

To All Employees:

Date: May 26, 2011

Re: Le Moyne College's Post Retirement Benefit Program

The College constantly monitors and evaluates the employee benefit program with emphasis on the active and retirement healthcare plans. For the past four years the College has been successful in controlling costs on the active employee health care plans.

Unfortunately, retirement healthcare costs continue to escalate beyond our control. Last year the College realized an increase in the retirement healthcare liability of about 24%. Another 18% increase is anticipated for next year. Furthermore, the recent healthcare reform act has shifted some of the government funding from Medicare, resulting in higher cost for the College and retirees. The projected costs over the next several years are expected to increase at even higher rates.

As stated in the 2010 Kaiser survey, most corporations have eliminated this benefit. Similarly, most of the Jesuits schools that we surveyed have either eliminated this benefit for new employees or have never offered a College subsidized retiree healthcare program.

Over the past nine months the College and its benefit advisors have studied several modifications/alternatives to the retirement benefit program that mitigate escalating benefit costs. This evaluation process has not been taken lightly. The assessment attempted to balance the needs of current retirees and longer service employees while trying to maintain some form of post-retirement benefits program. Attached you will find the benefit notice that outlines the four approved modifications to the post-retirement benefits program resulting from this study.

Based on our actuarial projections, we are not certain that these modifications will be enough to moderate these increasing costs. Due to the uncertainty of changing healthcare regulations and rising medical costs, the College cannot promise that no additional changes will be made in the future. The administration will continue to coordinate the effort to consider other plan changes if needed in the coming months. The Benefits Committee, Administrative Council, President's Cabinet, and other campus constituencies will continue to be consulted.

Most of us do not begin our retirement planning early enough in our careers. It is essential that individuals take healthcare costs into account when planning for retirement. This includes your decisions relative to what proportion of your salary to contribute to the Le Moyne TIAA-CREF 403b plan. We all need to take more action and earlier decisions regarding what we need to save for retirement.

As you plan for healthcare in retirement by taking advantage of your ability to set aside additional monies in your 403(b) plan to secure your retirement future, we urge you to stop by the Office of Human Resources for additional assistance.

Sincerely,

Le Moyne College Leadership Team