



An average couple, age 65, currently needs more than \$265,000 to cover healthcare costs in retirement.¹



Medicare is not enough, covering only about 62% of total healthcare costs in retirement.²



A legacy defined benefit (DB) retiree health plan can create large, open-ended obligations that could negatively impact an institution's long-term financial position.

Expand your services and drive client growth

Retiree health has become a red hot issue that requires benefits expertise. Emeriti and TIAA are committed to helping you enhance and grow your practice by delivering high-quality retiree health plans and services to your clients:

- Expand your fee-based plan design and investment consulting relationships
- Create a new competitive advantage for your firm
- Increase market share and strengthen existing client relationships

Partnering with Emeriti and TIAA helps you connect health and financial well-being for your clients

For institutions, healthcare expenses represent a rising share of compensation costs. For employees, paying for healthcare in retirement is a significant concern that leaves many unsure about their future financial security.

A defined contribution approach that utilizes a Retirement Healthcare Savings Plan integrates with an employer's retirement plan and may be part of the solution. And for institutions with a legacy defined benefit retiree health plan, FASB and GASB liabilities potentially can be reduced and even eliminated with a fully funded defined contribution approach.

The bottom line: Addressing retiree health helps build better retirement planning. Any discussion about retirement readiness must include planning for healthcare expenses.

Income Security + Healthcare Security = Retirement Readiness

¹EBRI Notes, January 2017, Vol. 38, No. 1. National average. Savings needed for Medigap Plan F premiums, Medicare Part B premiums and out-of-pocket (median) drug expenses. Does not include Long Term Care.

²National Institute on Aging, Newsroom, Dramatic changes in U.S. highlighted in new census, NIH report, June 26, 2013.

RETIREMENT READINESS INCLUDES RETIREE HEALTHCARE



A majority of Americans (60 percent) are concerned about how they will pay for healthcare expenses in retirement.¹



90% of employees want to understand and engage in the management of their healthcare.²

Drive better retirement plan outcomes

Healthcare is one of the largest expenses retirees may face as they get older, and it can have a significant impact on their savings. Ten years ago, a retiree could live comfortably if their retirement plan replaced 70-80% of their pre-tax income. Today's retirees need more help to accumulate enough savings not only to replace income, but specifically to help pay for medical expenses.

Retirement plans that focus only on replacing a percentage of income, without also addressing retiree health expenses, put an individual's financial wellbeing at risk. A defined contribution approach utilizing a Retirement Healthcare Savings Plan helps employees save for future expenses, while helping employers better manage institutional costs.

Maximize benefit dollars

- Make predictable contributions into triple tax free savings plan
- Stretch the value of benefits dollars by up to 40%³
- Reconfigure total compensation costs
- Mitigate unfunded defined benefit liabilities
- Reduce end-of-career medical trend and healthcare utilization costs

Align employer and employee goals

- Eliminate a growing justification for delayed retirements
- Increase effectiveness of retirement incentive packages
- Achieve workforce renewal goals
- Attract and retain top talent with innovative total rewards strategy
- Convert existing retirees to lower cost health plans and repurpose premium savings

Promote health and financial literacy

- Empower employees to understand and engage more effectively with their overall retirement planning

Flexible go-to-market strategies

TIAA and Emeriti work closely with benefits consultants and employers to help identify goals and challenges, and to design a simplified, easy-to-understand strategy that integrates retiree health into overall retirement planning.

¹<http://www.lifehealthpro.com/2016/08/18/most-americans-concerned-about-health-care-expense>

² 2017 Alegeus 'State of Denial' Research Report

³Based on maximum marginal tax bracket. Individual rates will vary.

TRIPLE TAX FREE BENEFITS

The framework for addressing retiree health

Employers set up a triple tax free Retirement Healthcare Savings Plan and reimbursement benefit for qualified health expenses in retirement. This simple framework is the backbone of all Emeriti plans. Employers have the option of adding national group health insurance plans, underwritten by Aetna. The insurance component is not a requirement.

Triple
tax free
savings



Up to nearly

50%

more value from the benefits spend¹

1

Tax-free employer
contributions for
participants during
active service

2

Tax-free investment
earnings for participants

3

Tax-free participant
reimbursement for qualified
medical expenses in
retirement

Optimizing retiree health benefits for employers and employees:

- Triple tax-free Retirement Healthcare Savings Plan
- Flexible reimbursement benefit for qualified medical expenses
- Optional group retiree health insurance, underwritten in most states by Aetna
- Optional discretionary funding benefit for workforce management incentives
- Simplified, end-to-end administration, including integrated quarterly statements and the TIAA PlanFocus[®] benefits website
- Ongoing compliance & regulatory support
- Dedicated support for plan sponsors and participants

Balancing what's best for employers and employees

By taking a comprehensive view of your client's benefits, you can provide an effective retiree healthcare solution for employees while addressing the difficult fiscal environment institutions are facing today. Planning for healthcare costs in retirement should be part of a comprehensive health and wealth strategy – one that helps employees achieve a sense of financial well-being and that assures them it's OK to retire.

¹Based on the results of a hypothetical illustration where \$2,000/year was contributed into both a Retiree Health Care Account (RHCA) and a 403(b) plan for 30 years. The assets in both accounts grew at a 6% interest rate each year and this resulted in an after-tax total accumulation amount of \$162,419 from the RHCA compared to \$108,821 from a tax-advantaged retirement savings plan. This assumes a 33% tax-rate. Individual rates will vary.

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The Emeriti Program is delivered in collaboration with TIAA, CBIZ Savitz, Aetna Life Insurance Company, and HealthPartners.

Teachers Insurance and Annuity Association of America (TIAA) is Emeriti's accumulation record keeper, trust services provider, and investment manager. TIAA is based in New York and has nearly one century of distinguished service to the non-profit community for financial services supporting retirement income security.

CBIZ Savitz is Emeriti's disbursement record keeper for Emeriti group insurance administration and Emeriti medical expense reimbursement processing. CBIZ Savitz is a Philadelphia company with more than forty years of experience in full-service benefits services supporting employees and retirees in organizations nationwide.

Aetna Life Insurance Company is the primary health insurer for the Emeriti Program, providing fully insured medical insurance and health-related products. For over 150 years, Aetna has been an innovator in the delivery of insurance solutions and is a nationwide provider of Medicare-approved Part D prescription drug services.

For Minnesota institutions and their Minnesota-resident retirees, HealthPartners provides participants with medical insurance and health-related products. HealthPartners is the largest consumer-governed nonprofit health care organization in the nation.

Interests in any retiree healthcare plan discussed herein are offered solely by the employer.

Teachers Insurance and Annuity Association of America (TIAA) will provide services to the plan and may issue plan communications on behalf of the plan sponsor, in its capacity as a plan recordkeeper.

TIAA group of companies cannot and does not provide tax or legal advice and recommends that plan sponsors consult their own legal and tax advisors for such advice.

Emeriti®
Retirement Health

 **TIAA**

Working together to help drive better retirement plan outcomes by addressing health & financial well-being.