

ABOUT EMERITI

Emeriti® Retirement Health Solutions is a nonprofit, tax-exempt organization developed with generous support from The Andrew W. Mellon Foundation, and also from The William and Flora Hewlett Foundation. As a consortium of, by, and for the higher education community, Emeriti leverages purchasing power, generates programmatic advantages, and achieves administrative and cost efficiencies in the delivery of retiree health care products and services for colleges and universities of all sizes nationwide.

*defined contribution approach
creates no accounting liabilities*

The Emeriti Program shifts the paradigm by offering institutions a financially sustainable benefit critically important to employees for their health security in retirement, through a defined contribution funding approach that creates no accounting liabilities and provides guaranteed access to a range of retiree medical insurance options nationwide.

Emeriti also offers an additional funding device called the Grantor Trust for such workforce management objectives as recruitment, retention, and retirement.

The Program is delivered by Emeriti through its industry collaborators Fidelity Investments® and Aetna Life Insurance Company®.

BENEFITS OF EMERITI CONSORTIUM MEMBERSHIP

Emeriti has navigated through a complex regulatory environment to offer institutions an innovative, out-sourced solution for pre-funding of retiree medical costs by employers and employees, and a nationwide insurance program with a range of plans and costs.

*outsourced, innovative solution for
pre-funding retiree medical costs*

- **Regulatory Support:** Emeriti provides approved model plan and trust documents, Summary Plan Descriptions, signature-ready VEBA Trust exemption applications, and annual 5500 and 990 filings.
- **Program Design:** Emeriti manages the Program by selecting service providers and products, monitoring quality and suitability; designing/updating benefits; negotiating premium rates and fees; and providing plan design consultations and financial modeling tools.
- **Administration:** Emeriti works closely with all service providers to ensure integrated administration of the Program.
- **Education and Communications:** Emeriti offers educational on-campus workshops for employees and retirees; printed enrollment materials; periodic newsletters; a single toll-free participant number **(1-866-EMERITI)** for enrollment and information on all aspects of the Program; and a robust website (**emeritihealth.org**) with Program information, tools and calculators.

THE EMERITI PROGRAM



An integrated,
financially sustainable
retiree health care solution
for the higher education community



EMERITI
RETIREMENT HEALTH SOLUTIONS

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THE STRATEGIC NEED FOR RETIREE HEALTH CARE COVERAGE

Increasing health care costs, aging baby boomers, growing Medicare deficits, and expanding accounting liabilities for defined benefit retiree medical programs necessitate drastic changes in current post-retirement benefit designs. Many institutions are reducing or eliminating their benefits out of financial necessity.

Research funded by The Andrew W. Mellon Foundation documented that retirement rates are slowing and that health care funding and access are major concerns of faculty as they make their retirement decisions. The presence of a retiree health insurance benefit and financial assistance with premiums can advance retirement by 18 to 36 months among older faculty. Institutional advantages include:

- Reduced costs for salary and salary-related benefits if senior employees can be replaced with junior, lower-salaried employees
- Lower active health insurance rates as older employees move to Medicare-primary coverage
- Less reliance on retirement incentive packages
- Ongoing opportunities for institutional renewal
- Potential for reducing and ultimately eliminating FAS 106 or GAS 45 unfunded liabilities

The Emeriti Program is designed to meet the needs of an institution without any retiree health program, or it can replace an existing plan. Each Consortium member designs a distinctive plan to meet its cultural and financial needs, within overall Program guidelines and rules.

THREE KEY FEATURES OF THE EMERITI PROGRAM

1. An innovative tax-favored way to invest for retiree health expenses:

The Emeriti plan adopted by each institution enables employers and employees to make contributions via VEBA Trusts, and to invest those contributions in a range of Fidelity Freedom Fund mutual funds designed for retirement purposes.

- Employer contributions are made pre-tax, and all funds are disbursed tax-free for qualified retiree health benefits.
- Employee voluntary contributions are made after-tax; all earnings are paid out tax-free for qualified retiree health benefits. There are no limits on contributions.
- Additional employer contributions in lieu of salary (optional) are on a pre-tax basis.

2. A tax-free means to pay for qualified medical expenses in retirement:

Assets in the VEBA Trusts can be used by retirees for two purposes:

- To pay for Emeriti Health Insurance Plan premiums.
- To pay for out-of-pocket qualifying medical expenses* (like a retiree FSA) for themselves, their spouse or other eligible dependents.

** These include: insurance deductibles and coinsurance; Medicare premiums; vision, dental and hearing care costs; over-the-counter drugs; durable medical equipment; long-term care insurance or at-home medical care; and premiums for other pre- or post-65 retiree medical insurance.*

3. Portable group retiree health insurance building on the foundations of Medicare:

Retirees can choose among a range of group health insurance plan options at different costs. All include Medicare-approved Part D prescription drug coverage, and all can include dental coverage.

- Aetna provides the insurance to institutions in 48 states plus the District of Columbia.
- For institutions in Minnesota, HealthPartners provides comprehensive coverage and Aetna provides stand-alone Part D coverage.
- Emeriti will select a carrier to provide insurance for institutions in New Mexico.

Insurance is also available for a retiree's spouse or partner, and for eligible dependents who are under 65.

Hallmarks of Emeriti Health Insurance:

- True catastrophic protection through annual out-of-pocket maximums
- National access to any facility or provider that accepts Medicare
- Robust selection of prescription drug benefits
- Annual choice among plans
- Emergency or urgent care while traveling anywhere in the world for up to 6 months
- Preventive care allowance
- Guaranteed issue (no pre-existing exclusions)