

## **2015 COMARA Update on Health Care Retirement Benefits**

**This is an update from the COMARA Board of Directors regarding the announced changes in the retirement health coverage plans provided by Lockheed Martin (LM) to COMSAT eligible retirees. The COMARA Board would also at this time like to express its sincerest appreciation to Rick Lustig and Jack Hannon, who have greatly assisted in monitoring the provision of health care retiree benefits by LM and obtaining the information provided below.**

**Based upon additional information and clarifications that we have been provided, we have been advised as follows:**

- As part of the process to migrate COMSAT post-65 retirees to Towers Watson OneExchange program involving the payment of funds into a Health Reimbursement Arrangement (HRA) established for the COMSAT eligible retirees and spouses, an actuarial analysis was performed by LM to determine the amount of the HRA, to arrive at a cost-neutral solution for both the retirees and the corporation.**
- The LM actuarial team has determined that \$3,000 represents the 80% of the annual amount to cover an equivalent Medigap plan and 80% of the cost of a dental plan, and this is the amount that would be placed in your HRA and also in your spouse's HRA. This number breaks down to \$2,520 for Medigap and \$480 for dental. COMSAT retirees have previously paid 20% of the cost for medical and dental coverage and were grandfathered in that provision at the closing of LMGT.**
- The LM actuarial team has determined that \$3,900 represents the 100% of the annual amount to cover an equivalent Medigap plan AND 100% of the cost of a dental plan. For those COMSAT retirees whom are entitled to retiree health care coverage at no cost, this is the amount that would be placed in your HRA and also in your spouse's HRA.**

- In either case, if you elect plans that are less than amount deposited in the HRA, the excess HRA amount is applied toward your out-of-pocket expenses – which according to LM, would be a benefit that you do not receive today. If you choose to enroll in plans that exceed the HRA amount that has been allocated to you, whatever its basis, you would pay the difference.
- For those individuals who desire to avail themselves of dental coverage but not medical coverage, there will be a dental only HRA. Please see the attached brochure for additional information regarding this.
- The COMSAT/LMGT retiree life insurance obligations remain unchanged and is not included in the medical/dental outsourcing.
- For your information, LM's contributions to the HRA administered by OneExchange do not create taxable income.
- You should be aware that the prior commitments made to COMSAT retirees, as distinguished from individuals who are retirees of Lockheed Martin Corporation, are being honored. In this regard, please note that current Lockheed Martin Corporation retirees other than COMSAT retirees will only be receiving an annual allowance of \$900, which represents the equivalent current LM post 65 Medigap plan subsidy being provided. Also, they do not have dental coverage.
- We do need to observe that there has not been any determination at this time by LM as to whether or not the annual allowances will remain the same into the future. This should not be basis for any alarm at this time, however, as it just means that LM is not committing to any increase in the allowances or whether or not the allowances would be reduced or eliminated one day. If problems were to arise in the future, COMARA would seek to assist its membership in dealing with those at such time.

- **Some additional considerations to keep in mind:**
  - **A separate allowance for the retiree and spouse may be an advantage in selecting individual plan coverages that provide a better fit for each of their own needs.**
  - **This change also provides more opportunity for plans that work better for the retiree based on their physical location.**
  - **There is a vision plan that is not offered today on a group enrollment basis available for purchase on the Exchange. Participant pays entire premium.**
  - **It's critical that all retirees (whether enrolled in medical today or not) pay immediate and close attention to the mailings. There are one time incentives for completing your enrollment before the first deadline and less liberal terms and conditions for late enrollment. Mailings were made to all retirees; enrolled in a plan and those that have currently opted out of all coverages or opted out of medical or dental.**