or more) electronically from your bank account

## ■ IN RETIREMENT

- Periodic lump sums (\$100 or more) electronically from your bank account
- Regular electronic (ACH) transfers from your bank account for your share of insurance premiums

## ■ UPON TERMINATION FROM YOUR EMPLOYER'S PLAN

- Periodic lump sums (\$100 or more) electronically from your bank account

# HOW EMERITI'S TAX-EFFICIENT HEALTH ACCOUNTS CAN HELP YOU

<b>Contributors</b>	<b>Treatment of Contributions</b>	<b>Treatment of Earnings</b>	<b>Treatment of Payout</b>
<b>Employer*</b>	<b>Pre-tax</b>	<b>No-tax</b>	<b>No-tax</b>
<b>Employee Voluntary</b>	<b>After-tax</b>	<b>No-tax</b>	<b>No-tax</b>

\* Depending on the organization, your employer's contributions may also include additional pre-tax amounts in lieu of compensation or other benefits.



# HOW TO ACCESS YOUR BENEFITS

- **Approaches to Benefit Payout**
- **Choice of Insurance Options**
- **Flexibility of Reimbursement Benefits**

# DISTRIBUTIONS FROM EMERITI HEALTH ACCOUNTS



# TIMING FOR BENEFIT DISTRIBUTIONS

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## ■ IN RETIREMENT

- Medicare-eligible retirement at age 65 or older  
(insurance premiums and reimbursement benefits)
- Early retirement at age 55 or older  
(reimbursement benefits)

## ■ DURING ACTIVE SERVICE (special circumstances)

- Terminal illness
- Catastrophic sickness beyond insurance coverage

## ■ UPON TERMINATION FROM EMPLOYER'S PLAN

- Small account distributions for medical expenses

**NOTE:** Your employer's plan establishes specific rules for vesting in account balance and retirement eligibility for insurance. Please consult your plan highlights and summary plan description.



# UNDERSTANDING THE INSURANCE DESIGN



# KEY FEATURES OF EMERITI INSURANCE OPTIONS

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- **Emeriti insurance coverage developed with the needs of the higher education retiree in mind:**
  - **Catastrophic protection**
  - **Prescription drug coverage**
  - **Nationwide access**
  - **Annual enrollment choice**
  - **Foreign urgent or emergency care**
  - **Preventive care**

# CURRENT EMERITI HEALTH INSURANCE OPTIONS

## THREE COMPREHENSIVE PLANS (3)

(Rich Medical with Prescription Drugs)

Very Enhanced D

Enhanced D

Standard D

## TWO PRESCRIPTION ONLY PLANS

(Rx only, no medical coverage)

Enhanced D

Standard D

## ONE MEDICARE PART "C" PLAN

(Called Private Fee-for-Service)

(Rich medical with Standard Rx coverage)

Standard D

## OPTIONAL DENTAL PLAN

combined with

plans 1-6

NOTE: Each year at annual enrollment, retirees have a choice among all available insurance plans

# Comprehensive Coverage – 3 Plans

	PLAN 1	PLAN 2	PLAN 3
<b>COVERAGE LEVEL</b>	Very enhanced drug w / rich medical	Enhanced drug w/ higher-deductible medical	Standard drug w / rich medical
<b>PHARMACY</b>			
Your Deductible	\$100	\$250	\$265
Your 1st Cost Tier	15% - 25% - 35%	20% - 35% - 50%	\$5 - \$35 – 25%
Your 2nd Cost Tier	20% - 30% - 40%	20% - 35% - 50%	100%
Your 3rd Cost Tier	0%	0%	5%
Formulary	open	open	closed
Plan Pays	68-71%	61-64%	51.5%
<b>MEDICAL</b>			
Your Deductible	\$200	\$750	\$200
Your Cost Share	20%	20%	20%
Your OOP Limit	\$1000	\$2000	\$1000
Preventive Care	Annual physical(\$300) Biennial hearing/vision (\$100 each)	Annual physical(\$300) Biennial hearing/vision (\$100 each)	Annual physical(\$300) Biennial hearing/vision (\$100 each)

# Rx Coverage Only – 2 Plans

	PLAN 4	PLAN 5
<b>COVERAGE LEVEL</b>	Stand-alone drug enhanced benefit	Stand-alone drug standard benefit
<b>PHARMACY</b>		
Your Deductible	\$125	\$265
Your 1st Cost Tier	15% - 25% - 35%	\$5 - \$35 – 25%
Your 2nd Cost Tier	100%	100%
Your 3rd Cost Tier	5%	5%
Formulary	open	closed
Plan Pays	52-54%	51.5%
<b>MEDICAL</b>	Not applicable	Not applicable

# Private-Fee-For-Service – 1 Plan (a Medicare Part C Option)

	PLAN 6
<b>COVERAGE LEVEL</b>	Standard drug Extensive medical
<b>PHARMACY</b>	
Your Deductible	\$265
Your 1st Cost Tier	\$5 - \$35 – 25%
Your 2nd Cost Tier	100%
Your 3rd Cost Tier	5%
Formulary	closed
Plan Pays	51.5%
<b>MEDICAL</b>	
Your Deductible	none
Your Cost Share (sample co-payments)	\$25 doctors, specialists, tests \$50 urgent / emergency care \$250 inpatient hospital stay
Your OOP Limit	Not applicable
Preventive Care	extensive

\* As a Medicare Part C option, Medicare Part A and B rights are assigned to the private insurer.

# DENTAL PLAN HIGHLIGHTS

<b>Annual Deductible</b>	<b>\$100</b>
<b>Preventive Service Coverage</b>	<b>100%</b>
<b>Basic Services Coverage</b> (e.g. fillings, standard crowns, extractions)*	<b>50%</b>
<b>Major Services Coverage</b> (e.g. root canal therapy, surgical removals, dentures)*	<b>50%</b>
<b>Annual Benefit Maximum</b>	<b>\$1,500</b>
<b>Orthodontic Services Coverage</b>	<b>not included</b>

For a detailed explanation of dental coverage and waiting periods for major services, please refer to the dental summary of benefits.

# FLEXIBILITY OF EMERITI REIMBURSEMENT BENEFITS

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- **Payment of Medicare premiums and cost shares**
- **Payment of supplemental insurance deductibles, coinsurance and co-payments**
- **Payment of vision, dental, hearing care**
- **Payment of long-term care insurance**
- **Payment of medical expenses associated with nursing or in-home health care services**
- **Payment of over-the-counter pharmaceuticals**
- **Payment of other insurance (if Emeriti coverage is not elected)**

**NOTE: A wide range of health care expenses apply for tax-free reimbursement as long as they satisfy the requirements of Section 213 (d) of the IRS Code.**





# REVIEWING YOUR PLAN DETAILS

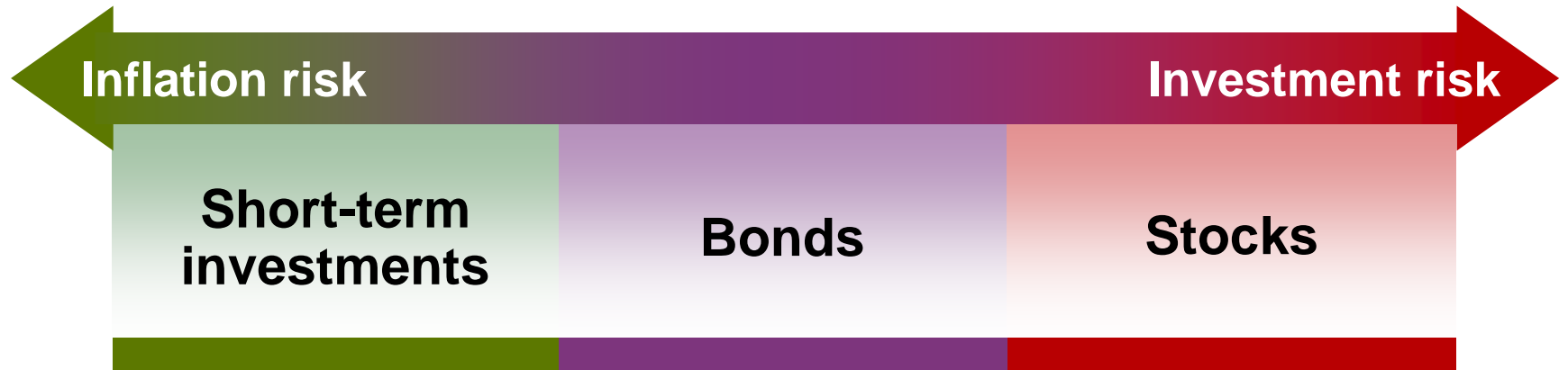
- **Your dependents**
- **Your voluntary contributions**
- **Your retirement eligibility**
- **Your right to use funds (vesting)**

# CHOOSING YOUR INVESTMENTS

- Fidelity Freedom Funds ®
- Fidelity Retirement Money Market



# INVESTMENT SPECTRUM



# INVESTMENT OPTIONS

Categories to left have potentially more inflation risk and less investment risk

Categories to right have potentially less inflation risk and more investment risk

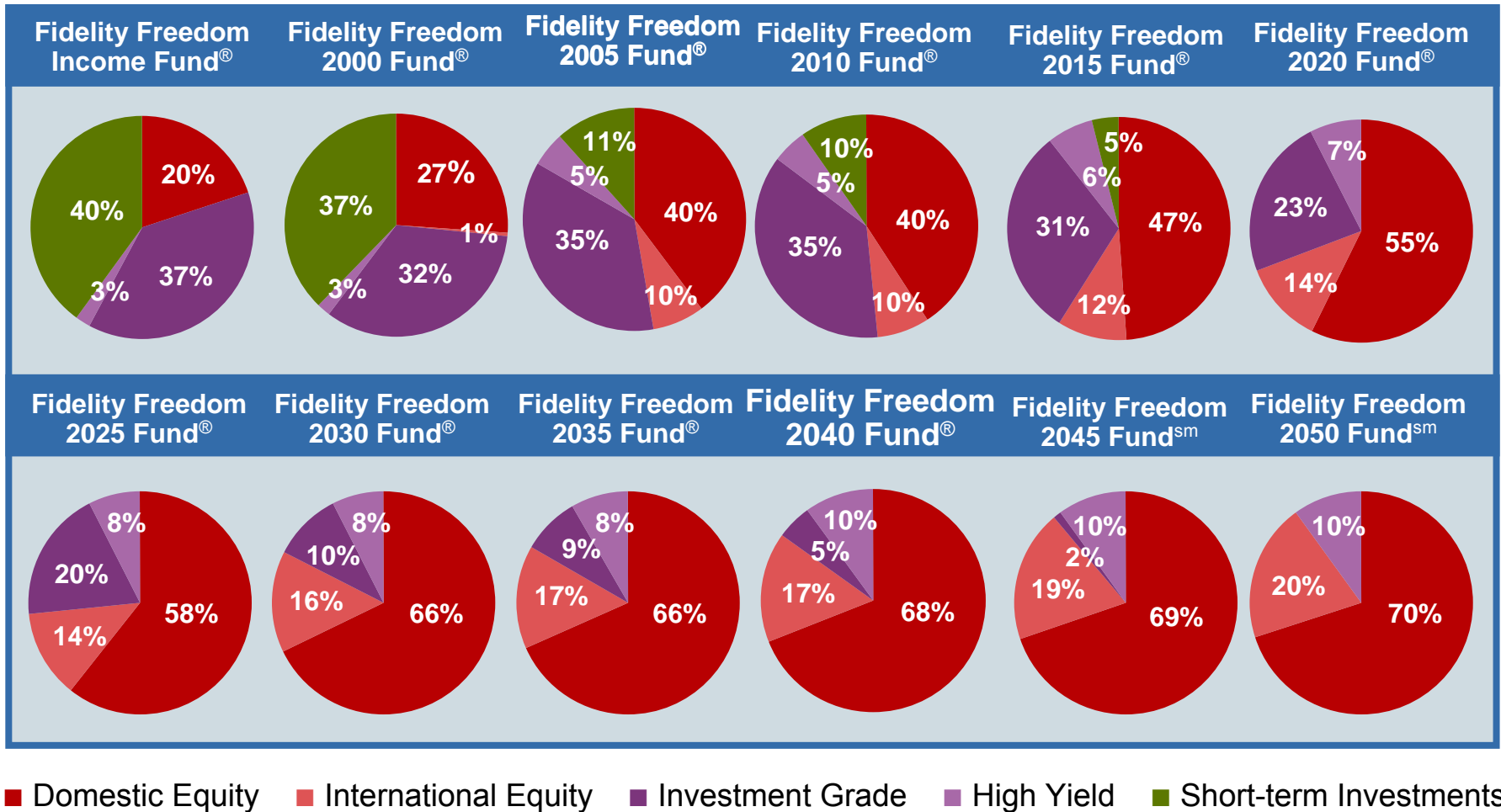
Money  
Market

Fidelity Retirement  
Money Market Portfolio

***An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although money market funds seek to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in these funds.***

# Fidelity Freedom Funds<sup>®</sup>

## A Family of Funds



The percentages represent anticipated target asset allocation at September 30, 2006.

Strategic Advisers, Inc., a subsidiary of FMR Corp., manages the Fidelity Freedom Funds.

# ABOUT FEES

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## While you are working:

- **Fidelity Recordkeeping Fee - \$1.67 per month**
- **Emeriti Service Fee - \$4.00 per month**
- **Fees and expenses associated with the investment options.** (Please refer to the mutual fund prospectuses for more information about the investment fees).

**NOTE:** Depending on your employer's plan, fees may be paid by you, by your employer, or on a cost-sharing basis.

# ABOUT FEES

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## While you are retired:

- **Fidelity Recordkeeping Fee - \$6.25 per month**
- **Emeriti Service Fee - \$4.00 per month**
- **Acclaris reimbursement fee - \$6.00 per submission  
(per bundled set of receipts submitted)**
- **Fees and expenses associated with the investment options.** (Please refer to the mutual fund prospectuses for more information about the investment fees).

**NOTE:** Depending on your employer's plan, fees may be paid by you, by your employer, or on a cost-sharing basis.





## NEXT STEPS TO ENROLL

➔ ***Call 1-866-EMERITI***

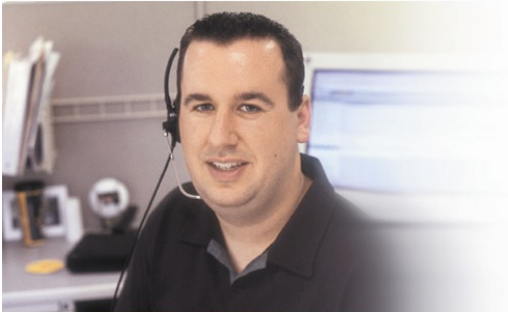
- **Determine your investment choice**
- **Assign your eligible dependents**
- **Consider making a voluntary contribution**

# USING THE PHONE CENTER FOR GENERAL INFORMATION

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- 1. Dial: 1-866-363-7484 (1-866-EMERITI).**
- 2. Press 1 (for more information).**
- 3. Press 1 for touch-tone service.**
- 4. Enter your Social Security Number (or any series of 9 numbers) followed by the # key.**
- 5. A prompt will come on saying your social security number entered is not recognized. Press #0#0 immediately.**

**A live phone representative will greet you.**



# FOUR WAYS TO GET INFORMATION

1. Call Emeriti Specialists –

**1-866-EMERITI**

8:00 am EST – 12:00 midnight EST

Monday through Friday

2. Visit [www.emeritihealth.org](http://www.emeritihealth.org)

3. Read your enrollment kit

4. Attend workshops on campus



# YOUR QUESTIONS ABOUT EMERITI

- **Questions?**
- **Feedback on your learning experience?**

# WORKSHOP EVALUATION



**Please provide  
feedback on your  
learning experience**

# LEGAL NOTICES

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## **Summary Plan Description**

This presentation is intended to provide you with a brief summary of some of the details of your Employer's Emeriti Plan and the Emeriti Program generally. It is not a Summary Plan Description ("SPD") and does not summarize all the terms of your Employer's Emeriti Plan. For a full summary of the terms of your Employer's Emeriti Plan you must consult the SPD, which will be provided to you upon enrollment or upon request.

## **Important Information about Emeriti**

The full name of Emeriti Retirement Health Solutions is The Emeriti Consortium for Retirement Health Solution, an Illinois Not-for-Profit Corporation.

Emeriti Retirement Health Solutions is not an insurance company, insurance broker or insurance provider.

## **Major Contributors to the Emeriti Benefit Program**

Emeriti Retirement Health Solutions, Aetna, Fidelity Investments, HealthPartners (in Minnesota), and Acclaris are independent organizations and are not legally affiliated.

## **Investment Adviser Status**

Emeriti Retirement Health Solutions is a registered investment adviser for purposes of selecting the range of investment options for the Emeriti Program, selecting the investment manager for employer and voluntary employee contributions, and providing these and other impersonal educational materials to plan participants. Emeriti does not provide advice to participants about their individual investment selections.

The participation interests in the voluntary employee contribution VEBA trusts associated with the Emeriti plans (the “Interests”) may be treated as securities under various state securities laws. The offering of these Interests is subject to compliance with any applicable state law. For residents of Georgia, the Interests are being offered in reliance on paragraph 13 of Code Section 10-5-9 of the Georgia Securities Act of 1973, as amended (the “Georgia Act”). The Interests may not be sold or transferred except in a transaction which is exempt under the Georgia Act or pursuant to an effective registration under the Georgia Act.



## Investment Decisions

It is your responsibility to select and monitor your investments to make sure they continue to reflect your financial situation, risk tolerance and time horizon. Most investment professionals suggest that you reexamine your investment strategy at least annually or when your situation changes. In addition, you may want to consult an investment adviser regarding your specific situation.

Unless otherwise noted, transaction requests confirmed after the close of the market, normally 4 p.m. Eastern time, or on weekends or holidays, will receive the next available closing prices.

Recordkeeping and shareholder services for the Emeriti Program are provided by Fidelity Investments Tax-Exempt Services Company, a division of Fidelity Investments Institutional Services Company, Inc.

Strategic Advisers, Inc., a subsidiary of FMR Corp., manages the Fidelity Freedom Funds

***Before investing in any mutual fund, please carefully consider the investment objectives, risks, charges and expenses. For this and other information, call or write Fidelity for a free prospectus. Read it carefully before you invest.***