



# Reimagining retiree medical

Longitude Solution®



## The challenge

Employers have trimmed their retiree medical benefit programs for decades, and many have eliminated them entirely. Why? Interest rate volatility, longevity risk and health care cost inflation have increased the pressure on balance sheets, while the programs' value for the workforce has dwindled.

To reduce retiree medical plan cost and risk, employers have largely relied on traditional levers. Many have shifted costs to retirees or capped their exposure to medical inflation; others have stopped making the retiree medical promise to new hires or have changed eligibility requirements. And in recent years, more employers have moved Medicare-eligible retirees to the individual insurance market – a move that can increase value for employers and give retirees more flexibility in obtaining health care coverage.

Though such approaches can reduce employers' costs and risk, they ultimately leave retiree medical plans' financial, administrative and legal obligations with the employer.



## So what's an employer to do?

Retiree medical benefit security is very important to retirees as they have seen reductions in benefits over time and understand that the company can modify benefits in the future. Plan sponsors generally want to honor their commitment to retirees in a cost-effective manner. Until recently there was no solution that allowed plan sponsors to continue their benefit but also eliminated their obligations and/or reduced their costs and risks.



## Longitude Solution

Willis Towers Watson's Longitude Solution is the first commercially available retiree medical exit solution that eliminates U.S. employers' administrative and financial obligations for retiree medical benefits while providing retirees secure, nontaxable reimbursement of health insurance premiums for the rest of their lives from a highly rated insurance company.



## How our Longitude Solution works

- Define the benefit: Give retirees an annual stipend to reimburse them for their health care spending.
- Work with Willis Towers Watson to transition retirees to Individual Marketplace — to provide lifetime benefit advocacy and support to your retirees
- Pay a one-time premium to a highly rated life insurer that assumes the administrative and financial responsibilities.






To be eligible, your organization must define its retiree medical subsidy in terms of an annual account-based structure that provides tax-advantaged reimbursement for health care premiums. Many companies have already made this transition. Retirees use the annual stipend to purchase health care coverage on the individual market. The retiree medical benefit now looks like an annuity and can be secured using a highly customized tax-free annuity, the Longitude Annuity.

The plan sponsor pays a one-time, fully tax-deductible premium to a highly rated life insurer to assume the overall responsibility of the benefit for the lifetime of the retirees, spouses and eligible beneficiaries. The plan is terminated for the annuitized group from an ERISA and accounting perspective, eliminating your financial, administrative and fiduciary obligations.

All of the administration for the annuity is handled by Willis Towers Watson's Via Benefits platform, which provides retirees with guidance from our licensed benefit advisors to select and purchase private, supplemental Medicare coverage (Medigap or Medicare Advantage) or pre-65 health care benefits to meet their needs and provides reimbursement from the annuity. Retirees can also purchase prescription drug, vision and dental coverage via the Individual Marketplace.

**U.S. employers that have moved to this delivery model for retiree medical benefits have reduced their benefit obligations for Medicare-eligible retirees by up to 25%.**

Willis Towers Watson will work with you from start to finish to make the process easy by:

	Assisting your legal, actuarial and financial advisors
	Providing the documentation necessary for you to evaluate and implement the solution
	Working closely with insurers to set up the arrangement and provide you with annuity pricing and financial analysis
	Explaining the solution to your retirees and helping them through the transition
	Administering the plan

## About Willis Towers Watson

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has 45,000 employees serving more than 140 countries and markets. We design and deliver solutions that manage risk, optimize benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas – the dynamic formula that drives business performance. Together, we unlock potential. Learn more at [willistowerswatson.com](http://willistowerswatson.com).



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**Already using Willis Towers Watson's Individual Marketplace? Then you've taken the first step. The change will be seamless for your retirees, and they'll know their benefit is secure for life.**



## Why Willis Towers Watson?

For more than 60 years, we've created benefit value for employers, employees and retirees. And over the past 10 years, we've helped more than 600 U.S. employers transition their Medicare-eligible retirees to our Individual Marketplace, the nation's largest and longest-operating private Medicare insurance exchange. Our commitment to innovation in retiree medical benefits continues with Longitude Solution – the first and only solution of its kind.

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