Welcome to the Emeriti Program

An introduction to the Program

Establishing your Health Account
All of the investment options in your employer’s Emeriti Plan are mutual funds registered under the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended, but the right to make Employee After-Tax contributions has not been registered under the Securities Act of 1933, as amended, and the Employee After-Tax Contribution VEBA has not been registered under the Investment Company Act of 1940, as amended. Under a letter from the Securities and Exchange Commission (“SEC”) Staff to Emeriti, for administrative purposes, the SEC is not requiring registration of the right to participate in the Employee After-Tax Contributions of your employer’s Emeriti Plan.
About Emeriti® Retirement Health Solutions

Emeriti Retirement Health Solutions developed and oversees the Emeriti Program for a consortium of colleges, universities, and other higher education-related, tax-exempt organizations. Emeriti also provides an innovative way to accumulate funds for tax-advantaged disbursement for insurance premiums and other out-of-pocket medical expenses.

Emeriti’s goal is to help ensure that health care is affordable and available to you throughout your retirement years, from any doctor or hospital that accepts Medicare, wherever you decide to live in the United States and certain U.S. territories. The Emeriti Program strives for efficient delivery, cost-effective services, and excellent education about your health needs in retirement. Through a rigorous evaluation process, Emeriti selected Fidelity Investments, Aetna Life Insurance and its affiliates, and HealthPartners in Minnesota, for their complementary strengths in retirement services and proven capability to deliver Emeriti Program services seamlessly to participants on a national basis.

Aetna Life Insurance Company and its affiliates offer you a choice of medical insurance and health-related products that support your medical coverage.1 Aetna is a leader in health benefits solutions and is a nationwide provider of Medicare-approved Part D prescription drug benefits.

Aetna currently serves approximately 15.4 million medical, 13.3 million dental, 10.2 million pharmacy, and 15.2 million group life insurance members.1 Aetna is committed to helping its members make informed decisions about their health care and to protecting its members’ finances against health-related risks.

HealthPartners provides insurance under the Emeriti Program for Minnesota resident retirees of Minnesota institutions. Founded in 1957 as a cooperative, HealthPartners is the largest consumer governed, nonprofit health care organization in the nation. HealthPartners has over 630,000 medical members, and more than 210,000 dental members. Its contracted network includes more than 15,000 physicians at nearly 40,000 clinics in Minnesota, medical clinics with 580 physicians, five urgent care centers, six eye care centers, integrated home health care, Hospice of the Lakes, and the Mayo Clinic.

Fidelity Investments provides recordkeeping and shareholder services that empower participants to make highly tax-efficient contributions, invest appropriately, and accumulate funds to prepare for the costs of their health care in retirement. Founded more than a half century ago, the firm is the largest mutual fund company in the United States2 and the leading provider of workplace investing plans. Fidelity currently provides investment management, retirement planning, brokerage, human resources, and benefits outsourcing services to approximately 22 million individuals and institutions.3

1Aetna does not provide comprehensive coverage for Minnesota institutions and their employees living in Minnesota. HealthPartners will provide comprehensive coverage for Minnesota institutions and their retirees in Minnesota. Emeriti will select a carrier for New Mexico institutions.
2Aetna Corporate Comptroller figures, 6/30/2006.
3As of 7/31/2006.
Now that you are near or in retirement, you will need to select a new program to cover your health care costs and those of your spouse and your dependents. Medicare is a very strong foundation that provides substantial coverage for hospitalization (Part A), physicians’ charges (Part B), and effective January 1, 2006, prescription drugs (Part D). You should sign up for Medicare Part A and B as soon as you are eligible. Part D is handled differently in that it is provided through insurance companies rather than directly by the federal government. The Emeriti Program provides a range of choices for Part D coverage; enrollment in any Emeriti Health Insurance Plan Option also enrolls you in Medicare Part D.

**Why do you need anything else besides Medicare?**
While Medicare pays for a lot of your health expenses, there are things that it doesn’t cover; you will be responsible for those costs as well as deductibles, premiums, and many other out-of-pocket expenses. Depending on your situation, you may have to cover approximately half of your health expenses in retirement.

A Fidelity Investments study estimates that a couple retiring in 2006 at age 65 without an employer-sponsored health plan would require $200,000 in savings to cover their out-of-pocket retirement medical expenses. This estimate includes the Medicare Part B premium, expenses associated with Medicare cost-sharing provisions, and the cost of supplemental insurance, prescription drugs, and other health services not covered by Medicare.

The Emeriti Program, offered through your institution’s Emeriti Plan, provides an integrated package of health insurance combined with a tax-advantaged way to pay for health expenses that insurance does not cover. You will need to make important decisions soon or you risk losing your eligibility to enroll in the Emeriti Health Insurance Plan Options available through your institution’s Emeriti Plan.
The core design features of the Emeriti Program’s innovative model include:

1. A specially designed health insurance program for retirees, spouses, and their dependents, that complements Medicare and includes the new Medicare-approved Part D prescription drug benefits — the Emeriti Health Insurance Plan Options — underwritten by Aetna Life Insurance Company and its affiliates, or HealthPartners in Minnesota.

2. An innovative, tax-free way to pay for other qualified, out-of-pocket medical expenses — the Emeriti Reimbursement Benefit — administered by Acclaris, Inc., a third-party administrator.

3. A tax-advantaged way to invest and accumulate assets to pay for your insurance premiums and other medical expenses in retirement — the Emeriti Health Accounts — with investment choices and administrative services provided by Fidelity Investments.²

Aetna provides comprehensive coverage, including medical and prescription drug benefits, in 48 states and the District of Columbia. Aetna will also provide Medicare Part D prescription drug coverage in all 50 states and the District of Columbia. Please read the enclosed companion booklet, Your Emeriti Health Insurance Plan Options, from Aetna Life Insurance Company. Emeriti has chosen HealthPartners to provide comprehensive coverage for Minnesota institutions and their retirees who live in Minnesota. Please read the booklet about HealthPartners for information about your comprehensive (major medical plus Part D prescription drugs) coverage options, and the information sheet about your prescription-drug-only coverage options from Aetna. Emeriti will select an insurance carrier for institutions and their retirees who live in New Mexico.

If your institution has fewer than 50 employees, your Emeriti insurance option will be limited to a separate insurance offering mandated by your state insurance department as part of small group insurance reform. Please call an Emeriti Specialist from Aetna to find out what insurance coverage is available to you.
How the Emeriti Program works

The Emeriti Program has three components: the Health Accounts, the Reimbursement Benefit, and Health Insurance.

The Emeriti Health Accounts are established on your behalf through contributions from your institution and, if your plan allows, voluntary contributions by you, to pay for health insurance or other qualified medical expenses on a tax-advantaged basis:

- Employer contributions are made pretax, and all funds, including earnings, are disbursed tax free for qualified retiree health benefits.
- Your contributions are made after tax; all assets, including earnings, are paid out tax free for qualified retiree health benefits.

There are no limits on contributions, but the assets in your Health Accounts can be used only for health insurance or other qualified medical expenses. [In contrast, 403(b) and 401(k) retirement distributions may be used for any purpose, but they may be taxable when paid out, and there are limits on contributions.] If your institution’s plan does not permit voluntary employee contributions, or if there is an insufficient balance in your account to pay for insurance premiums, you will need to pay for Emeriti Health Insurance Plan premiums by setting up electronic fund transfers to your Health Account.

After your initial contribution, you can make lump sum or periodic contributions as often as monthly; the minimum contribution is $100 per month. You may want to contribute this way if you can make contributions enough in advance of withdrawals to take advantage of potential gains, which are tax free. Contributing and then withdrawing may not work to your advantage; remember that share price, yield, and return will vary, and you may have a gain or loss when you sell your shares.

The Simplicity of the Emeriti Health Account

[Diagram showing flows between employer contributions, employee voluntary contributions, and the Emeriti Health Account, with arrows pointing to Emeriti Health Insurance Plan Option Premiums and Emeriti Reimbursement Benefits.]
You have a number of choices as to how the money in your Health Accounts is invested. For more information on these choices, see page 9.

The Emeriti Reimbursement Benefit enables you to use the available assets from your Emeriti Health Accounts tax free to pay for qualified medical expenses not covered by Medicare or other health insurance. Examples of your out-of-pocket expenses might include Medicare premiums, deductibles, coinsurance amounts, non-cosmetic dental care, vision needs including contact lenses and glasses, hearing care, home health care services or long-term care insurance premiums, and certain over-the-counter drugs. Call 1-866-EMERITI (1-866-363-7484) for more information about which expenses qualify.

The Emeriti Health Insurance Plan Options, underwritten by Aetna Life Insurance Company and its affiliates, and HealthPartners for Minnesota institutions and their Minnesota-resident retirees, offer a range of coverages and costs to meet your needs. All include Medicare-approved Part D coverage, a new prescription drug program effective January 1, 2006.

The Emeriti Health Insurance Plan Options are available to you if you meet the definition of Retirement Eligibility under your institution's Emeriti Plan, have ceased employment at the institution, are age 65 or over, and have enrolled in Medicare Parts A and B.

An important note

The funds accumulated in the Emeriti Health Accounts can only be used by you, your spouse, and your eligible dependents for health expenses in retirement. After you die, the amount remaining in your Health Accounts can be used by your spouse and any other eligible dependents for qualified medical expenses, until they die or cease to be eligible dependents. This is a program to pay for health expenses, and it receives favorable tax treatment for this purpose.

The Reimbursement Benefit works like a lifetime flexible spending account, where the money is invested for you, and the benefits can be used for many types of health expenses. (For a full list, see the Reimbursement Benefit section on the emeritihealth.org website.) Federal law requires that when you, your spouse, and all your eligible dependents die (or cease to be eligible dependents), any unused funds in the Health Accounts will revert to your institution’s Emeriti Plan for use in providing benefits to other eligible participants from your campus community.
How the Emeriti Program works continued

At enrollment, you will select one of the Emeriti Health Insurance Plan Options for yourself, and the same plan option for your over-65 spouse.* (If your spouse is under 65 or if you have eligible children, they can be covered under a different insurance plan offering pre-65 coverage. Special rules apply for permanent disability.) Each year thereafter, you can choose to continue in the same plan option that you selected, or you and your spouse can switch to one of the other available Emeriti options as your needs change.

*Domestic partners’ coverage may also be available if elected by your institution.

Please note: If you are planning to enroll in any of the Emeriti Health Insurance Plan Options, all of which include Medicare-approved Part D coverage, you should not sign up separately for Part D through another source. You will enroll in Emeriti and Part D at the same time. You can only have one Part D benefit, so enrolling in Part D elsewhere at a later date automatically cancels your enrollment in any of the Emeriti Health Insurance Plan Options. And if you don’t enroll in any of the Emeriti Insurance Options during your eligibility window, you may not be allowed to enroll at a later date unless you or your eligible dependents experience a qualifying event.
 Investing your Emeriti Health Account assets in retirement

Whether you have a substantial balance in your Emeriti Health Accounts or are just beginning contributions, you choose how you want to invest any contributions made to your Health Accounts. To help meet your retirement health care savings needs, Emeriti has selected the Fidelity Freedom Funds®, the Fidelity Retirement Money Market Portfolio, and the Fidelity Guaranteed Income Annuity for the Emeriti Program. Your institution has approved these funds for its Emeriti Plan. At any time you can change how future contributions to your accounts are invested or rebalance your portfolio by contacting an Emeriti Specialist from Fidelity at 1-866-EMERITI (1-866-363-7484).

If you don’t choose an investment option, contributions will be made to the Fidelity Freedom Fund closest to the year in which you turn 65 and become Medicare eligible, as directed by the plan.

Fidelity Freedom Funds®

The Freedom Income Fund is designed for recent or soon-to-be retirees who want the potential for high current income combined with some capital appreciation.

The other Fidelity Freedom Funds are designed to offer a simple yet diversified solution to investing for long-term goals. Each Fidelity Freedom Fund invests in a diversified portfolio of well-established, actively managed Fidelity mutual funds. Over time, the investment mix of equity funds, fixed income funds, and money market funds becomes more conservative as each Freedom Fund approaches its targeted retirement year.

Please note these funds are subject to the volatility of the financial markets in the U.S. and abroad and may be subject to the additional risks associated with investing in high-yield, small-cap, and foreign securities.

Neither diversification nor asset allocation ensures a profit or guarantees against a loss in a declining market.
Investing your Emeriti Health Account assets in retirement

The Freedom Funds Asset Allocation

- **Equity (Stocks)**
- **High Yield Fixed Income (Bonds)**
- **International Equity (Stocks)**
- **Short-term Investments**

The percentages represent the Funds’ anticipated target asset allocations as of September 30, 2006. Strategic Advisers, Inc., a subsidiary of FMR Corp., manages the Fidelity Freedom Funds.

Fidelity Retirement Money Market Portfolio

In addition to the range of Freedom Funds, you can choose the Fidelity Retirement Money Market Portfolio, which is a money market mutual fund managed by Fidelity Investments.

An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although a money market fund seeks to preserve the value of your investment at $1 per share, it is possible to lose money by investing in these investment options.
The Fidelity Guaranteed Income Annuity

A fixed income annuity option, the Fidelity Guaranteed Income Annuity, through Fidelity Investments Life Insurance Company, will invest money within your Emeriti Health Account and convert it into a stream of guaranteed payments back into your Health Account. These payments of principal plus interest will be guaranteed to continue for the period that you have selected—whether for a certain period of time (e.g., 10 years), for your life, or for the joint lives of you and your survivor.

To take advantage of the Fidelity Guaranteed Income Annuity, you need a minimum purchase amount of $25,000. It is important to note that once you set up an income annuity, you cannot make any withdrawals, additional investments, or switch investments with that money. However, you can purchase additional income annuity contracts, and you can make changes or withdrawals with any other Health Account assets you may have.

A fixed annuity may be an appropriate choice if you are looking for a secure and steady payment stream from some or all of your Health Account assets and are concerned about market volatility. An annuity is the only option that can guarantee lifetime income. Even after your annuity assets are depleted, the insurer guarantees that your payments to your Health Account will continue for as long you (and another person) live, depending on the income option you choose. An income annuity may not be appropriate if you are aware of any condition that might shorten your life expectancy, or if you want to be flexible with the amounts you can withdraw from your Health Account to pay for health expenses. At the time of purchase, you have the opportunity to select the income payment period or type of fixed annuity payment option (single life or joint survivor) that is right for you.

*In New York, Empire Fidelity Guaranteed Income Annuity.
*In New York, Empire Fidelity Investments Life Insurance Company.
*Guarantees are subject to the claims-paying ability of the issuing insurance company.

Which investment should you choose?

You should review the important differences among various investment options and determine which might align with your individual circumstances, risk tolerance, and investment goals.

If you have any additional questions regarding which fund or funds may be right for you, call 1-866-EMERITI to talk to an Emeriti Specialist from Fidelity about investment options, or visit www.emeritihealth.org.
Questions you may have

Do I have a right to the money in my Health Accounts?
If you meet the requirements of your institution’s Emeriti Plan, the balance attributable to employer contributions is considered nonforfeitable (vested) during your life and the lives of your spouse and dependents (as long as they continue to qualify as dependents), and will be available for premium payments and reimbursement of other qualified medical expenses after you retire and are age 55 or older. If you do not meet your institution’s Emeriti Plan rules, you and your dependents will forfeit (lose) the right to funds in your Health Accounts that are attributable to employer contributions.

If your plan allows voluntary employee contributions, the balance attributable to your contributions is always considered nonforfeitable (vested) during your life and the lives of your dependents (as long as they continue to qualify as dependents) and will be available for premium payments and reimbursement of other qualified medical expenses for you and your eligible dependents after you retire and are age 55 or older.

If you meet the institution’s definition of Retirement Eligibility under the Emeriti Program, you will also be able to purchase the Emeriti Health Insurance Plan Options after you retire, are age 65, and enroll in Medicare. Coverage is also available for your spouse and eligible dependent children. Your Health Accounts are used to pay the premiums for the insurance.

Whose health expenses can I cover with my Health Account assets?
You can designate your spouse or dependent children to have qualified medical expenses paid through the Reimbursement Benefit. If your institution’s plan allows, dependent domestic partners or dependent relatives may also qualify. Dependent relatives can include parents, grandchildren, or other relatives if they meet IRS rules. (Please see your Summary Plan Description for your institution’s provisions.)

What if I retire early?
If you have decided to retire before age 65 and have met the Retirement Eligibility requirements of your institution’s Emeriti Plan, you will qualify automatically for the Emeriti Health Insurance Plan Options when you turn 65 and enroll in Medicare Part A and Part B. In the meantime, you can use the balance in your Health Accounts for reimbursement of qualified medical expenses for yourself and your eligible dependents.

Even if you have not met the Retirement Eligibility requirements of your institution’s Emeriti Plan, you can still use any nonforfeitable (vested) bal-
What happens to the amount remaining in my Health Accounts when I die?

What happens depends on whether you have a right to the balance in your Health Accounts. (See the question on the previous page, entitled *Do I have a right to the money in my Health Accounts?*) Assuming you have a right to the balance in your Health Accounts, then after you die the amount remaining in your Health Accounts can be used by your spouse and any eligible dependents for qualified medical expenses until they die or cease to be eligible dependents. It is important to remember that this is a program designed specifically to pay for health expenses, and it receives favorable tax treatment for this purpose. Therefore, federal law requires that when you and all your eligible dependents die (or cease to be eligible dependents), any unused funds in the Health Accounts will revert to your institution’s Emeriti Plan for use in providing benefits to other eligible participants from your campus community.

What types of fees are charged for my Emeriti Health Accounts when I am retired or leave my employer, and how are they deducted?

When you start to utilize the Health Account assets for insurance premiums or reimbursement of qualified medical expenses as a retired or terminated employee, you will be charged a quarterly participant recordkeeping fee of $18.75, payable to Fidelity, to cover the costs of enrolling participants and their eligible dependents in the Emeriti Health Insurance Options and the Reimbursement Benefit, processing premium payments and transfers, and for providing participant education and other services. You will also be charged $4 per month by Emeriti for educational support and administrative services for the Program. Some of these charges may be covered by your institution. You will also be charged a qualified medical expense claim fee of $6 each time you use the Emeriti Reimbursement Benefit. The fee is taken only as claims are submitted and it is in your best interest to bundle your claims to pay a single $6 processing fee for the entire batch. Fees payable by you are deducted from assets in the Health Accounts. Fees and expenses associated with the investment options will also apply. Please refer to the enclosed mutual fund prospectuses for more information about the investment fees.
Questions you may have

Are there any fees relating to the Emeriti Health Insurance Plan Option that I choose?
The charge for administrative services for the health insurance is already included in the premium cost for the Emeriti Health Insurance Plan Options.

How can I change my investment options?
You can make online exchanges/allocation changes via Fidelity’s online information system, NetBenefits,® by going to www.emeritihealth.org or via an Emeriti Specialist from Fidelity by calling 1-866-EMERITI (1-866-363-7484).

Can I take a loan from my Emeriti Health Accounts?
No, federal law does not permit loans from the Emeriti Health Accounts.

Can I use my Health Account assets to pay for other health insurance besides the Emeriti Health Insurance Plan Options?
Your Health Account balances can be used to pay for other health insurance premiums, Medicare premiums, or for other out-of-pocket qualified medical expenses for you or for your eligible dependents through the Emeriti Reimbursement Benefit. Please note that if you opt out of the Emeriti Health Insurance Plan Options when you first become eligible, you may not be able to enroll in the Health Insurance Plan Options later, except for certain qualifying life events.

For answers to any of your enrollment questions, call an Emeriti Specialist at 1-866-EMERITI (1-866-363-7484).
For more information about Emeriti Health Insurance Plan Options, and how to make the best choice for you, read the accompanying material, call our toll-free number at 1-866-EMERITI (1-866-363-7484), or visit the Emeriti website at www.emeritihealth.org.

This document is intended to provide you with a brief summary of some of the details of your employer’s Emeriti Plan and the Emeriti Program generally. It is not a summary plan description ("SPD") and does not summarize all the terms of your employer’s Emeriti Plan. For a full summary of the terms of your employer’s Emeriti Plan, you must consult the SPD, which will be provided to you upon enrollment or upon request.

Emeriti Retirement Health Solutions, Aetna Life Insurance Company, HealthPartners, and Fidelity Investments are independent organizations and are not legally affiliated.

Emeriti Retirement Health Solutions Information
Emeriti Retirement Health Solutions is not an insurance company, insurance broker, or insurance provider.

Emeriti Retirement Health Solutions is a registered investment adviser for purposes of selecting the range of investment options for the Emeriti Program, selecting the investment manager for employer and voluntary employee contributions, and providing these and other impersonal educational materials to plan participants. Emeriti does not provide advice to participants about their individual investment selections. The participation interests in the voluntary employee contribution VBA trusts associated with the Emeriti Plans (the “Interests”) may be treated as securities under various state securities laws. The offering of these Interests is subject to compliance with any applicable state law. For residents of Georgia, the Interests are being offered in reliance on paragraph 13 of Code Section 10-5-9 of the Georgia Securities Act of 1973, as amended (the “Georgia Act”). The Interests may not be sold or transferred except in a transaction that is exempt under the Georgia Act or pursuant to an effective registration under the Georgia Act.

Aetna Information
Aetna is the brand name for products and services provided by one or more of the Aetna group of subsidiary companies. The Aetna company that offers or administers benefit coverage is Aetna Life Insurance Company.

Fidelity Investments Information
It is your responsibility to select and monitor your investments to make sure they continue to reflect your financial situation, risk tolerance, and time horizon. Most investment professionals suggest that you reexamine your investment strategy at least annually or when your situation changes. In addition, you may want to consult an investment adviser regarding your specific situation.

Unless otherwise noted, transaction requests confirmed after the close of the market, normally 4:00 p.m. ET, or on weekends or holidays, will receive the next available closing prices.


Before investing in any mutual fund, please carefully consider the investment objectives, risks, charges and expenses. For this and other information, call Fidelity at 1-866-EMERITI (1-866-363-7484) for a free prospectus. Read it carefully before you invest.

Recordkeeping and shareholder services for the Emeriti Program are provided by Fidelity Investments Tax-Exempt Services Company, a division of Fidelity Investments Institutional Services Company, Inc., 82 Devonshire St., Boston, MA 02109