SUMMARY OF 2006 REVISIONS
Emeriti Retiree Health Model Plan

This document provides an overview of the significant changes to the Plan document for 2006. Please consult the blackline comparison draft of the Plan document to see the specific changes, including minor revisions not discussed in this summary.

1. **Sections 2.9(c) and 2.11(b) (Dependent Child and Dependent Relative):** These sections have been revised to make clear that Participants must list in order their Dependent Children and Dependent Relatives (if applicable) for purposes of determining who will direct the investment of the Participant’s accounts in the event the Participant dies without a Spouse (or Domestic Partner).

2. **Section 2.28 (Health Insurance Premiums):** This section has been revised to make clear that the premium for the Emeriti Health Insurance Plan Options may include the penalty required under Medicare for late enrollment in Medicare Part D.

3. **Section 2.43 (Post-65 Health Insurance Plan Option):** This section has been revised to provide greater clarity regarding which individuals are eligible to enroll in a Post-65 Option and to make clear that enrollment is subject to Medicare and other laws.

4. **Section 2.44 (Pre-65 Health Insurance Plan Option):** This section has been revised to provide greater clarity regarding which individuals are eligible to enroll in a Pre-65 Option and to make clear that enrollment is subject to State and Federal laws.

5. **Section 3.3(d) (Transition Rule—Special Employer Contribution(s) at Plan Inception):** This section has been revised to remove language indicating that different levels of transition contributions can be made for different classes of employees. Our discussions with the IRS indicate that non-standard transition contributions should not be made to the VEBA Trust. For this reason, such contributions should be made to the Grantor Trust.

6. **Section 4.2(e) (Effect of Participant’s Death – Investment of Accounts):** This section has been revised to make clear that the Spouse (or Dependent Domestic Partner) cannot opt out of directing the investment of the Participant’s accounts if the Participant dies. However, if the Spouse (or Dependent Domestic Partner) dies, or there is not one, any Dependent Children or Dependent Relatives who are responsible for directing the investment of the accounts can opt out of this obligation, in which case the obligation will pass to the next Dependent Child or Dependent Relative as designated by the Participant.
7. **Article V (USE OF ACCOUNTS):** This entire Article has been substantially revised, including moving sections from other parts of the document to this Article, in order to improve the organization of the document. This now puts all of the provisions related to how the accounts are used in retirement in one location in the document. The substance of these provisions has not notably changed, with the following exceptions:

- Section 5.3 has been revised to permit the Plan Sponsor to immediately order the forfeiture of an unvested terminated Participant’s Employer- Contribution Account. Previously, this was only allowed if the terminated Participant’s balance was $1,000 or less. Otherwise, a forfeiture could not be ordered until the Participant had incurred a three-year break in service. This was to protect the Plan Sponsor in the event that the individual is later rehired within three years, in which case the Plan Sponsor would have to restore the account. However, Emeriti feels that it is important for each Plan Sponsor to have the power to decide when immediate forfeitures are appropriate. Therefore, the $1,000 limit has been eliminated. We have also reduced the three-year period to one year. This means that the individual’s account (and prior service) would only be restored if he or she is rehired within one year (rather than the prior three-year period). Note, however, that Permanently Disabled Participants are still entitled to reinstatement of their forfeited accounts if they receive a Social Security disability determination prior to a three-year break in service. Therefore, you may wish to leave enough in the forfeiture account to cover any individuals whose accounts have been forfeited but who may still prove their Permanently Disabled status within three years of ceasing employment.

- Sections 5.5 and 5.6 now more clearly details the process of forfeiting the accounts after the last to die (or reach majority) of the Participant and covered dependents. The only significant change is that forfeitures will be redistributed to other Participants’ accounts on an equal basis, rather than on a pro rata basis according to account balance.

8. **Section 6.1 (Health Insurance Coverage):** Due to the broadening of the definition of Medicare in Section 2.34 to include all Parts of Medicare and not just Parts A and B, it is necessary to specify Medicare Parts A and B throughout this section. This is not a substantive change.

9. **Section 6.1(c) (Permanent Disability Prior to Retirement Eligibility):** Our previous agreement with Aetna required that a Participant who becomes disabled while employed would have to remain on the Employer’s active health insurance until age 65 in order to qualify for the Emeriti Health Insurance Plan Options. We have negotiated an improved arrangement. Now a Participant who becomes disabled while employed can elect coverage under the Emeriti Health Insurance Plan Options (Post-65 Options only) once he or she has received a Social Security determination of disability and enrolled in Medicare Parts A and B.
10. **Sections 6.1(f), (g), and (h):** Several minor clarifying statements have been added.

11. **Section 6.1(i) (Health Insurance Premiums):** Non-payment of insurance premiums by a Participant will result in termination of coverage after two months of non-payment. In addition, if Medicare or other law prevents cancellation of coverage for a particular period when premiums are not paid by the Participant, any premiums due for that period must be paid from the Plan’s forfeiture account or by the Employer.

12. **Section 6.1(o) (Coordination With Active Plan to Comply With Medicare):** Active employee coverage is required to pay primary to Medicare. Retiree medical coverage can pay secondary to Medicare. As a result, federal law prohibits an employer from offering retiree coverage to a Participant who is eligible for active coverage. New subsection (o) makes clear that coverage under the Emeriti Health Insurance Plan Options is not available to any individual who is eligible to enroll in the Employer’s active health plan.

13. **Section 6.2(a) (Availability of Reimbursement Benefits):** For a Participant who ceases employment prior to Retirement Eligibility, the earliest age at which he or she can obtain Reimbursement Benefits has been lowered from age 60 to age 55. A corresponding change has been made to Section 6.2(b)(iv).

14. **Section 6.2(b)(v) (Coordination of Reimbursement Benefit with HSAs and FSAs):** Subsection (b) governs early availability of Participant accounts for terminal illness and catastrophic expense situations. This could occur while the Participant is still employed. If the Participant contributes to an HSA under the Employer’s active health plan, it is important for tax purposes that the Participant satisfy the high deductible health plan’s annual deductible before becoming eligible for access to his or her Emeriti Health Accounts. In addition, if the Participant is covered under an FSA, coverage under the Plan cannot be provided until the FSA balance is exhausted. Language has been added regarding these issues. This rule does not apply after the calendar year in which a Participant retires.

15. **Old Section 6.3 (Payment from Accounts):** This Section was moved to Article V for clarity.

16. **New Section 6.5 (Optional Life Insurance Benefit):** This provision was moved from Article V for clarity.

17. **Old Section 7.6 (Designation of Life Insurance Beneficiary):** This provision was moved to new Section 6.5 for clarity.

18. **Section 12.4 (Protected Health Information):** This provision has been revised to permit disclosure of Protected Health Information (PHI) to Emeriti, which may be necessary for Emeriti to fulfill its administrative duties under the
Plan. Although much of the information that Emeriti needs to access is not PHI – for example, enrollment information held by Fidelity – it is important to have this flexibility in the event that Emeriti does receive PHI from Participants or other sources in the course of plan administration.

19. **Appendix A (Optional Life Insurance Benefits):** The terms of the optional life insurance are now contained in Appendix A.

20. **Appendix B:** A new Appendix B has been added to the Plan describing certain details regarding the Emeriti Health Insurance Plan Options, particularly with respect to:
   (i) Emeriti’s arrangement with Health Partners to provide coverage in Minnesota;
   (ii) married/domestic partner Participants; (iii) bilocal families and their insurance options; (iv) insurance options in the event of relocation during the Plan Year; and (v) insurance options for couples who are both Plan Participants.