



# Reimagining Retiree Medical

## Willis Towers Watson's Longitude Solution

An innovative approach to honor U.S. employers' retiree medical promises while reducing the financial, administrative and legal obligations associated.

### The challenge

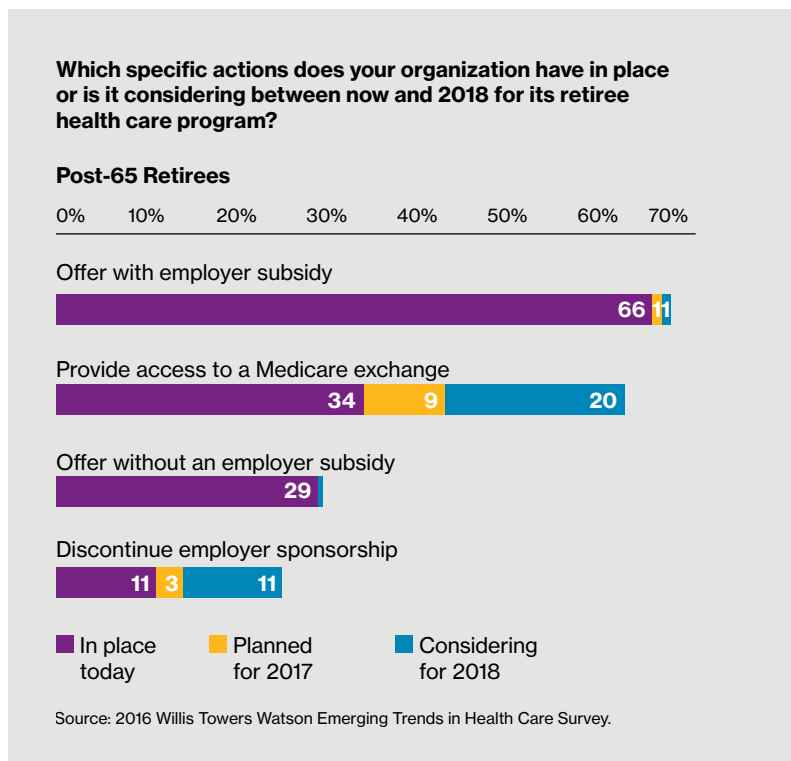
Employers have steadily trimmed their retiree medical benefit programs for decades, and many have eliminated them entirely. Why? Interest rate volatility, longevity risk and health care cost inflation have increased the pressure on balance sheets, while the programs' value for the workforce has dwindled.

To reduce retiree medical plans' 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, some 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' cost and risk, they ultimately leave retiree medical plans' financial, administrative and legal obligations with the employer.

So what's an employer to do?

Our [2015 Survey on Retiree Health Care Strategies](#) found that retiree medical benefit security is somewhat or extremely important to retirees in nearly nine out of 10 (89%) of the surveyed organizations. To honor their promises, plan



sponsors need an approach that eliminates their obligations and risks while guaranteeing the benefit for those to whom it was pledged.

## 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.

Here's how it works:

- Redefine the benefit: Give each retiree an annual stipend to reimburse them for their health care spending.
- Work with Willis Towers Watson to transition retirees to OneExchange Retiree – 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.

### How our Longitude Solution works

To be eligible, your organization must first transition to an account-based subsidy structure that provides tax-advantaged reimbursement for health care premiums on our private Medicare exchange, OneExchange. Then your retirees use the funds provided by their former employers and guidance from OneExchange's licensed benefit advisors to select and purchase private, supplemental Medicare coverage (Medigap or Medicare Advantage) to meet their needs. Retirees can also purchase prescription drug, vision and dental coverage via OneExchange.

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%.

### 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 39,000 employees in more than 120 countries. 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).

Coincident with the transition to OneExchange, your organization pays a one-time, fully tax-deductible premium to a highly rated life insurer to assume the overall responsibility of the benefits 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.

Already using OneExchange? 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.

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

### Why Willis Towers Watson?

**For 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 OneExchange Retiree, 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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