



EMERITI[®]
RETIREMENT HEALTH SOLUTIONS



THE EMERITI PROGRAM

for those nearing retirement

The Comprehensive Solution
to Meeting Your Health Care
Needs in Retirement

www.emeritihealth.org



EMERITI[®]
RETIREMENT HEALTH SOLUTIONS

TODAY'S AGENDA

- How the Emeriti Program Works
- Why You Need to Save
- How Your Money Works for You
- How the Program Works When You Retire
- What Are Your Next Steps

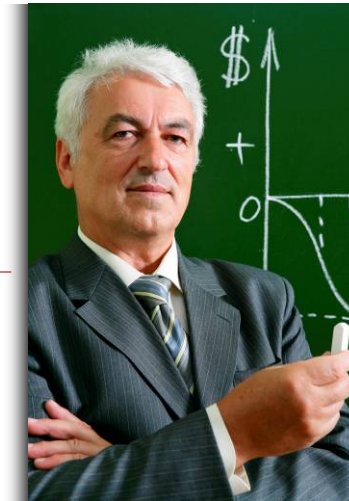
1-866-EMERITI

YOUR INSTITUTION'S COMMITMENT



Innovative employee benefit for you
and your eligible dependents during retirement

- Employer contributions during your working years
- Access to group health insurance in retirement
- Lifetime retiree flexible spending account



EMERITI[®]
RETIREMENT HEALTH SOLUTIONS

THE EMERITI RELATIONSHIP



- Nonprofit consortium serving higher education community
- Program development and management, plan design, legal framework, communication materials, outreach, and ongoing education
- Generous grant support from the Andrew W. Mellon and William and Flora Hewlett Foundations



- Largest provider of workplace savings plans in the U.S.
- Management of more than \$1.5 trillion in assets on behalf of 24 million individuals*
- Investment manager and trust administration
- Disbursements for premiums and other qualified medical expenses



- One of the nation's leaders in health care, dental, pharmacy, group life, disability insurance, and employee benefits
- 17.499 million medical members, 14.106 million dental members and 10.968 million pharmacy members*
- Underwrites Emeriti health insurance, Medicare Part D prescription drug insurance, and dental insurance
- Provides special wellness programs



EMERITI
RETIREMENT HEALTH SOLUTIONS

* as of 6/30/2008

Copyright © Emeriti 2008-2009

CORE PROGRAM COMPONENTS

- **Emeriti Health Insurance Options**

Portable group health insurance options wherever you decide to live in retirement (underwritten by Aetna Health Insurance Company)

- **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, through assets in your health account (administered by Acclaris Inc.)

- **Emeriti Health Accounts**

A **tax-advantaged way** for you to pay for retiree insurance premiums and other medical expenses (investment choices and administrative services provided by Fidelity Investments)

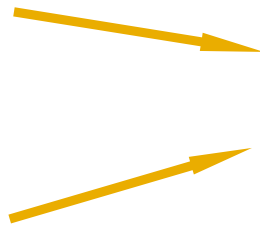


THE HEALTH ACCOUNTS DURING YOUR WORKING YEARS

During working years

Employer
Contributions

Your Voluntary
Contributions

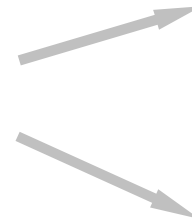


Your Emeriti
Health Account

During retirement

Emeriti
Reimbursement
Benefits

Emeriti Health
Insurance Premiums



EMERITI[®]
RETIREMENT HEALTH SOLUTIONS



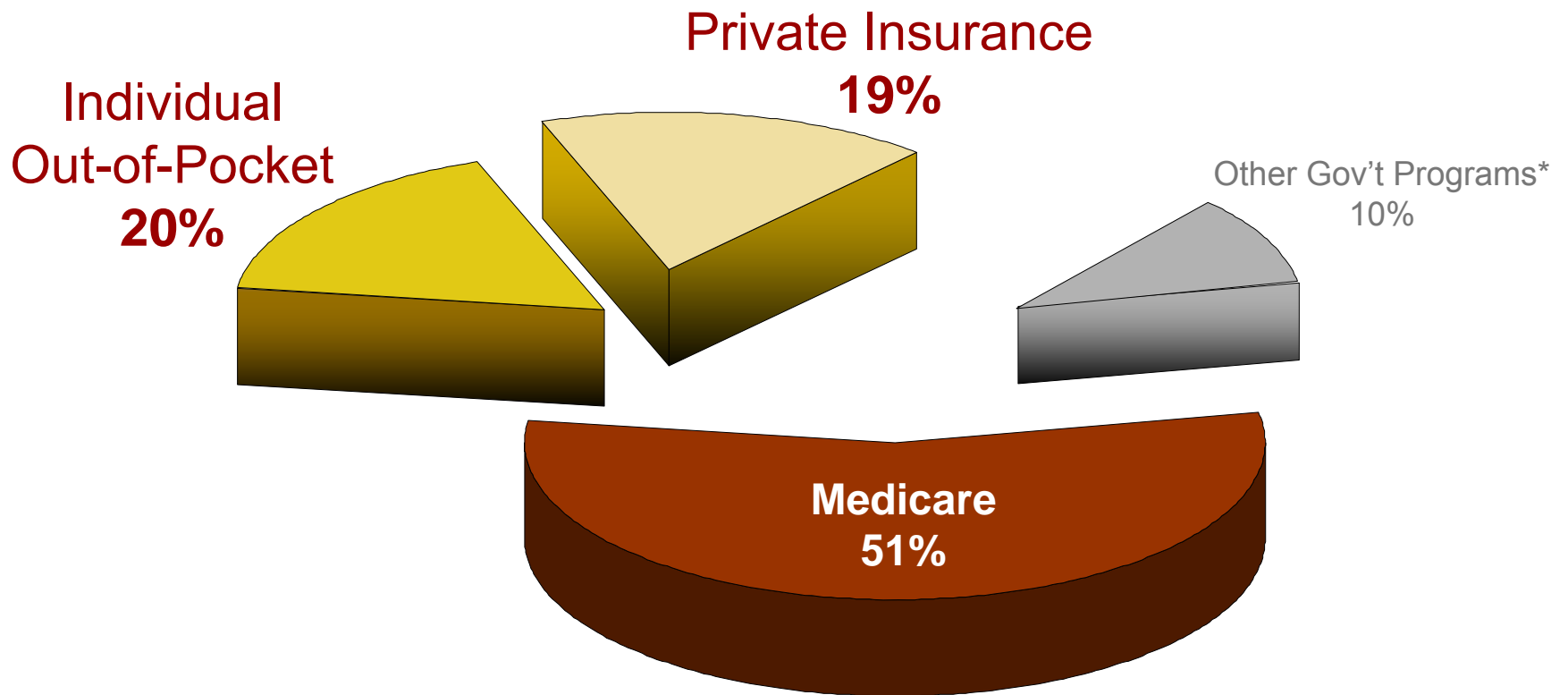
EMERITI[®]
RETIREMENT HEALTH SOLUTIONS



**WHY YOU
NEED TO SAVE**

www.emeritihealth.org

HOW RETIREE HEALTH CARE EXPENSES ARE PAID



Source: The Employee Benefit Research Institute (EBRI) 2006 estimates from the 2003 Medical expenditure survey.



EMERITI
RETIREMENT HEALTH SOLUTIONS

*VA/Tricare 4%, Medicaid 4%, Other 2%

8
Copyright © Emeriti 2008-2009

ESTIMATED HEALTH CARE SAVINGS REQUIRED FOR COUPLE RETIRING TODAY

Age at Retirement	Total Savings Needed
55	\$395,000
60	\$310,000
65	\$225,000

Source: *Retiree Health Care Costs: Addressing the Growing Gap*, Fidelity Investments, March 2008
Amounts shown are annual savings required for a couple enrolled only in Medicare. The savings illustrations do not include either employer sponsored group insurance or long-term care insurance coverage.



IT IS NOT TOO LATE TO SAVE

■ During active service

- Regular deductions from your paycheck
- Periodic lump sums (\$100 or more) from your bank account
- Participation in auto-enrollment, if available

■ Upon early termination

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

■ Even in retirement

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



ADVANTAGES OF EMERITI HEALTH ACCOUNTS

Tax treatments

- Tax-free employer contributions
- Tax-free withdrawals (to pay for retiree healthcare)
- Tax diversification

Flexibilities

- No limits on contributions
- No impact on tax-deferred savings
- No minimum distribution requirement



EMERITI'S TAX-EFFICIENT HEALTH ACCOUNTS

Contributors	Treatment of Contributions	Treatment of Earnings	Treatment of Payout
Employer*	Tax Free	Tax Free	Tax Free
Employee (voluntary)	After Tax	Tax Free	Tax Free



TAX ADVANTAGES

How to pay for \$1,000 Out-of-Pocket Medical Expense & Health Insurance Premiums

Emeriti Health Account

- Tax-free withdrawal of \$1,000 as Reimbursement Benefit
- 100 cents on the dollar

403(b) Retirement Plan

- Taxable withdrawal of \$1,389
- 72 cents on the dollar in 28% federal income tax bracket





EMERITI[®]
RETIREMENT HEALTH SOLUTIONS



HOW YOUR MONEY WORKS FOR YOU

- Fidelity Freedom Funds[®]
- Fidelity Retirement Money Market

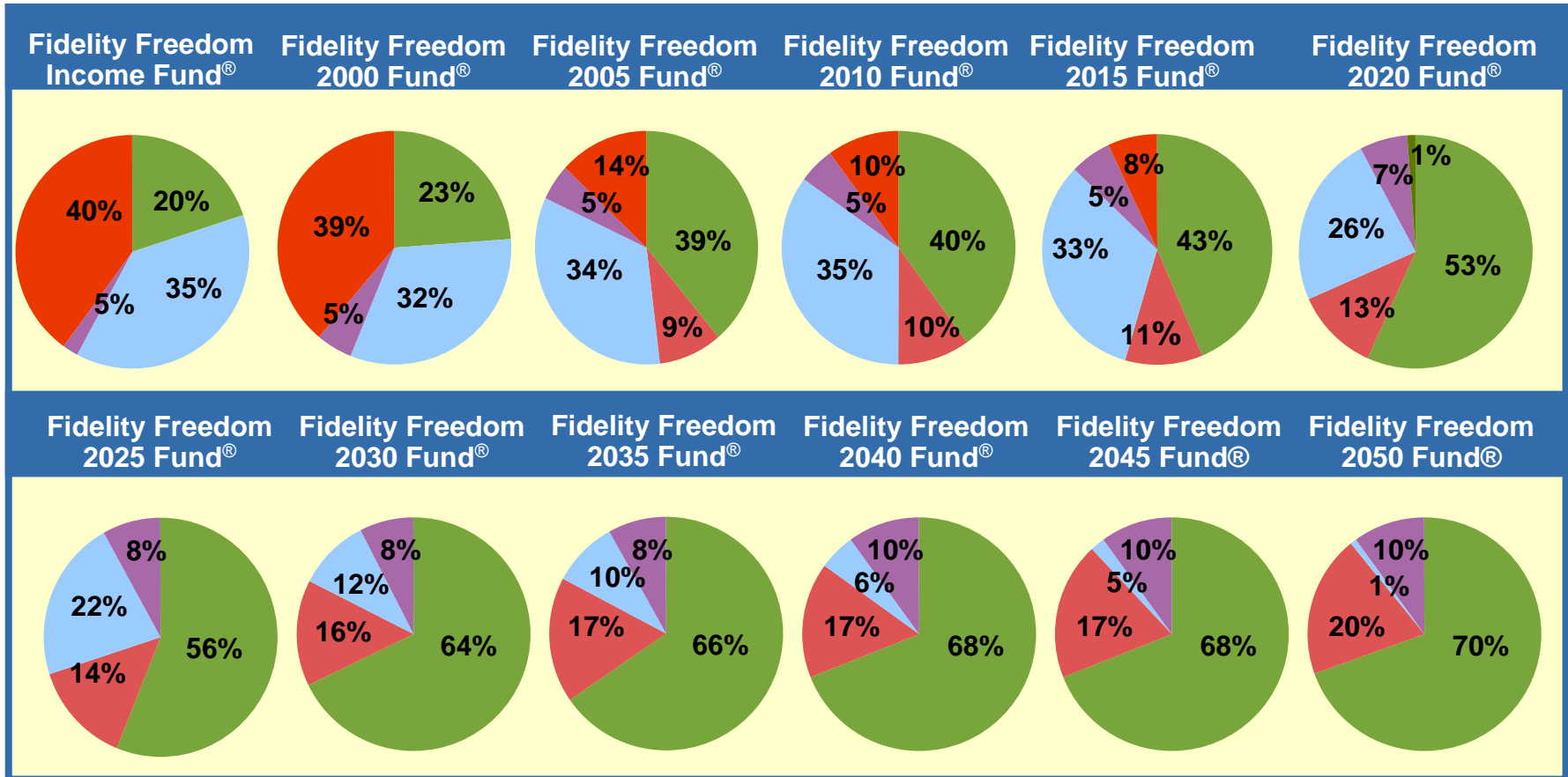
ADVANTAGES OF THE FIDELITY FREEDOM FUNDS®

- Lifecycle funds geared toward retirement
- Asset diversification among stocks, bonds and money market funds
- Automatic rebalancing over your lifetime
- More conservative allocations as you move closer to retirement



FIDELITY FREEDOM FUNDS®

A Family of Funds



■ Domestic Equity ■ International Equity ■ Investment Grade ■ High Yield ■ Short-term Investments



EMERITI
RETIREMENT HEALTH SOLUTIONS

The percentages represent anticipated target asset allocation as of September 30, 2008. Total Allocations may sometimes be over or under 100% due to rounding. Strategic Advisers, Inc., a subsidiary of FMR LLC, manages the Fidelity Freedom Funds.

FIDELITY RETIREMENT MONEY MARKET

- A money market mutual fund
- Seeks to provide a high level of current interest income consistent with the preservation of principal and liquidity
- Seeks to assure the value of your investment at \$1 per share*
- You may want to invest if you anticipate using a portion of this money soon and are looking for a stable investment*

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

* Yields will vary.



MANAGING YOUR INVESTMENT CHOICES



- We will automatically default you into an age-appropriate Freedom Fund until you make a decision
- You can change the fund at any time
- You can reallocate your investments
- You can monitor and change your investments online or by phone

1-866-EMERITI (1-866-363-7484)

www.emeritihealth.org



EMERITI[®]
RETIREMENT HEALTH SOLUTIONS



EMERITI[®]
RETIREMENT HEALTH SOLUTIONS



RETIRING BEFORE MEDICARE ELIGIBILITY

www.emeritihealth.org

USING YOUR REIMBURSEMENT BENEFIT DURING PRE-65 YEARS

Partial list:

- Emeriti pre-65 insurance premiums, deductibles, and co-insurance (if elected by your institution)
- Other pre-65 insurance premiums
- Long-term care insurance
- Medical expenses associated with nursing facilities or in-home health care services
- Over-the-counter drugs
- Vision, dental, hearing care
- Medical equipment

Visit www.emeritihealth.org for details.



EMERITI
RETIREMENT HEALTH SOLUTIONS

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

Copyright © Emeriti 2008-2009



EMERITI[®]
RETIREMENT HEALTH SOLUTIONS



RETIRING AT MEDICARE ELIGIBILITY

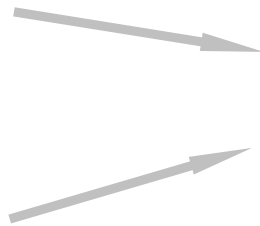
www.emeritihealth.org

USING YOUR HEALTH ACCOUNT DURING RETIREMENT

During working years

Employer Contributions

Your Voluntary Contributions

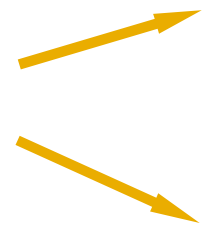


Your Emeriti Health Account

During retirement

Emeriti Reimbursement Benefits

Emeriti Pre-and Post-65 Health Insurance Premiums*



EMERITI
RETIREMENT HEALTH SOLUTIONS

**Emeriti pre-65 health insurance available only if elected by your institution.*

22
Copyright © Emeriti 2008-2009

WHAT YOU CAN DO WITH YOUR REIMBURSEMENT BENEFIT IN RETIREMENT

Partial list:

- Medicare premiums and cost shares
- Emeriti pre- and post-65 insurance premiums, deductibles, and co-insurance
- Other post-65 insurance premiums (if Emeriti coverage is not elected)
- Long-term care insurance
- Medical expenses associated with nursing facilities or in-home health care services
- Over-the-counter or non-formulary drugs
- Vision, dental, hearing care
- Medical equipment

Visit www.emeritihealth.org for details.



EMERITI[®]
RETIREMENT HEALTH SOLUTIONS

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

Copyright © Emeriti 2008-2009

ADVANTAGES OF YOUR REIMBURSEMENT BENEFIT

- earnings disbursed **tax free** for qualified medical expenses
- residual balance stays in your account, continues to grow tax free
- first four bundled reimbursement submissions each calendar year are free
- convenient and easy-to-use
- form available on www.emeritihealth.org



WHO CAN USE YOUR EMERITI HEALTH ACCOUNT FOR REIMBURSEMENTS IN RETIREMENT



- You (participant must be enrolled before eligible dependents can enroll)
- Your dependents:
 - Your spouse (pre- or post-65)
 - Your dependent domestic partner (pre- or post- 65)*
 - Your dependent children (before majority)
 - Permanently disabled children**
 - Dependent relatives*

NOTE: Your employer's plan establishes specific rules for vesting in the Emeriti account balance and retirement eligibility for the Emeriti insurance.

Access to employer funds (vesting)

Last-to-die rights

** Only if elected by your institution.*

***Determination of permanent disability also confers access to post-65 insurance for these individuals.*



EMERITI
RETIREMENT HEALTH SOLUTIONS

THE A, B, C, D's OF MEDICARE

CHOOSE

ORIGINAL MEDICARE	
PART A (Hospital)	PART B (Medical)
<ul style="list-style-type: none"> • Medicare provides these coverages • You have your choice of doctors & providers 	

OR

MEDICARE PART C (Medicare Advantage)
<ul style="list-style-type: none"> • Provides Parts A & B services • Private insurers approved by Medicare provide coverage • Some plans may have networks • You may get extra benefits

THEN ADD



MEDICARE PART D (Prescription Drug)
<ul style="list-style-type: none"> • Choose from a variety of Rx coverages • Private insurers approved by Medicare provide coverage • Medicare approves formularies • Different plans cover different drugs

SOURCE: *Medicare and You*, on www.medicare.gov



EMERITI
RETIREMENT HEALTH SOLUTIONS

WHAT ORIGINAL MEDICARE DOES NOT COVER

Partial list:

- Deductibles, coinsurance, and co-payments required on Medicare covered services
- Coverage while traveling abroad
- Custodial or long term care
- Routine physical exams (except upon entry into Medicare)
- Some shots, tests and lab tests
- Some diabetic supplies
- Routine foot care
- Dental care and dentures
- Routine vision and hearing care
- Most eyeglasses and hearing aids
- Acupuncture and certain chiropractic services
- Cosmetic surgery

www.medicare.gov



EMERITI
RETIREMENT HEALTH SOLUTIONS

NOTE: These items not necessarily covered by Emeriti Insurance.

27
Copyright © Emeriti 2008-2009

THE EMERITI INSURANCE PLAN DESIGN

**MEDICAL
COVERAGE**



**PRESCRIPTION
DRUG COVERAGE**



**DENTAL
COVERAGE**



EMERITI
RETIREMENT HEALTH SOLUTIONS

ADVANTAGES OF EMERITI INSURANCE

- Builds on the foundation of Medicare
- Continuing guaranteed issue group health insurance coverage *(no pre-existing condition criteria)*
- Portable, nationwide access
- A menu of options to fit your personal needs
- Catastrophic protection
- Prescription drug coverage
- Foreign urgent or emergency care
- Preventive care
- Any provider who accepts Medicare (no networks)

**Annual choice
among options**



CREATE YOUR OWN MEDICAL AND Rx PLAN

STEP 1

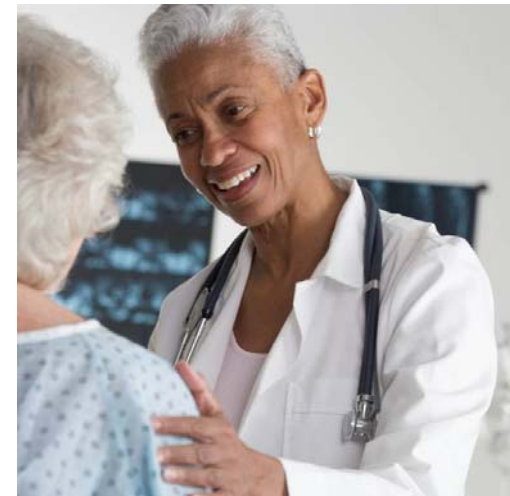
Select a Medical Plan

STEP 2

Select an Rx Part D Plan

STEP 3

Consider Dental



EMERITI[®]
RETIREMENT HEALTH SOLUTIONS

OR —→ **PRESERVE YOUR EMERITI OPTIONS**

**Alternate
Selection**

Select the Rx Low Plan as a stand-alone option

This option allows you to remain in the Emeriti Program.

Each year, you will be able to add or change coverage, if you wish.

AND

Consider Dental



EMERITI MEDICAL DESIGN

PARTICIPANTS SELECT ONE:

Medicare Supplement Plans

Med Supp High Plan

\$200 deductible

20% coinsurance

Preventive Care:

\$300 (annual physical)

\$100 (vision & hearing)

\$1,250 out-of-pocket limit

Plan benefits unchanged

Med Supp Low Plan

\$750 deductible

20% coinsurance

Preventive Care:

\$300 (annual physical)

\$100 (vision & hearing)

\$2,000 out-of-pocket limit

Plan benefits unchanged

Private Fee-for-Service (PFFS) Plans

PFFS High Plan

\$150 deductible

5% coinsurance

100% Preventive Care

\$1,000 out-of-pocket limit

New High Plan

PFFS Low Plan

\$300 deductible

15% coinsurance

100% Preventive Care

\$2,750 out-of-pocket limit

Repositioned Low Plan

NOTE: If you are in the Medicare Supplement plans, you will be subject to the Parts A & B deductibles. Medicare deductibles count towards the annual Plan deductible.

In PFFS, you are not subject to these deductibles.

In all cases you pay the Medicare Part B premium.



EMERITI
RETIREMENT HEALTH SOLUTIONS

EMERITI Rx COVERAGE

PARTICIPANTS SELECT ONE:

PRESCRIPTION DRUG PART D COVERAGE

<u>Rx High Plan</u>	<u>Rx Mid-High Plan</u>	<u>Rx Mid Plan</u>	<u>Rx Low Plan</u>
Open Formulary \$100 deductible Tiers 1 & 2: Retail: 15% - 30% - 40% Tiers 1 & 2: Mail Order: 10% - 25% - 35% Tier 3: 100% coverage Step therapy not required	Open Formulary \$295 deductible Tiers 1 & 2: Retail: 15% - 30% - 50% Tiers 1 & 2 Mail Order: 10% - 25% - 45% Tier 3: 95% coverage Step therapy required for some drugs	Open Formulary \$100 deductible Tier 1 Retail: 15% - 30% - 50% Tier 1 Mail Order: 10% - 25% - 45% Tier 2: generic coverage only Tier 3: 95% coverage Step therapy required for some drugs	Closed formulary \$295 deductible Tier 1: Retail: 15% - 30% Tier 1: Mail Order Drugs: 10% - 25% Tier 2: no coverage Tier 3: 95% coverage Step therapy required for some drugs
YOU PAY \$0 (Tier 3)	YOU PAY 5% (Tier 3)	YOU PAY 5% (Tier 3)	YOU PAY 5% (Tier 3)

Alternate Selection 

Or elect Emeriti's **Rx Low Plan** as a stand-alone option with no medical coverage



EMERITI
RETIREMENT HEALTH SOLUTIONS

NOTE: All Rx Plans require pre-certification (doctor has to approve certain drugs).

EMERITI DENTAL COVERAGE

Optional with Medical/Rx Combo or Stand-alone Rx Low Plan:

Preventive Service Coverage	100%
Annual Deductible (other services)	\$100
Basic Services Coverage (e.g. fillings, standard crowns, extractions)	50%
Major Services Coverage* (e.g. root canal therapy, surgical removals, dentures)	50%
Annual Benefit Maximum	\$1,500

Plan benefits unchanged



BEGIN THINKING ABOUT YOUR OPTIONS

Medical Exposure



Considerations:

- Higher premium now, lower deductibles, coinsurance, and OOP costs later
- Lower premium now, higher deductibles, coinsurance, and OOP costs later



HOW TO BEGIN THINKING ABOUT YOUR OPTIONS

Drug Exposure



Considerations:

- Higher premium now, lower deductibles, cost share in each tier, and catastrophic limits later; open formulary and types of drugs covered
- Lower premium now, higher deductibles, cost share in each tier, and catastrophic limits later; closed formulary and types of drugs covered



WHEN CAN YOU ACCESS YOUR EMERITI HEALTH INSURANCE

- After you have reached age 65
- When you have retired and,
- After you have enrolled in Medicare Parts A and B



Your institution's retirement eligibility



EMERITI
RETIREMENT HEALTH SOLUTIONS

NOTE: Your employer's plan establishes specific rules for vesting in the Emeriti account balance and retirement eligibility for the Emeriti insurance.

37
Copyright © Emeriti 2008-2009

WHO CAN ACCESS YOUR EMERITI HEALTH INSURANCE



- You (participant must enroll before eligible dependents can enroll)
- Your dependents:
 - Your spouse (pre- or post-65)
 - Your dependent or independent domestic partner (pre- or post- 65)*
 - Your dependent children (before majority)
 - Permanently disabled children**

NOTE: Your employer's plan establishes specific rules for vesting in the Emeriti account balance and retirement eligibility for the Emeriti insurance.

Post-65 spouse must enroll in same plan as participant

**Domestic partners' coverage is available only if elected by your institution. Independent domestic partners pay for insurance with ACH transfers from bank account.*

***Determination of permanent disability also confers access to post-65 insurance for these individuals. Disability must occur before age of majority.*



EMERITI
RETIREMENT HEALTH SOLUTIONS

YOUR NEXT STEPS

Your health account is already established.



NO PAPERWORK!
Takes one phone call

Call 1-866-EMERITI
(1-866-363-7484)

- Start your voluntary contributions
- Make your investment choices
- Name your eligible dependents



EMERITI[®]
RETIREMENT HEALTH SOLUTIONS

EMERITI'S COMMITMENT

- Ongoing communication
 - Emeriti Service Center - 1-866-EMERITI (1-866-363-7484)
 - On-campus workshops
 - Periodic newsletters
 - Robust website - www.emeritihealth.org
 - Educational materials and enrollment kits

- Transparency of fees during working years and in retirement
 - Emeriti service fee: \$4.00/month (working years and in retirement)
 - Fidelity recordkeeping fee: \$1.67/month (working years) \$6.25/month (retirement)
 - Acclaris reimbursement fee – first four bundled reimbursement submissions each calendar year are free, thereafter, \$6 per bundled set of receipts
 - Fidelity investment management fee (please refer to the mutual fund prospectuses for more information about investment fees)



RESOURCES AVAILABLE ON www.emeritihealth.org

- Emeriti online premium rate guide
- Fidelity retirement health care cost calculator
- Aetna Medicare Formulary
- Aetna Pharmacy Directory
- Fidelity Freedom Funds

Other resources:

www.medicare.gov Medicare and You 2009
from the Centers for Medicare and Medicaid Services

www.kff.org Kaiser Family Foundation

www.ebri.org Employee Benefit Research Institute



DO YOU HAVE ANY QUESTIONS?

We're here to help!

If you would like us to clarify something, please let us know.



Visit www.emeritihealth.org to download this presentation.



EMERITI[®]
RETIREMENT HEALTH SOLUTIONS



EMERITI[®]
RETIREMENT HEALTH SOLUTIONS

Emeriti Retirement Health Solutions provided this information and is responsible for its content.

The Emeriti Program, Aetna Life Insurance Company, Fidelity Investments, HealthPartners (in Minnesota), and Acclaris Inc., are independent corporations and are not legally affiliated.

The full name of Emeriti Retirement Health Solutions is The Emeriti Consortium for Retirement Health Solution, an Illinois Nonprofit Corporation.

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

Summary Plan Description (SPD)

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. 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.

A benefit program of, by, and for colleges, universities, and higher education-related tax-exempt organizations.



EMERITI[®]
RETIREMENT HEALTH SOLUTIONS

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.

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.



EMERITI[®]
RETIREMENT HEALTH SOLUTIONS

**The comprehensive solution to meeting
your health care needs in retirement**

1-866-EMERITI (1-866-363-7484)

A benefit program of, by, and for colleges, universities, and higher education-related tax-exempt organizations.