DEAR EMERITI PARTICIPANT,

Emeriti's Bold New Directions
Emeriti is pleased to share exciting news with you about bold new directions in the Emeriti Program that will improve support and expand services for you as eligible participants in your institution's Emeriti retiree health benefit plan. As you may know, an Emeriti Health Account has been established in your name through the ongoing financial support of your institution. You may or may not recall that you control the investment of those account assets, and you have opportunities to contribute your own savings.

Because you direct the investments in your Emeriti Health Account, it is critically important that you understand some very positive developments in the Emeriti Program. After careful consideration, upon recommendations of Emeriti's Advisory Council, and with the approval of Emeriti's Board of Trustees, Emeriti will change service providers supporting the various record-keeping components and administrative services of the Program.

The purpose of this change is to strengthen the delivery of Emeriti's core benefits and to enable us to offer enhancements to existing services, many of which plan participants frequently have requested in recent years. Emeriti exists as a non-profit consortium to ensure well integrated services, high quality retiree health benefits, and robust educational support.

Starting January 1, 2012:

- Fidelity services will terminate its services on December 28, 2011.

- TIAA-CREF will become Emeriti's new accumulation record keeper, trust services provider, and investment manager for your Emeriti Health Account.

- Savitz will become Emeriti's new disbursement record keeper for Emeriti group insurance administration and Emeriti medical expense reimbursement processing if you as a participant retire or otherwise terminate service with your institution

What Remains the Same for 2011
There will be no changes to the Emeriti Program for the balance of 2011. The three main components of the Emeriti Program, including the Health Accounts, Health Insurance Options, and the Reimbursement Benefit will remain intact.

If you are a participant approaching retirement and planning for Medicare enrollment and Emeriti insurance enrollment, please note that Emeriti will retain Aetna for retiree group health insurance coverage nationally, and HealthPartners for coverage in Minnesota.

Key channels of Emeriti's communication to participants will also remain in place throughout 2011, including the Emeriti Service Center call number (1-866-EMERITI) and the Emeriti website (www.emeritihealth.org). It is our intention to make the transition from the 2011 to 2012 plan year as seamless as possible for Emeriti's participants. Please visit the Emeriti website to access our Frequently Asked Questions (FAQ) and learn more.

What Important Information Do You Need to Know During the Transition

- **Fidelity and TIAA-CREF, respectively, will require a blackout period from December 29, 2011 to approximately January 15, 2012** in order to complete the conversion of assets and data. During the blackout, you will not be able to view your Emeriti Health Account online, nor will you be able to make investment changes. You will receive a reminder notice later this year from TIAA-CREF.

- Fidelity will send a closing 2011 Annual Emeriti Health Account Statement in January. Please note that you will see a zero balance on your final Fidelity account statement because all of your assets will have been transferred from Fidelity to your new Emeriti Health Account at TIAA-CREF.

- TIAA-CREF will send a new Asset Transfer Confirmation Statement in January, which will reflect the amount transferred from your Emeriti Health Account at Fidelity to your new Emeriti Health Account at TIAA-CREF.

- The assets in your account will map directly from whichever Fidelity's Freedom Fund or the Fidelity money market fund you are currently invested in to the corresponding TIAA-CREF lifecycle fund or money market fund, effective January 1, 2012.

- Approximately January 15, 2012, you will be able to change your investment elections among the TIAA-CREF lifecycle funds or TIAA-CREF money market fund and change the future allocation of contributions made by your employer and by you.

- Starting January 1, 2012, if you are making voluntary contributions to your Emeriti Health Account via payroll deferral and would like to make any changes, you will need to contact your benefits administrator directly. The same applies if you intend to start making voluntary contributions. Your benefits department will coordinate your payroll deferral with TIAA-CREF.

Later in 2012, you will have an expanded menu of investment choices to choose from based on your employer's Plan-level menu of TIAA-CREF and other mutual fund family options.

What Enhanced Services Can You Expect in the Future

Starting in January 2012, Emeriti, in conjunction with its new service providers at TIAA-CREF and Savitz, will provide you with an array of enhanced services, which will become effective on a rolling basis in the first half of the year.

1. **Enhanced Menu of Investment Funds**
    a. TIAA-CREF proprietary and non-proprietary funds from other mutual fund families will become available later next year based upon the Plan-level investment menu that your institution elects over the months ahead.

2. **Quarterly Statements**
    a. Investment statement from TIAA-CREF detailing your assets in the Emeriti Health Accounts will now come on a quarterly basis.
    b. Health benefits statement from Savitz (for retirees), detailing health insurance plan options and reimbursement benefit transactions.
3. **Online Participant Dashboard**
    a. At-a-glance online tool developed by Savitz for your Health Account activity, your future Health Insurance plan options, and future opportunities for tax-free repayment of other medical expenses through your Emeriti Reimbursement Benefit transactions.

4. **Improved Emeriti Service Center**
    a. Dedicated Emeriti representatives from TIAA-CREF will answer any questions you may have about your Emeriti Health Accounts, provide more information about investments, and help you with making investment transactions.
    b. Dedicated Emeriti representatives from Savitz can help, as you think about and plan for your retirement, with information about the retiree health insurance benefits that are currently available and about ways to receive tax-free reimbursement for other out-of-pocket medical expenses for you and other eligible dependents. To preview an Emeriti insurance enrollment kit, you need only make one call.
    c. Improved warm transfer protocols will be in place to ensure that your inquiries are answered in the most efficient way possible, including transfers to Aetna (nationally) and HealthPartners (Minnesota) if you want more detailed information about Emeriti's post-65 retiree group insurance plans for you and eligible family members.

5. **Robust Life Stage Communications**
    a. Communications designed to help you understand the importance of saving as early as possible and continuously for retiree health expenses in retirement. And for later career employees, Emeriti will provide you with regular updates on the Emeriti Program's insurance and reimbursement benefit, in the context of Medicare and Social Security benefits, to help you better plan for health care as a key ingredient in your overall retirement decision and future security in life after work.

6. **More Ways to Save**
    a. Options will exist for you to establish recurring savings from your payroll into your Emeriti Health Account
    b. Options will exist later in 2012 for you to establish recurring savings or one-time deposits into your Emeriti Health Account from your personal banking accounts.

Emeriti is pleased to be able to offer you a wide range of options and new enhancements in the coming year. Please look for more information in future Emeriti newsletters in early 2012. And be sure to visit our website at www.emeritihealth.org to read our new partnership FAQ and for more information about the Emeriti Program.

And please keep this in mind: Your institution's Emeriti Retiree Health Plan is a very important part of your overall retirement planning. If you are just getting started with your career, you have the opportunity to contribute savings to your Emeriti Health Account, a tax-advantaged way to invest today to help pay for your medical costs in retirement. If you are age 40 or 50 or so, it's not too late to potentially build up a significant amount of money in your Emeriti Health Account, but start as soon as you can. It really does not require a lot of money to potentially benefit from compounding of earnings. If you have time on your side, and you can invest even a modest amount every year, you could do as well as or better than the person who waits until she/he can afford to contribute "enough" each month. We invite you to visit www.emeritihealth.org for more information.

Sincerely,

Kenneth E. Cool

Kenneth E. Cool,
President