

# ***SRSRA ANNUAL MEETING REMINDER***

*For SRS Retiree Association Members*

*Ed Somers, Editor*

*Volume 48 March 2011*

## **SRSRA Annual Meeting April 27, 2011**

### **CHAIRMAN'S MESSAGE**

The purpose of this special mailing is to remind you of the SRSRA's Annual Meeting at 1:30 PM on Wednesday, April 27, 2011. We will meet at the St. Angela Hall of Saint Mary's Church, 118 York St. in Aiken. Besides being an opportunity for fellowship with your fellow retirees, it is your best opportunity to get information on the SRSRA's efforts to protect your benefits. In addition, the SRSRA Medical Interface Committee will be sponsoring a special Medicare information session immediately following the completion of the Annual Meeting. Judy Greenwood of the SC Lieutenant Governor's Office will present "Medicare 101-Medicare Overview and how the Healthcare Reform Act affects it."

You may have already received information from the SRS contractors, SRNS and SRR, which discusses potential benefit plan considerations. During a meeting with both Dr. David Moody of DOE-SR and his staff and representatives from SRNS on March 15, 2011, we were given a copy of the attached letter identifying changes under consideration. In fairness to current employees, the letter was sent via a site wide email later that evening. The SRSRA feels it is important for you to have this letter. The letter, and Q&A's developed by SRNS, is also available on the SRSRA website <http://srsretirees.org>.

The SRNS / SRR letter identifies Retiree Health Benefit changes under consideration which would not be made until 2013. One such change being considered is that if you are Medicare eligible, you would be given a monthly stipend to purchase Medigap and Medicare Part D insurance or a Medicare Advantage Plan. Likewise being considered is that if you are not yet Medicare eligible, you may pay higher monthly "premiums" to reflect retirees' higher usage of benefits. These changes are only under consideration at this time and are similar to changes already implemented at Las Alamos, Hanford and Sandia and could eventually be implemented at all DOE sites.

Obviously, the devil is in the details which will be worked out over the next few years. The SRSRA will continue to discuss this with DOE/SRNS and represent our members' interests.

The Pension Plan changes under consideration do not affect current retirees.

Dr. Moody will speak at the annual meeting and has agreed to take questions from the audience. Garry Flowers (SRNS President and CEO), Jim Hanna (SRNS VP of Workforce Services) and the SRNS benefits staff will be there as well to answer individual questions.

The SRSRA's strength is in our numbers. Besides an opportunity for you to obtain the latest information on benefits from the site's DOE and Contractor leadership, your attendance at the Annual Meeting demonstrates the strength and solidarity of our organization to Congressional representatives, DOE and the site Contractors.

Last year's attendance was great; this year's needs to be better!

Looking forward to seeing you on April 27.

David Zigelman, Chairman  
SRS Retiree Association

## **Agenda for SRSRA Annual Meeting**

<b>Subject</b>	<b>Speaker/Moderator</b>
<b>Call to Order, Welcome &amp; Introduction</b>	<b>David Zigelman, Chairman, SRSRA</b>
<b>DOE-SR Remarks</b>	<b>Dr. David Moody, Manager DOE-SR</b>
<b>Introduction of Special Visitors</b>	<b>David Zigelman</b>
<b>Introduction of Congressional Delegates Remarks</b>	<b>David Zigelman Congressional Delegates</b>
<b>Letters from Delegates</b>	<b>David Zigelman</b>
<b>Break</b>	
<b>State of the SRSRA</b>	<b>David Zigelman</b>
<b>Questions and Answers</b>	<b>David Zigelman</b>
<b>Board of Directors Elections</b>	<b>Joe Yanek</b>
<b>Door Prize Drawing</b>	<b>Bob and Pat Stokes</b>
<b>Adjournment</b>	<b>David Zigelman</b>
<b>Medicare Presentation</b>	<b>Judy Greenwood, Lt. Governor's Office</b>



March 15, 2011

To: SRNS and SRR Employees  
From: Garry Flowers, SRNS President & CEO  
Dave Olson, SRR President & Project Manager

**Potential Benefit Plan Considerations**

Every two years, the Department of Energy requires its contractors to conduct a Benefits Valuation study. This study benchmarks the value of benefit designs of contractors against their peers – both industry and DOE sites.

We recently completed the study for our companies and scored in the ranking process above the cost-standard acceptable to DOE. The target score is 100 with corrective actions required for a score greater than 105 (SRNS/SRR scored 110). With a benefit score outside the acceptable range, we are required to develop and submit a corrective action plan detailing the benefit changes necessary to bring our companies back into alignment with DOE standards.

While the proposed actions we are sharing with you below have not been finalized, we wanted you to be aware of the potential changes under serious consideration that may occur in our benefits programs as a result of this study. We anticipate finalizing the proposed changes in the next few months and will be able to communicate in more detail as we get closer to the effective dates for the changes.

**Health Plan Changes being considered for January 1, 2013 (affects current and future retirees eligible for Retiree Medical)**

- We are considering transferring Medicare Eligible retirees from the SRNS and SRR Health Plans to Individual Medicare Advantage/Medigap plans that are partially subsidized by our companies using Health Reimbursement Accounts facilitated through a Medicare Coordinator;
- We are considering changing how costs are shared for retirees that are not yet Medicare eligible to be more accurately based on their actual healthcare costs;
- We are considering adding a Health Savings Account with the High Deductible Medical Plan "Basic" option for eligible plan participants; and
- We are considering a Wellness Focus Program for plan participants to promote good health practices and disease management.

**Proposed Multiple Employer Pension Plan Changes being considered for January 1, 2012 (affects future retirees eligible for Pension Plan)**

- We are considering changing the pension eligible earnings for employees receiving incentive compensation, to eliminate the provision that adds 50 percent of incentive compensation to the

#### SRNS and SRR Potential Benefit Considerations

Pension Based Earnings calculation, applicable to incentive compensation awards paid after December 31, 2011 (Summary Plan Description, page 10);

- We are considering revising the Incapability Retirement provision to remove the Supplemental Payment for new claimants (Summary Plan Description, page 6);
- We are considering eliminating the reduction to the participant's pension benefit for the Pre-Retirement Spouse Benefit Option Coverage and Pre-Payment Spouse Benefit Option Coverage. However if death occurs prior to retirement, the survivor benefit will be reduced by an actuarial cost for that benefit (Summary Plan Description, pages 23-24); and
- We are considering revising the employer paid subsidies for the Employer-Paid Survivor Benefit and Post-Retirement Spouse Benefit Option Coverage for future retirees. We are considering retaining the employer paid subsidy (approximately 40 percent), earned through December 31, 2011, which becomes a frozen Employer-Paid Survivor Benefit. Future retirees will have the option to purchase additional survivor coverage (Summary Plan Description, pages 21, 26).

Change is never easy and often difficult to accept and understand – but necessary for the overall health of our benefits program. We will continue to keep you apprised of the status of the changes that are under consideration. As always, the Benefits Service Center is available to assist you by calling 803-725-7772 or email at [service-center@srs.gov](mailto:service-center@srs.gov).

*The Employers periodically review the benefit plans and have the right to amend or terminate the plans at any time for any reason.*



March 18, 2011

To: SRNS and SRR Employees  
From: Jim Hanna, Vice President, SRNS Workforce Services

#### Potential Benefit Considerations Questions & Answers

##### ***What does this communication mean?***

This communication is to give you advance notice that the company is seriously considering some benefit changes – to Retiree Medical and to the Pension Plan. Although not yet approved, these are under serious consideration. Additionally all the details have not been worked out, but we felt it was important to let you know these types of changes might be implemented in 2012 and 2013.

##### **Q&A: Retiree Medical Plan Changes under Consideration**

##### ***1. I am a full-service Incumbent employee who is currently eligible for Retiree Medical - how does this impact me?***

These changes will impact you **when** you retire on or after January 1, 2013. If you elect retiree medical once you retire, and it is on or after January 1, 2013 – the impact would be based on your Medicare eligibility at the time (see Question 3 for retiree impact).

##### ***2. What do you mean by Medicare eligibility?***

Primarily this would be retirees age 65 and older, but would also include retirees eligible for Medicare under 65 due to disability or other reasons.

##### ***3. How does this impact a current Retiree – who is participating in the Retiree Medical Plan?***

There is no impact to current retirees or future retirees until January 1, 2013. As of January 1, 2013, we are considering changing the Medical Plan options for those retirees eligible for Medicare – transferring them out of the SRNS and SRR health plans and into individual Plans (Medigap or Medicare Advantage Plans). The Companies will contribute a flat dollar amount each year into a Health Reimbursement Account that the retiree would then use to purchase an individual Plan. The amount to be contributed by the Companies has not yet been determined. We would also partner with a Medicare Advocacy Coordinator who would assist each retiree in choosing the best coverage for his/her situation.

Also, for those retirees not Medicare eligible, the premiums will be separated from the employee rates. Today, retirees under 65 pay the same rates as active employees and the rates are based on the active employees' actual claims cost. In the future, retiree costs will be separated and the retiree rates will be based on the retirees' actual group claim costs. This may result in higher retiree contributions. The Company will then be establishing separate future retiree contributions each year.

#### SRNS and SRR Potential Benefit Considerations Q&As

**4. How does this impact a New Hire/Non-Incumbent – (Employees hired by SRNS on or after August 1, 2008, and Employees hired by WSRC on or after December 9, 2008, and by SRR on or after July 1, 2009 –not an active participant in Pension Plan nor eligible for Retiree Medical)?**

No impact as new hires are not eligible for these plans. (New hires are eligible for the programs explained in Other Medical Plan Changes under Consideration explained below.)

**5. If I retire now – does that change the impact?**

No, the Retiree Medical changes under consideration impact both current and future retirees as of January 1, 2013.

**6. I am an active full-service Incumbent employee who is over age 65 – how does this impact me?**

This would not impact you until you retire. As a full service active employee, your applicable SRNS or SRR health plan is primary. Upon retirement, Medicare becomes primary and at that time you would be eligible for the same coverage as described in Question 3 above.

**7. What happens if I am Medicare eligible but my spouse and/or dependents are not?**

The retiree would be on the individual plan – while the dependent would remain on the Company health plan. Once becoming eligible for Medicare, he/she would be switched to the individual plan.

**8. What is a Medigap Plan?**

A Medigap Plan is private insurance that fills in some of the gaps in Original Medicare coverage and limits out of pocket expenses. They typically use a network of providers and are aligned with covering the same services as Medicare. They do require a premium in addition to the premium charged by Medicare for Part B coverage.

**9. What is a Medicare Advantage Plan?**

A Medicare Advantage Plan gives Medicare beneficiaries the option to receive their Medicare benefits through private health insurance plans, instead of through the original Medicare Plans (Parts A & B). For people who choose to enroll in a Medicare Advantage health plan, Medicare pays the private health plan a fixed amount every month. Members typically also pay a monthly premium in addition to the Medicare Part B premium to cover items not covered by traditional Medicare (Parts A & B), such as prescription drugs, dental care, vision care and health club memberships. Typically, the plans have a "network" of providers that patients can use.



March 21, 2011

To: SRNS and SRR Employees  
From: Workforce Services

### **More Questions and Answers regarding Potential Benefit Considerations**

#### **Q&A: Other Medical Plan Changes under Consideration**

**1. What do you mean by a Health Savings Account?** These are accounts used in conjunction with a High Deductible Medical Plan (our Basic Plan meets qualifications) where you set aside pre-tax monies to use for medical expenses. They differ from a Flexible Spending Account – in that they roll over each year and are portable to take when you terminate employment. Currently, they provide triple tax benefits (pre-tax contributions, tax free earnings and tax free when used). They also provide a method of saving for retiree plan expenses as you invest the monies, similar to a 401k and then can use for medical expenses after retirement.

**2. What types of Wellness programs are you evaluating?** The Medical Plan has partnered with the Medical University of South Carolina (MUSC) to provide viable wellness options – these include enhancing disease management, reviewing preventive care approaches and identifying other available programs. We are seeking volunteers to be part of a focus group, facilitated by MUSC - if you are interested, notify the Benefits Solutions Service Center ([service-center@srs.gov](mailto:service-center@srs.gov) or 57772).

*The Employers periodically review the benefit plans and have the right to amend or terminate the plans at any time for any reason.*