



AUGUST NEWSLETTER SUPPLEMENT

Elfun Medical Update

The following is a transcription of a discussion of the Elfun Medical Plans during the Elfun Town Hall Telecon on March 12, 2013. This is an unofficial transcription, may contain errors and omissions, and should not be considered as a formal communication from either the Elfun Society or the General Electric Company. The speaker is Charles Welch, who is one of seven current Elfun Board Members.

Welch: This is a brief update on the current Elfun medical plan financials. We received a report from United HealthCare showing the status of our plan as of February based on 2012 claims. There is another month or so of runout to occur but we are going to come out of the year with rate reduction reserves and a surplus of about 2 million dollars for the year's operations and a rate reduction that will be about 15.7 million dollars. That means that we'll have reserves that are about 40% of what our normal premiums are. That puts us in pretty good financial shape as of the end of 2012.

The real issue is dealing with the changes that GE announced for eligibility for post-65 retiree plans that are effective of January 2015. In essence for the Elfun plan that means that we will have in the absence of GE making any other changes. The last eligible person will enter into our plan on January 1, 2015. The group is then frozen and over time that group will get older and smaller. When GE made these changes last fall we decided to talk with United HealthCare to see if we could come up with some sort of an alternative to our plan for the people who do not qualify as of January 1, 2015.

We had a conference call with United HealthCare actuaries and people who manage our account in February and the results of that meeting are that we are not optimistic that we are going to be able to do anything and the principal reason is that the plan that we have operates with a subsidy from the company in the sense that people must participate in two plans that are paid for by GE. And in the absence of what United HealthCare describes as the GE subsidy, they don't see that a plan would be financially sustainable and we would probably be subject to adverse selection. It appears the chances are not too good that we would be able to offer some sort of an alternative that would indeed offer some value over and above what some people can get in the private market.

We have asked the United HealthCare people to look at the status of our plan for our people going forward and after we enroll the last person in the plan in 2015, we will have a group that is shrinking and getting older and we will probably get to a point where the plan becomes unsustainable or very expensive as all the people in the plan are elderly. We've asked United HealthCare to spend some time and look at some projections as to that and to what sort of things we should be looking at and taking into consideration. Nothing falls apart in the next five years clearly, but we have to, from a proven management point of view, begin to look at that and what it might be and see what sort of plans we need to develop.

The supplemental plan currently offered by GE that will go away in 2015. I mean there is going to be a similar situation for the supplemental plan, right? Well, sure these people when they communicated on

(Continued on page 2)

this subject to us they ran those plans. Our plan is their air hose, quite frankly. In order to be in our plans you must be a participant in a medical care plan for pensioners and pensioners prescription drug plan. So these plans will see their last salary enrollee on these dates.

Enrollment in that is not closed to the hourly reduction workers on that date and I suspect that is probably pending whatever the outcome is in labor negotiations in 2015. When you begin to erode the base of the new entrants to plans like these, the financials will begin to change, no question about that.

Q: Are there two plans GE not Elfun, or Elfun?

Welch: No, GE offers four plans, two of which are employee pay all. GE sponsors a plan called the Medicare Plan for Pensioners and then an additional plan for employees that they can buy called the hospital indemnity plan. Those two plans provide supplemental payment for Medicare Part A, which is hospitalization. Then there is a plan called the prescription drug plan, obviously that is the drug program post 65. Then there is a plan called the GE Medicare Insurance Plan, in which is paid for in full by participants and is a Medicare Part B Supplemental. In addition to those there is the GE Elfun Medical Benefits Plan.

The Elfun medical benefits plan supplements the Medicare Part A and B and supplements payments that are made under the Medicare Plan for pensioners for Part A and it supplements the prescription drug plan. In order to be in the Elfun plan you must be a participant in the Medicare Plan for pensioners and pensioners prescription drug plan.

We generally, I would recommend the people eligible for it, that they join the pensioners hospital indemnity plan if you are eligible for Elfun. You should not enroll in the GE Medicare insurance plan because you are just purchasing duplicate coverage. But, the Elfun plan integrates with all those. The Elfun plan is not

separate from them but in fact to be in Elfun you must be in Medicare A & B Medicare Plans for pensioners and drug plan.

Q: Well except the insurance plan the last one for GE is independent, you are either an Elfun or that one right?

Welch: Yes, you can be in both if you are an Elfun member, if you want. We have about 200 people who are in both but you do not have to be. The Elfun plan basically provides Medicare part B, supplements drugs, hospitalizations and has some limited dental coverage, it does a bunch of other stuff. So, but the Elfun plan is tied to the Medicare coverage and the Medical Care Plan for pensioners and pensioners prescription drug.

Q: If one after the 2015 occurs and spouse is not 65 or retired?

Welch: 65 and younger spouse - not eligible for Elfun and vice versa. If your spouse is older and enrolled and you are not, they are in and you are not.

Q: The other spouse has to get other insurance?

Welch: Yes, they would have to go on the outside to get it.

Q: Any plan for reimbursement for those who do not reach 65 by 2015 and have made contributions?

Welch: Well, they have not made any contributions to those plans, no such thing.

Q: Is it just a loss of membership benefit?

Welch: Well, this is, Elfun did not launch this rocket. I am sure you all understand that this wasn't our choosing. We were very much opposed to this when we learned about this but nobody called us, nobody asked us, it was GE's decision. But the real thing that puts the spear in our plan is the cancellation of the coverage under the Medicare plan for pensioners and pensioners prescription drug plan for retirees who are not on 1/1/15, and who not enrolled in it. The value of

(Continued from page 2)

these supplemental plans trust me, is not inconsequential.

Q: So, you mean the subsidy is significant?

Welch: Yes. For you to like, basically in very simple terms it depends on your tax bracket and a bunch of other things in general, I think you could figure the present value of that benefit if you were going to buy it and pay it off all upon actuarial basis 65, some where in the range of about \$65,000 per person. So, in effect there went \$50,000 for you and if your spouse does not have the coverage there is another \$50,000. Also, keep in mind that the benefit as provided by GE is a non-taxable benefit. But if you have to go out and pay for this coverage for each you would have to pay for it with pre-tax money. You have to have money set aside then pay the taxes to have the money left after to pay the premium.

Q: It affects salaried employees, both exempt and non exempt salaried employees?

Welch: In simple terms for all of you who are 65 and older and your spouse is 65 or older you are OK. The only thing that will affect you is when our population base, our premiums decline, no one else is going in it and your plan costs will rise. But, that will be a long time from now.

Road Scholar Opportunities

Road Scholar Program #21334 New Elfun Service Learning Program at Great Camp Sagamore, Friday, October 4 to Monday, October 7, 2013

In collaboration with the Great Camp Sagamore, founded by the Vanderbilt family in 1897 and now a National Historic Landmark, Road Scholar has developed a weekend service learning program

schedule for Friday, October 4 to Monday, October 7, 2013.

Projects will include:

- Skilled carpentry and electrical work
- Refinishing wood floors
- Painting and brass polishing
- Restoring classic cedar canvas canoes with skilled boat builders
- Archival work including research and cataloging camp documentation
- Trail and landscaping work

Sagamore's authentic buildings dating from 1897 are situated on a peninsula jutting into pristine and picturesque Sagamore Lake. The Adirondack Forest preserve surrounds the entire 27-building Sagamore estate owned by the Alfred Vanderbilt family from 1901 to 1954. A National Historic Landmark, its wood and stone buildings are the vernacular rustic architecture on which many National Park lodges were modeled. Sagamore's remote location will allow your full concentration on completing the service learning projects, enjoying the camaraderie of your fellow Elfun and appreciating the beauty and history that envelopes you.

To enroll in: Sagamore: Preserving, Restoring, Maintaining a National Historic Landmark, please call Road Scholar toll free at (800) 328-7286, reference program # 21334 starting on 10/4/2013

Please note that rooms will be available prior to the program and post program at the Sagamore Lodge for \$99 per night double occupancy.

Road Scholar Program #21430 Monumental Impact: Service Learning in Washington D.C. with GE Elfun Monday, October 21 to Friday October 25, 2013

Program Summary: The monuments and memorials of the National Mall in Washington, D.C. form an arresting tableau of the heritage shared by all Americans. Each year, more than 20 million people visit this open-air national park to remember pivotal

(Continued on page 4)

Community Service at Auburn Nursing Home

moments in the nation's history and to celebrate those who served and sacrificed so that future Americans would remain free. Help preserve the dignity of these national treasures through simple but essential service projects on and around the National Mall. Each morning, provide much-needed assistance with U.S. National Park Service beautification and maintenance efforts, and then spend your afternoons exploring the nation's capital with interpretation by National Park Rangers and other experts.

Program Highlights:

- Serve the nation in a modest but indispensable way by maintaining green spaces, beautifying the park grounds and removing rubbish from the banks of the historic Potomac River.
- Go inside the Capitol with a member of the U.S. Capitol Historical Society who narrates a comprehensive exploration of the Rotunda, Capitol Crypt, richly decorated Old Senate Chamber and more.
- National Park Rangers lead informative discussions on the National Mall and the many sites you visit therein, including the Jefferson Memorial, Lincoln Memorial, World War II Memorial and others

Program Price:

- Double Occupancy: \$ 969
- Single Occupancy: \$1,347

Program Price Includes:

- 4 nights of accommodations
- 10 meals: 4 breakfasts, 3 lunches, 3 dinners
- 5 Field trips
- Group travel and transfers throughout the program;
- A Group Leader to accompany you through the program to handle all logistics;
- Modest gratuities, taxes and destination fees;
- The Road Scholar Emergency and Travel Assistance Plan, including 24-hour assistance for medical and other emergencies.

To enroll in: Monumental Impact: Service Learning in Washington D.C. with GE Elfuns please call Road Scholar toll free at (800) 328-7286 and reference





Finger Lakes Winery Tour



Community Service—Butterfly Garden



Community Service—OnPoint



Community Service—Beaver Lake Nature Center

