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:

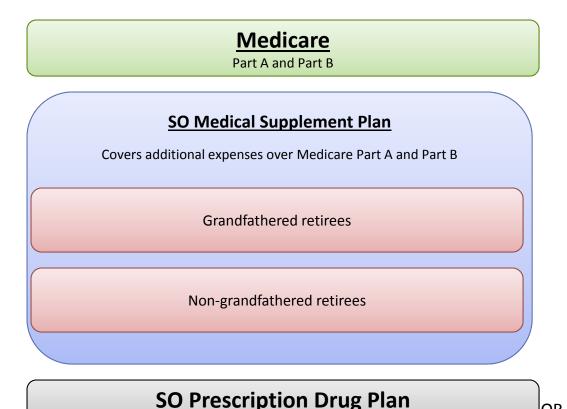
- You become eligible for Medicare
 - Medicare pays primary (meaning they pay the first part of your medical expenses)
- Your benefits from Southern Company change to coordinate with Medicare
 - Southern Company pays secondary (we pay much of what is not covered by Medicare)
 - The Southern Company Rx 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



- Has a \$5,000 annual cap on company-paid costs

Note:

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

Medicare Part D

OR

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 - <u>No impact to</u> <u>currently retired members</u>

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 <u>under</u> 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

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 <u>Southern</u>
 <u>Company</u> 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 <u>non-Southern</u>
 <u>Company</u> 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