NEW RETIREMENT HEALTH PROGRAM IMPLEMENTATION

EMERITI WORK GROUP

April 10-12, 2007

SAINT MARY'S COLLEGE
of California

AGENDA

- Emeriti Work Group
- Overview of Saint Mary’s Existing Programs
- Implementation of Emeriti Program at Saint Mary’s
- Special Considerations
- Key Dates
- General Summary
- Questions

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SAINT MARY’S EXISTING DEFINED BENEFIT PROGRAM FOR ALL FACULTY & STAFF

- Eligible full and part-time faculty (teaching at least 5 courses per year) and eligible full and part-time staff (working at least 20 hours per week/1040 hours per year) are provided with coverage or funds for coverage for no more than 5 years (60 months) of employee-only medical and dental insurance upon retirement based on the College’s then current costs and funding. Note: Dental insurance coverage ends at age 65.

- Eligible faculty and staff must be at least 55 years of age and have at least 15 years of cumulative service to the College.

SAINT MARY'S EXISTING REDUCED SERVICES PROGRAM FOR FACULTY

- Eligible tenured faculty can be provided with a Reduced Services Appointment of 4 or fewer courses with full medical insurance coverage.

- Eligible tenured faculty must have completed 10 years of full-time service and have attained the age of 60.

SAINT MARY'S IMPLEMENTATION OF NEW RETIREMENT HEALTH PROGRAM

- The new "Retirement Health Program" administered through Emeriti Retirement Health Solutions (Emeriti) will be the exclusive retiree health benefits program for all eligible faculty and staff hired on or after implementation date (July 1, 2007).

- Once an eligible employee has reached age 40, Saint Mary's will begin to make contributions to an Employer VEBA Account for that employee. College contributions to the Employer VEBA Account will continue for as long as the employee remains eligible, but for no more than 25 years (300 months/600 semi-monthly pay periods).

SAINT MARY'S IMPLEMENTATION OF NEW RETIREMENT HEALTH PROGRAM continued

- Initial funding of Employer VEBA Account set at $1,320 per year ($55 per semi-monthly pay period) per eligible employee.

- Initial funding level is the equivalent of 1.0% of annual payroll costs for eligible employees.

SAINT MARY'S IMPLEMENTATION OF NEW RETIREMENT HEALTH PROGRAM continued

- Voluntary funding of Employee VEBA Account with $10 minimum after-tax contribution per pay period.

- Voluntary contributions may start at age 21.

- Vesting in Employer VEBA Account after 5 continuous years of service.

- Vesting in Employee VEBA Account immediately.

SAINT MARY'S IMPLEMENTATION OF NEW RETIREMENT HEALTH PROGRAM continued

- Saint Mary's pays one-time entry fee, annual account charge, and record keeping fees, for active employees.

- Retirees pay annual account charge, record keeping fees, and claim charges.

SAINT MARY'S IMPLEMENTATION OF NEW RETIREMENT HEALTH PROGRAM continued

- Eligible faculty and staff hired prior to implementation date (July 1, 2007) make one-time election to join new Retirement Health Program.
- Deadline for submitting election form is June 29, 2007.
- Not submitting an election form by June 29, 2007 will be interpreted as not electing to join new Retirement Health Program.

SAINT MARY’S IMPLEMENTATION OF NEW RETIREMENT HEALTH PROGRAM continued

- Eligible current faculty and staff electing to join new Retirement Health Program on or prior to June 29, 2007 will receive one-time contribution into their Employer VEBA Account at time of retirement if they are at least 55 years of age and have at least 15 years of cumulative service to the College.
- The one-time payment will be equal to the escalated value of 5 years (60 months) of The College’s employer contribution to employee-only medical and dental coverage at time of retirement, less the market value of their Employer VEBA Account at time of retirement.

SAINT MARY'S IMPLEMENTATION OF NEW RETIREMENT HEALTH PROGRAM continued

- Value of the College's employer contribution will be escalated by 8.0% on January 1st of each year in the calculation of the 5 year benefits period.

Five Year Transition Benefit Calculation

Example 1: Employee Retiring on July 1, 2007

Time Periods	Duration	Escalation Rate	Maximum Monthly Medical Insurance Contribution	Maximum Monthly Dental Insurance Contribution	Annual Medical Benefit
July 1, 2007 - December 31, 2007	6 months	N/A	$ 473.60	$ 66.98	$ 3,243.48
January 1, 2008 - December 31, 2008	12 months	8%	$ 511.49	$ 72.34	$ 7,005.92
January 1, 2009 - December 31, 2009	12 months	8%	$ 552.41	$ 78.13	$ 7,566.39
January 1, 2010 - December 31, 2010	12 months	8%	$ 596.60	$ 84.38	$ 8,171.70
January 1, 2011 - December 31, 2011	12 months	8%	$ 644.33	$ 91.13	$ 8,825.44
January 1, 2012 - June 30, 2012	6 months	8%	$ 695.87	$ 98.42	$ 4,765.74
Total Value of Retirement Transition Benefit	60 months				$ 39,578.66
Total Value of Retirement Medical Benefit					**$ 39,578.66**
Less: Market Value in Employer VEBA Account					**$ -**
Contribution into Employer VEBA Account at Time of Retirement					**$ 39,578.66**

Notes: 1) The "Maximum Monthly Medical Insurance Contribution" of $428.60 represents the maximum employer contribution for employee-only medical coverage during 2007.

2) The "Maximum Monthly Dental Insurance Contribution" of $66.98 represents the maximum employer contribution for employee-only dental coverage during 2007.

3) The "Escalation Rate" reflects the annual compounding rate the College will use to calculate the value of monthly maximum contributions in all future years.

Five Year Transition Benefit Calculation

Example 2: Employee Retiring on July 1, 2009

Time Periods	Duration	Escalation Rate	Maximum Monthly Medical Insurance Contribution	Maximum Monthly Dental Insurance Contribution	Annual Medical Benefit
July 1, 2009 - December 31, 2009	6 months	N/A	$ 550.00	$ 80.00	$ 3,780.00
January 1, 2010 - December 31, 2010	12 months	8%	$ 594.00	$ 86.40	$ 8,164.80
January 1, 2011 - December 31, 2011	12 months	8%	$ 641.52	$ 93.31	$ 8,817.98
January 1, 2012 - December 31, 2012	12 months	8%	$ 692.84	$ 100.78	$ 9,523.42
January 1, 2013 - December 31, 2013	12 months	8%	$ 748.27	$ 108.84	$ 10,285.30
January 1, 2014 - June 30, 2014	6 months	8%	$ 808.13	$ 117.55	$ 5,554.06
Total Value of Retirement Transition Benefit	60 months				$ 46,125.56
Total Value of Retirement Medical Benefit					**$ 46,125.56**
Less: Market Value of Employer VEBA Account					**$ 2,830.00**
Contribution into Employer VEBA Account at Time of Retirement					**$ 43,295.56**

Notes: 1) The "Maximum Monthly Medical Insurance Contribution" of $500.00 represents an "estimate" of the maximum employer contribution for employee-only medical coverage during 2009. The actual calculation would use the then current contribution amount for 2009.

2) The "Maximum Monthly Dental Insurance Contribution" of $80.00 represents an "estimate" of the maximum employer contribution for employee-only dental coverage during 2009. The actual calculation would use the then current contribution amount for 2009.

3) The "Escalation Rate" reflects the annual compounding rate the College will use to calculate the value of monthly maximum contributions in all future years.

4) The "Market Value of Employer VEBA Account" is an estimate of the value of two years (48 pay periods) of employer contributions. The actual calculation would use the then curent market value of the Employer VEBA Account.

Example 3: Employee Retiring Without Five Year Transition Benefit

- Current employee age 55 with 5 years of service planning to retire at age 62. Immediately vested in Employer VEBA Account with 5 years of service.
- Employee retires at age 62 as planned with 12 years of service. Not eligible for transition benefit (15 years of service) but may be able to access health insurance (i.e. COBRA, private plan, spouse plan). Cost of insurance funded with VEBA Account(s) and/or other funds.
- At age 65, retiree can access Emeriti/Aetna health and dental insurance plans. Cost of insurance funded with VEBA Account(s) and/or other funds.

SAINT MARY'S IMPLEMENTATION OF NEW RETIREMENT HEALTH PROGRAM continued

- Eligible faculty electing to join new Retirement Health Program on or prior to June 29, 2007 and all eligible faculty hired after July 1, 2007 will no longer be eligible for the Reduced Services Program.

- Eligible faculty electing to join new Retirement Health Program will be eligible for a Phased Retirement Program.

- Phased Retirement Program very similar to Reduced Services Program except it will be limited to 5 years.

SAINT MARY'S IMPLEMENTATION OF NEW RETIREMENT HEALTH PROGRAM continued

- Faculty completing Phased Retirement Program will be considered retired. They may be appointed as lecturer at the discretion of Department Chair.

- Faculty currently serving in Reduced Service Appointments will make one-time election to join new Retirement Health Program on or before June 29, 2007.

- Faculty serving in Reduced Service Appointments and electing to join new Retirement Health Program will be converted to phased retirement appointments for a period not to exceed 5 years.

SAINT MARY'S IMPLEMENTATION OF NEW RETIREMENT HEALTH PROGRAM continued

- All current retirees will make one-time election to join new Retirement Health Program on or before June 29, 2007.
- Insurance coverage through Emeriti will not commence until January 1, 2008 for current retirees electing to join the new Retirement Health Program in order to coordinate with calendar year Medicare deductibles. Current coverage through the College will continue until December 31, 2007.

SAINT MARY'S IMPLEMENTATION OF NEW RETIREMENT HEALTH PROGRAM continued

- Current retirees electing to join new Retirement Health Program may be eligible to receive a one-time contribution into their Employer VEBA Account equal to the escalated value of remaining years/months of the College's actual employer contribution to medical and dental insurance coverage at time of election. If not eligible for a one-time contribution, current retirees can still establish and fund an Employee VEBA Account and access Emeriti services and benefits.

Five Year Transition Benefit Calculation

Example 4: Current Retiree - Retired Out-of-Area on July 1, 2006

Time Periods	Duration	Escalation Rate	Monthly Medical Insurance Contribution	Monthly Dental Insurance Contribution	Annual Medical Benefit
January 1, 2008 - December 31, 2008	12 months	N/A	$ 395.00	$ 55.00	$ 5,400.00
January 1, 2009 - December 31, 2009	12 months	8%	$ 426.60	$ 59.40	$ 5,832.00
January 1, 2010 - December 31, 2010	12 months	8%	$ 460.73	$ 64.15	$ 6,298.56
January 1, 2011 - June 30, 2011	6 months	8%	$ 497.59	$ 69.28	$ 3,401.22
Total Value of Retirement Medical Benefit	42 months				$ 20,931.78
Contribution into Employer VEBA Account at Time of Retirement					**$20,931.78**

Notes:
1) The "Monthly Medical Insurance Contribution" of $395.00 represents an example of current employer contribution for a specific retiree's out-of-area medical coverage during 2008.
2) The "Monthly Dental Insurance Contribution" of $55.00 represents an example of current employer contribution for a specific retiree's out-of-area dental coverage during 2008.
3) The "Escalation Rate" reflects the annual compounding rate the College will use to calculate the value of monthly maximum contributions in all future years.

SPECIAL CONSIDERATIONS

- Emeriti currently offers only Medicare supplement medical insurance for retirees. Emeriti does provide a range of medical insurance coverage for spouses, domestic partners and dependents.
- The use of VEBA accounts for domestic partners may have income tax consequences.
- Once you and your eligible dependents (IRS definition) have died, any remaining balance in your VEBA accounts will be forfeited back to the College's Program.

KEY DATES

April 19, 2007:	Emeriti Service Center open for general information calls.
June 29, 2007:	Deadline for submission of election forms.
July 1, 2007:	New Retirement Health Plan begins.
July 9, 2007:	Emeriti Service Center open for enrollment calls.

KEY DATES CONTINUED

July 15, 2007:	Semi-monthly contributions to Employer VEBA Accounts begin, as do voluntary payroll deduction contributions to Employee VEBA Accounts.
Fall 2007:	Annual on-campus enrollment workshops begin.
January 1, 2008:	Emeriti insurance coverage begins for retirees age 65 and older and currently enrolled in Medicare.

GENERAL SUMMARY

- This presentation is a general summary and may not address every individual's situation. Potential participants should seek individual guidance from Emeriti or College counselors. Potential participants should also consult the formal plan documents, including the Adoption Agreement, Summary Plan Document and Plan Document, to answer questions with respect to their individual circumstances. The plan documents always prevail over any summary or generalized interpretation.

QUESTIONS/ANSWERS