



EMERITI[®]
RETIREMENT HEALTH SOLUTIONS

Your Plan Highlights at a Glance

Key Features of the Emeriti Program

Emeriti Retirement Health Solutions is pleased to offer you the Emeriti Program, a practical and comprehensive solution to providing retiree health benefits for employees of colleges, universities, and other higher education-related tax-exempt organizations. The core design features of the Emeriti Program's innovative model include:

- **A tax-advantaged way to invest** and accumulate assets exclusively to help meet future retiree medical expenses—*the Emeriti Health Accounts*—with services provided by Fidelity Investments.
- A specially designed **health insurance program for retirees and their dependents** that complements Medicare—*the Emeriti Health Insurance Options*—underwritten by Aetna Life Insurance Company and its affiliates.
- An innovative, tax-free way to pay for other **qualified out-of-pocket medical expenses**—*the Emeriti Reimbursement Benefit*—managed by a third-party administrator.

You are receiving this information because your institution has adopted a retiree health plan that provides benefits through the Emeriti Program and you are eligible to participate in that plan.

Following are some specific elections about your institution's plan.

About Your Plan

You are a participant in the Emeriti Retiree Health Plan (the “Plan”) for Smith College (the Employer). Under the Plan, your spouse or same sex domestic partner, dependent children, and dependent relatives-- as defined by IRS guidelines-- may also be eligible to receive benefits while you are receiving benefits and may continue to do so after you die.

Your Employer’s Contributions

Effective July 1, 2005, your Employer will begin to make contributions for you when you reach age 40. The College will cease making its contributions on the earliest of the following: the date the College has made 25 years of contributions to your account, the date you cease employment at the College, or at your death. The amount of the contribution will be determined by the College.

Your Ability to Make Employee Contributions

Beginning on July 1, 2005 you can begin to make voluntary contributions to the Plan on a flat dollar basis each payroll period if you are age 21 or older. The amount will be determined by you, and currently there are no limits on the amount you can contribute. Your contributions will be made on an after-tax basis, but all contributions and earnings will accumulate and be paid out tax free for your retiree health insurance and other qualified medical expenses.

Your Eligibility for Emeriti Benefits

You will be eligible for the Emeriti Health Insurance Plan Options and the Emeriti Reimbursement Benefit if you satisfy the criteria for Retirement Eligibility under the Plan. You have met these criteria if you have attained age 62 while employed by the College with at least 10 years of continuous service, or, in the case of late hires, you attain age 65 with at least five years of credited service. You also satisfy Retirement Eligibility if you become permanently disabled during active service and receive a disability determination letter from Social Security.

Having met the criteria for Retirement Eligibility, you will be able to enroll in the Emeriti Health Insurance following termination of service with the College, attaining age 65, and enrolling in Medicare Part A and B. The insurance portion of the Plan is effective July 1, 2005. If your spouse or domestic partner is also age 65 or older and enrolled in Medicare Part A and B, he/she may also enroll when you do in the same Emeriti Health Insurance Plan Option you have elected. If your spouse or domestic partner or eligible dependents are not Medicare-eligible, they can enroll in Emeriti's pre-65 Health Insurance Plan Options when you enroll. You will also be able to utilize the Emeriti Reimbursement Benefit to pay for any qualified out-of-pocket medical expenses, including other health insurance, after termination of employment with the College. All of the Emeriti Health Account assets from both your Employer's contributions and your own contributions can be used to pay for these benefits.

If you cease employment with the College without having met the College's criteria for Retirement Eligibility, you will not be able to enroll in the Emeriti Health Insurance Plan Options. With respect to tax-free use of the Health Account assets for retirement health expenses, different rules will apply for Employer contributions and your own contributions for retirement health expenses. Health Account assets from Employer Contributions will be forfeited. You will, however, always have the right to use all of your own contributions and earnings, starting at age 55, to pay for qualified out-of-pocket medical expenses, including other health insurance, through the Emeriti Reimbursement Benefit. You may also continue to make personal, after-tax contributions into your Emeriti Health Account after you leave the College or even after you retire.

Please read your summary plan description (SPD) for further details about special conditions allowing for early withdrawal of your Emeriti assets in the case of a terminal illness, a catastrophic health situation, or a *de minimis* account balance.

Forfeiture of Residual Balance

Subject to the rules described above, your Emeriti Health Account assets are available to pay health insurance premiums and other qualified medical expenses for your life and the lifetime of your eligible dependents. Once you have died and

once all your eligible dependents have died (or reached majority, in the case of children), any remaining balance in your Health Account is forfeited back to the Plan for use under the terms of the Plan.

This Plan Highlights Sheet is intended to provide you with a brief overview of certain key features of the Plan. Please consult your summary plan description (SPD) sent separately to you for a more complete explanation of the terms of the Plan and your rights and responsibilities under the Plan.

Please keep in mind that investing involves risk. The value of your investment will fluctuate over time and you may gain or lose money.

Emeriti Retirement Health Solutions, Aetna Life Insurance Company, and Fidelity Investments are independent organizations and are not legally affiliated.

Recordkeeping and shareholder services for the Emeriti Program are provided by Fidelity Investments Tax-Exempt Services Company, a division of Fidelity Investments Institutional Services Company, Inc., 82 Devonshire Street, Boston, MA 02109.

Insurance plans and COBRA administration for the Emeriti Program are provided by Aetna, Inc, 151 Farmington Ave MOB, Hartford, CT 06156.