

HealthSpan



FOR RETIREES AND ELIGIBLE
SPOUSES AGE 65 AND OLDER

Your Retiree Health Reimbursement Account (Retiree HRA)

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QUESTIONS?

*If you have questions about your benefits, please call the **CBS Benefits Contact Center** at 877-377-4357.*

About This Brochure



Health care is an important consideration in retirement. Cummins has created this brochure to help you understand how your health care coverage works once you reach age 65.

Please read this information carefully and save it for future reference.

ELIGIBILITY

Retirement at age 65 or older:

In general, the Retiree HRA Plan is available to Cummins retirees and eligible spouses who are age 65 or older, and were eligible for a cap/subsidy from Cummins toward medical costs in retirement. If you are 65 or older at retirement, you will be enrolled in the Retiree HRA Plan at retirement.

Retirement before age 65:

If you retired before age 65, and participated in a cap/subsidy medical plan, you will be enrolled in the Retiree HRA Plan when you turn 65 and lose the Cummins medical plan. You cannot be covered under a Cummins active or retiree health plan and receive the Retiree HRA at the same time.

If you are not participating in the Cummins medical plan when you turn 65 due to coverage outside Cummins, you can still participate in the Retiree HRA Plan if you can demonstrate participation in another plan at or after age 65. Enrollment in Medicare does not qualify as an eligible medical plan participation. Notification within 31 days of turning 65 is not required, however, coverage is not retroactive. You will begin receiving contributions prospectively from your enrollment only. You can demonstrate loss of coverage in another medical plan by providing a Certificate of Creditable Coverage.

Other eligible groups:

- If you or your spouse are enrolled in the pre-65 medical plan and eligible for Medicare due to disability, the Medicare enrolled person can waive the medical coverage and begin receiving the Retiree HRA. Contact the CBS Benefits Contact Center for enrollment information.
- Certain DWU and OCU represented retirees are eligible at age 65.

- Pre-65 Cummins Filtration UAW bargained retirees who were hired before February 23, 2002, have the option to permanently waive their right to the Subsidized HDHSA retiree medical plan and elect the Retiree HRA.

EFFECTIVE DATE

Retirement at age 65 or older:

If you are already 65 or older when you retire and you would have been eligible for the Cummins retiree medical cap/subsidy plan if you had retired prior to age 65, the Retiree HRA becomes effective on the first day of the month following the last day worked. You will be automatically enrolled.

If you waived participation in the Cummins retiree medical cap/subsidy plan and you are now 65 years old and can demonstrate either current enrollment in a health plan or loss of other coverage within 31 days, your Retiree HRA will be effective on the first day of the month following your notification to CBS Benefits Administration of your intent to enroll. Enrollment is not automatic; you must contact CBS and demonstrate eligibility before a Retiree HRA will be prospectively established.

Retirement before age 65:

If you are currently enrolled in the pre-65 Cummins retiree medical cap/subsidy plan, your Retiree HRA becomes effective the first day of the month in which you turn 65. If your date of birth is the first day of the month, your coverage will begin on the first day of the prior month. Your eligible spouse's Retiree HRA becomes effective when they turn 65. You will be automatically enrolled.

Other eligible groups:

If you are an eligible Cummins DWU, OCU, or Filtration UAW bargained employee and elect to receive the Retiree HRA at retirement, your Retiree HRA will be effective the first day of the month following the last day worked.

How Your Benefits Work

Once you reach age 65, there are important changes to your health care coverage. Below is an overview of how the plan works:

- **Your health care coverage will be provided completely through Medicare.** You will no longer participate in a Cummins' sponsored medical plan. Instead, you will receive coverage for inpatient and outpatient medical care through Medicare Parts A and B.
- **Cummins will provide a Retiree Health Reimbursement Account (Retiree HRA) to help you pay for eligible health care expenses tax-free.** Cummins contributes to this account on your behalf. You can use it to pay for Medicare premiums and eligible out-of-pocket health care expenses. The account is yours to use for health care coverage as you see fit. This approach provides you with the flexibility to use your Retiree HRA to meet your individual needs and offers you a tax-free way to pay for health care costs.

INTRODUCING THE RETIREE HEALTH REIMBURSEMENT ACCOUNT

To help you pay for medical expenses in retirement, Cummins is providing you with a Retiree Health Reimbursement Account (Retiree HRA). This is your account with **Cummins-provided contributions** that you can use to pay for Medicare Part B and Part D premiums and other out-of-pocket healthcare expenses (see the boxed titled "Eligible Expenses" on page 4 for details).

How much goes into your Retiree HRA? Your annual Retiree HRA amount is dependent on the retiree group you participate in. You don't contribute anything — and the Cummins contribution is yours to use in a given year or you can allow it to accumulate over the years. The entire Retiree HRA allowance is available for your use on January 1 of each year. If you retire midyear, you will receive a prorated amount.

The Retiree HRA amount Cummins will contribute to your Retiree HRA is included in the general information sheet and table for your retiree group. The Retiree HRA is administered by Hewitt.

IMPORTANT TIP: *You should sign up for Medicare Parts A and B through the Social Security Administration at least 90 days prior to turning 65.*

Frequently Asked Questions (FAQs) About the HRA

1. **Do I need to do anything to set up my Retiree HRA?**
No. Cummins will automatically establish a Retiree HRA for you.
2. **Can I put money in the Retiree HRA?**
No. Federal legislation that created the Retiree HRA does not allow contributions from employees or retirees. A Retiree HRA contains Company contributions only.
3. **Who is eligible for the Retiree HRA?**
Post-65 salaried, non-bargained hourly retirees and certain DWU, OCU, and Filtration bargained retirees, as well as any pre-65 disabled retirees or spouses and Medicare-eligible post-65 spouses are eligible if they are enrolled in the Cummins plan and they have a Cummins cap/subsidy. If you waived your retiree medical coverage, you can begin receiving the Retiree HRA at age 65 if you can demonstrate current

enrollment in a medical plan, or can provide a Certificate of Creditable Coverage within 31 days of turning 65 or loss of coverage, whichever is later. If you enroll in the plan after age 65, your Retiree HRA will begin the first of the month after enrollment, you will not be retroactively enrolled or receive contributions for previous months or years. Cummins will provide a Retiree HRA contribution for each eligible participant.

4. My spouse and I are both over 65 when I retire. Will my spouse receive the Retiree HRA contribution?

Yes. You and your post-65 spouse are both eligible. Cummins will contribute for both you and your spouse.

5. I am a Cummins retiree who is over age 65. My spouse — who is not a Cummins retiree — is under age 65. Will my spouse have a Retiree HRA?

While your spouse is under age 65, he or she may participate in the Cummins medical plan for participants who are under age 65. When your eligible spouse turns age 65, he or she will be eligible for the Cummins Retiree HRA contribution if they had Cummins medical coverage prior to reaching age 65, demonstrate participation in a medical plan other than a Cummins medical plan, or can provide a Certificate of Creditable Coverage within 31 days of turning 65 or loss of coverage, whichever is later. A separate account will be established in his or her name.

6. Can I use money in my Retiree HRA to reimburse myself for my Medicare Part B and Part D premiums?

Yes. Instructions on how to file for reimbursement will be in the welcome packet you will receive from Hewitt, the Retiree HRA administrator.

7. How can I withdraw money from my Retiree HRA to pay a health care expense?

Hewitt, the Retiree HRA administrator, will send you a welcome letter the month prior to you turning 65 as an existing retiree or in the month of your retirement if you retire at or over age 65, explaining the Retiree HRA process in detail.

8. I have a Pre-Retiree HRA from when I was an active employee. What happens to the contributions in my Pre-Retiree HRA?

Once you reach age 55, have 5 years of continuous service, and are no longer employed at Cummins, your Pre-Retiree HRA will automatically become a Retiree HRA.

9. What if I have a balance in my Retiree HRA at the end of the year?

Unused amounts in your Retiree HRA roll forward from year to year. There are no limits on the amount that can roll forward or accumulate.

10. What happens to the Cummins contributions in my Retiree HRA when I die?

If you have no eligible spouse, any unused account balance is forfeited. If you have an eligible spouse, they can use the Retiree HRA balance for their eligible healthcare expenses immediately. However, future funding for any deceased individual stops.

ELIGIBLE EXPENSES

Your Retiree HRA gives you new flexibility because you can use your Retiree HRA to pay for the following expenses:

- Medicare Part B and Part D premiums.
- Other premiums, such as Medicare Advantage plans or Medicare supplement plans.
- Your out-of-pocket medical expenses, such as doctor's office visits, dental or vision care services, and your coinsurance.



An Overview of Medicare

You may already be familiar with Medicare, but here's a brief overview of the different parts of Medicare and what they help cover.

- **Medicare Part A:** Inpatient hospital care.
- **Medicare Part B:** Medical care (doctor's office, outpatient).
- **Medicare Part D:** Prescription drugs.

APPLYING FOR LOW-COST PRESCRIPTIONS

Some people with limited income and resources may be eligible for a lower-cost Medicare prescription drug plan with higher benefits. The Centers for Medicare & Medicaid Services (CMS) mailed an application and fact sheet to Medicare beneficiaries who might have limited income and resources. If you received that application, you should read it over carefully to determine if you may qualify. If you do, complete it and mail it in.

If you need another copy, contact Medicare at 800-MEDICARE (800-633-4227).

WHY WON'T I HAVE HEALTH CARE COVERAGE THROUGH CUMMINS ANYMORE?

Once you turn 65, you begin paying Medicare premiums, and Medicare becomes your primary payer for all medical claims. This means the Cummins sponsored health plan would only pay after Medicare, and in most cases, it would not pay more than Medicare had already paid. The end result is you receive little benefit from the plan. By converting your cap/subsidy contribution from Cummins into a Retiree Health Reimbursement Account, you have more flexibility to determine how to spend your health care dollars in a way that is meaningful.

Next Steps



- Please review this packet of information carefully. If you have any questions, call the CBS Benefits Contact Center at 877-377-4357.
- Individual Medicare Supplemental and Part D plans can be obtained through numerous insurance providers and OneExchange from Towers Watson.
- You will receive a welcome letter from Hewitt, the Retiree HRA administrator, when you become eligible. This letter will contain details on how to check your Retiree HRA balance and obtain funds. You will automatically receive the Cummins contributions to your Retiree HRA on the first day of the month in which you turn 65, unless your date of birth is the first day of the month, in which case eligibility will automatically begin on the first day of the prior month. Also, if you have earned a Pre-Retiree HRA as an active employee, a welcome letter will be sent to you in the month of retirement if you are age 55 or in the month you turn 55.
- If you have any other questions, please call the CBS Benefits Contact Center at 877-377-4357.

ONEEXCHANGE FROM TOWERS WATSON

OneExchange from Towers Watson offers access to a selection of individual Medicare, dental, and vision plans through a wide range of national and regional carriers. Some of the plan types available through OneExchange are:

- Medigap Plans: Supplemental medical coverage that “fills the gaps” in your existing Medicare Parts A and B coverage.
- Medicare D Plans: Prescription drug coverage. All Medicare enrolled retirees need to have prescription drug coverage through a Medicare D plan.
- Medicare Advantage Plans: Medicare PPOs, HMOs, etc. that administer traditional Medicare Benefits.

Using OneExchange’s services are optional and come at no cost to you. Please see the OneExchange Advantage Guide brochure we have included with this letter for more information about OneExchange, the enrollment process and how to evaluate and compare plan options. You can also contact Extend Health Benefit Advisors by calling 855-342-2310 Monday through Friday from 8 a.m. to 9 p.m. Eastern time.



About This Guide

This brochure provides a high level summary of your retiree medical benefits. Details about the plans are in the official plan document. In case of a conflict between this brochure and the plan document, the plan document will be the authority.

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