

RETIREMENT BENEFITS FOR BENEFIT ELIGIBLE EMPLOYEES

Under DePauw's employee policies, certain retirement benefits accrue to employees who meet the "Rule of 80" (age of at least 55, currently continuous years of service at DePauw of at least 15, and sum of age and currently continuous years of service at DePauw of at least 80). (For those employed at DePauw whose years of continuous service began before July 1, 1996, the eligibility requirements are: age of at least 62 and continuous years of service of at least 15, without any threshold on the total.) These benefits are:

Eligibility to participate in the Emeriti Retiree Healthcare Program (use of the DePauw contributions and investment earnings designated for the employee in an Emeriti post-retirement medical spending investment account for qualifying medical expenses).

Continuation after retirement for eligible dependents to obtain tuition remission benefits (free tuition at DePauw, and substantially reduced tuition for enrollment at a college participating in the GLCA tuition remission exchange program).

Certain post-retirement eligibilities for employee and eligible dependents participation in healthcare insurance options.

Employees who retire before their 65th birthday

After retirement and until the month before turning 65, the retiree and eligible dependents will be able to purchase group health insurance through DePauw's group health insurance plan at the pre-65 retiree rate. (In 2007-2008 this rate is similar to the active employee premium rate; check with Human Resources for the current rates.)

Beginning in the month in which the retiree turns 65, Medicare becomes the primary health insurance coverage and the retiree may purchase secondary health insurance coverage through Emeriti's group health insurance plan at the post-65 retiree rate which includes a defined contribution amount by DePauw for the retiree and eligible dependents. This benefit will continue until June 30, 2030, plus one additional full year for each year or fraction thereof in which the employee retires before the 65th birthday. The retiree and/or eligible dependents will be responsible for the balance of all insurance premiums for secondary health insurance coverage. After that time, the retiree and/or eligible dependent will be responsible for all costs related to their health insurance coverage. However, the retiree and/or eligible dependents will be able to remain on the Emeriti group plan at the group rates.

If an eligible dependent is older than the pre-65 retiree, the dependent remains on the pre-65 retiree plan until the first day of the month in which the retiree turns age 65. At that time, both the retiree and the dependent will transition to the post-65 plan.

Employees who retire after their 65th birthday

Medicare will become the primary health insurance coverage and the retiree and eligible dependents may purchase secondary health insurance coverage through Emeriti's group health insurance plan at the post-65 retiree rates until June 30, 2030.

After that time, the retiree and/or eligible dependents will be responsible for the balance of all insurance premiums for secondary health insurance coverage, however, the retiree and/or eligible dependents will be able to remain on the Emeriti group plan at the group rates.

If an eligible dependent is under age 65 (and the retiree is over age 65), the dependent will remain on the pre-65 retiree plan until the first day of the month in which the dependent turns age 65. At that time they will join the retiree on the post-65 plan.

Other employee benefit changes resulting from retirement:

- Retired employees are no longer eligible for such employee benefits as employee contributions to a flexible spending benefit plan or long-term disability insurance; however, they may continue to make after-tax contributions to their Emeriti Health accounts.
- After the retirement date, DePauw-funded life insurance coverage will be \$3,500.
- DePauw University's employer retirement contributions to a tax deferred annuity 403(b) plan, a defined contribution retirement 403(b) plan and the Emeriti Health Plan for active employees are contingent on the employee being in a benefit-eligible status; thus these contributions will cease after the retirement date.
- A retired employee may not make personal contributions to a 403(b) account through the University's programs except when the retiree is working part-time for the University.

Post-retirement Emeriti healthcare funding sources

VEBA Account

DePauw makes monthly tax-free contributions to a VEBA (Voluntary Employee Benefit Association) investment account designated for the future benefit of each active, benefit-eligible employee. If the employee satisfies the rule of 80 before retiring, upon retirement the retiree and eligible dependents may use these funds and tax-free earnings for qualified medical expenses, as recognized by the IRS (QMEs) including most insurance premiums, deductibles, co-pays, etc. The active employee and subsequently, the retiree, may select any of the Fidelity Life Cycle funds as investment options. An employee, or a qualified retiree, may make after-tax contributions to the

VEBA investment account for the benefit of the employee and eligible dependents to be used for QMEs (qualified medical expenses recognized by the IRS, including most insurance premiums, deductibles, co-pays, etc.) Unused funds in a DePauw VEBA account (due to unqualified retirement or early departure of an employee from employment at DePauw, death of the retiree and eligible dependents or dependents meeting the age of majority) revert to DePauw.

Clarifications

Employees wishing clarifications of any aspect of this policy are welcome to consult with the Office of Human Resources.