

Retiree Benefits

September 14, 2015

Human Resources

Compensation & Benefits



Agenda

- Medical → Southern Company Benefits and Medicare
- Pension → Southern Company Pension and Social Security
- What's New
- Helpful Resources

Medical → Southern Company Benefits and Medicare

- When you turn 65, you become eligible for Medicare and Southern Company's Post-65 medical plan

What you need to KNOW:

- You become eligible for Medicare
 - Medicare pays primary (meaning they pay the first part of your medical expenses)
- Your benefits from Southern Company change to coordinate with Medicare
 - Southern Company pays secondary (we pay much of what is not covered by Medicare)
 - The Southern Company Rx benefit has a \$5,000 cap on what it will pay for Rx
 - You can change your enrollment options at Annual Enrollment each year



What you need to DO:

- You will need to enroll in Medicare
 - Medicare Part A and Medicare Part B (3-4 months prior to age 65)
 - Medicare Part D is not required
- You will need to select different Southern Company benefit options after turning 65
 - Medical + Rx would generally be appropriate for those with Rx costs under \$5,000
 - Medical only + Medicare Part D may be appropriate for those with Rx costs over \$5,000
 - Medicare Part D is available for enrollment through Medicare
 - If you enroll in SO Rx, you can also enroll in Medicare Part D

Medical → Southern Company Benefits and Medicare

- Southern Company's Post-65 medical plans

Medicare
Part A and Part B

SO Medical Supplement Plan
Covers additional expenses over Medicare Part A and Part B

Grandfathered retirees

Non-grandfathered retirees

Note:
Premiums for the medical plans vary by the plan selected and by grandfathered status

SO Prescription Drug Plan
- Has a \$5,000 annual cap on company-paid costs

OR

Medicare Part D

Pension → Southern Company Pension and Social Security

- When you turn 65, you may be eligible to begin Social Security

What you need to KNOW:

- You become eligible for Social Security
- If you are already retired, your pension benefit from Southern Company will likely not change when you turn 65.
 - However, if you elect Southern Company Medical benefits your premiums that are deducted from your pension check will change
- If you have a Social Security Level Income Option, your pension benefit will change in accordance with your election



What you need to DO:

- Verify your Social Security Benefits
 - Your Social Security Statement estimating your retirement benefits at age 62, full retirement age and age 70 is available at www.socialsecurity.gov
- Enroll to begin your Social Security benefit if you haven't already done so
 - Best to apply 3-4 months before age 65
 - Enroll online!!!
- Verify that your pension is being correctly offset based on the medical premiums that you have elected

What's New?

- Changes as of late 2015 and January 1/1/2016

Active Medical



- Active wellness program transitions to Health Reimbursement Accounts (HRAs) - **No impact to currently retired members**

Pension and ESP



- New hires after 1/1/2016 have some modifications to the pension formula and auto enrollment in the ESP - **No impact to currently retired members**

Retiree Medical



- Pre-65 NonGrandfathered Retirees who are older than age 55 as of 1/1/2016 and were covered, non-exempt or exempt level 6 and below at retirement are eligible for increased pre-65 retiree medical company subsidy

Pre-65 NonGrandfathered Retiree Medical: What is Changing

Beginning in 2016, the subsidy cap on non-grandfathered pre-65 retiree medical benefits will increase \$2,000 for retiree-only and \$4,000 for retiree + spouse coverage levels for a designated group of employees and retirees:

Who is Eligible

- Active non-grandfathered employees age 55 and above as of January 1, 2016, and who are non-exempt, covered, or exempt level 6 and below at retirement
 - If employee meets the criteria on January 1, 2016, but gets promoted to Exempt Level 7 prior to retirement, they will NOT be eligible for the additional subsidy.
- Pre-65 non-grandfathered retirees age 55 and above as of January 1, 2016, who were non-exempt, covered, or exempt level 6 and below at retirement
- Survivors* of retirees if the deceased retiree would have been age 55 as of January 1, 2016, AND met the job level requirements at time of death

Who is not Eligible

- Actives and retirees under age 55 as of January 1, 2016
- Active employees age 55 and above who are also exempt level 7 and above at retirement
- Pre-65 Retirees employees age 55 and above who were exempt level 7 and above at retirement
- Grandfathered pre-65 retirees
- All post-65 retirees

* Eligible until age 65

Pre-65 NonGrandfathered Retiree Medical: Why are we making this change?

- Why did we increase benefits?
 - Rapidly rising pre-65 non-grandfathered healthcare costs
 - To help bridge the gap between healthcare needs and resources in retirement for individuals most impacted by these costs
 - To balance the sustainability of our plans and programs while providing employees and retirees a valuable healthcare benefit.
- How was the eligibility criteria determined?
 - Provides the largest level of benefit to the greatest number of people
 - This provides a bridge for those closest to retirement to allow adequate time to plan for increasing costs
- Why a \$2,000 increase?
 - NGF pre-65 retiree medical coverage costs continue to rise
 - Continue providing valuable and competitive benefits while maintaining the financial sustainability of our plans and program
 - Maintain a reasonable split and shared responsibility between the employer and employee

Employees should not expect an increase to be extended or offered again in the future.

Other Resources

Helpful Resources

- Numbers that you can call for questions about your Southern Company retiree benefits

Resource	Telephone	Website
HRdirect	(888) 678-6787	mysource.southernco.com
Hewitt Associates	(888) 435-7563	http://resources.hewitt.com/southernco
Merrill Lynch	(800) 369-9890	www.benefits.ml.com

Helpful Resources

- Numbers that you can call for questions about your non-Southern Company retiree benefits

Resource	Telephone	Website
Medicare	(800) MEDICARE (800-633-4227)	www.medicare.gov
Social Security Administration	(800) 772-1213	www.ssa.gov
American Association of Retired Persons	(888) OUR-AARP (888-687-2277)	www.aarp.org
National Council on Aging	(202) 479-1200	www.ncoa.org
Veterans Administration		www.va.gov