

# Preparing for Retirement

*Healthy Directions* for Medicare Retirees



**JOHN DEERE**



# Introduction

## Eligibility

*Healthy Directions* for Medicare Retirees is designed for John Deere U.S. Flex retirees\* who:

- Are eligible for Medicare (typically age 65 or over)
- Were hired prior to April 1, 2000
- Have company-subsidized health care benefits in retirement†

This plan also covers eligible spouses or same-sex domestic partners,‡ surviving spouses (those married before the retiree's retirement date) or surviving same-sex domestic partners, disabled dependents, and pre-Medicare retirees with other coverage who have opted out of the *Healthy Directions* plans.

Retirees who are married to (or a surviving spouse of) another John Deere employee with salaried health care benefits, have the option of:

- Enrolling as individuals, or
- Enrolling under their spouse's health care coverage as a household

Employees, retirees, spouses, same-sex domestic partners, and dependents may only be covered under one company-sponsored medical or dental plan. As in the past, employees and retirees whose benefits are governed by a John Deere collective bargaining agreement will not be eligible for coverage under their salaried spouse, and employees and retirees with salaried benefits are not eligible for coverage under their spouse who is governed by a John Deere collective bargaining agreement.

\* Flex retirees are those in Flex salaried plans who retired on or after July 1, 1993, with these exceptions: those retired from John Deere Credit or Health Care (units 79, 9A, and 9F) on or after 1 January 1994; those retired from John Deere Insurance (units 81, 82, or 9E) on or after January 1, 1995.

† Please refer to the Summary Plan Description (SPD) for unit provisions and exclusions.

‡ Effective January 1, 2009, for active employees (including Long-Term Disability employees) and future retirees, the definition of a spouse shall include same-sex domestic partners as defined by the company. This excludes employees permanently separated from the company on or before January 1, 2009, pre-1994 retirees and LTDs, and employees with a retirement date on or before January 1, 2009.

## Healthy Directions for Medicare Retirees

John Deere designed *Healthy Directions* for Medicare Retirees as a more effective and flexible delivery method for your health care benefits in retirement. This delivery approach takes advantage of new opportunities in the health care market.

If you have company-subsidized health care in retirement, *Healthy Directions* for Medicare Retirees provides the opportunity to enroll in the plan(s) that will best suit your personal health care needs, while maintaining John Deere's financial support with Retiree Medical Credits.

Though it is impossible to predict the health care landscape of the future, John Deere is committed to monitoring changes carefully.

## Transition Year

The year you turn age 65 and become eligible for Medicare is called your transition year. In your transition year, you have the option to remain in CarePlus or CarePlusMAX under *Healthy Directions* for Pre-Medicare Retirees for the remainder of the calendar year, or you can receive Retiree Medical Credits\* if you have company-subsidized health care in retirement. Regardless of which option you choose, you are still required to enroll in Medicare Parts A and B. Medicare will become your primary coverage.

Deere Direct will send you a letter approximately 90 days before you turn 65 that includes more details on your transition year. This includes changes on how you manage your benefits and enrollment instructions. If your 65th birthday falls between January 1 and February 1, there is no transition year.

*\*Retiree Medical Credits (RMCs) are company-provided, tax-free funds that you may use to reimburse yourself for qualified medical expenses. See pages 5 and 6 for more information on RMCs.*





# About Medicare

## What is Medicare?

Medicare is the federal insurance program for people who are 65 years of age or older. Medicare provides coverage regardless of health status and includes both hospitalization benefits (known as Part A) and physician or outpatient benefits (known as Part B). You also have the option of enrolling in a Medicare Supplement plan and Parts C and D. The chart below shows how the different parts of Medicare work together. Enrollment is on an individual basis and available plans will vary by state and county. (For more information, see page 7.)

## Medicare Advantage Plans (Medicare Part C)

Original Medicare (Parts A and B) is no longer the only option. With the introduction of Medicare Advantage plans, sometimes referred to as Medicare Part C or MA plans, Medicare-eligible retirees have many more choices. *Healthy Directions* for Medicare Retirees allows you to select a plan that fits your individual coverage needs, along with your spouse's.

All Medicare Advantage plans must cover at least all medically-necessary services, and must provide coverage regardless of health status or pre-existing conditions. The government holds Medicare Advantage plans and their carriers to the same high coverage and service standards as original Medicare.

If you choose a Medicare Advantage plan, you enroll through a private insurer that has contracted with the federal government to offer a health care benefit package.

Because Medicare Advantage plans receive additional government subsidies, they typically provide added benefits, often with lower premiums and copayments. Some plans include prescription drug coverage, and vision, dental, and/or hearing services. Other plans may offer these as separate elections. You may choose your health plan carrier and decide if you want to be in a provider network, or choose a plan that allows you to go to any provider that accepts Medicare.

Part A	Part B	Part C	Part D
<ul style="list-style-type: none"><li>– Hospitalization</li><li>– Automatic enrollment</li><li>– No premiums (paid for during working lifetime)</li></ul>	<ul style="list-style-type: none"><li>– Medical coverage (outpatient or physician care)</li><li>– Automatic enrollment</li><li>– Mandatory premium paid through Social Security check</li></ul>	<ul style="list-style-type: none"><li>– Medicare Advantage</li><li>– Combines Parts A and B and sometimes Part D coverage</li><li>– Must sign up to receive coverage</li><li>– Pay mandatory Part B premium, plus a Part C premium based on the plan selected</li></ul>	<ul style="list-style-type: none"><li>– Prescription drug coverage</li><li>– Must sign up to receive coverage</li><li>– Pay a premium based on the plan selected</li></ul>
<b>Medicare Supplement</b> <ul style="list-style-type: none"><li>– Optional, secondary coverage to cover non-reimbursed costs under Parts A &amp; B</li><li>– Pay a premium based on the plan selected</li></ul>			

# Retiree Medical Credits (RMCs)

## Retiree Medical Credits

If you have company-subsidized health care in retirement, you are eligible for Retiree Medical Credits. These are company-provided, tax-free funds that you may use to reimburse yourself for qualified medical expenses, such as health care premiums or qualified out-of-pocket costs. RMCs are provided for retirees and eligible spouses or surviving spouses who are Medicare eligible. John Deere-provided RMCs for Medicare-eligible retirees were highly ranked when compared to other companies in a recent survey by the Council on Employee Benefits.

As credits, RMCs are not included in your taxable income. Unused credits in the account roll over from year-to-year for future use.\* If your spouse is also a John Deere retiree with salaried benefits, he or she can only receive RMCs either as a retiree or as a spouse.

### 2014 Annual Retiree Medical Credit Amount

<b>Retiree</b>	\$4,380 / year
<b>Spouse Surviving Spouse</b>	\$3,500 / year

*\*RMCs provided for a non-tax dependent, same-sex domestic partner may be subject to applicable income taxes.*

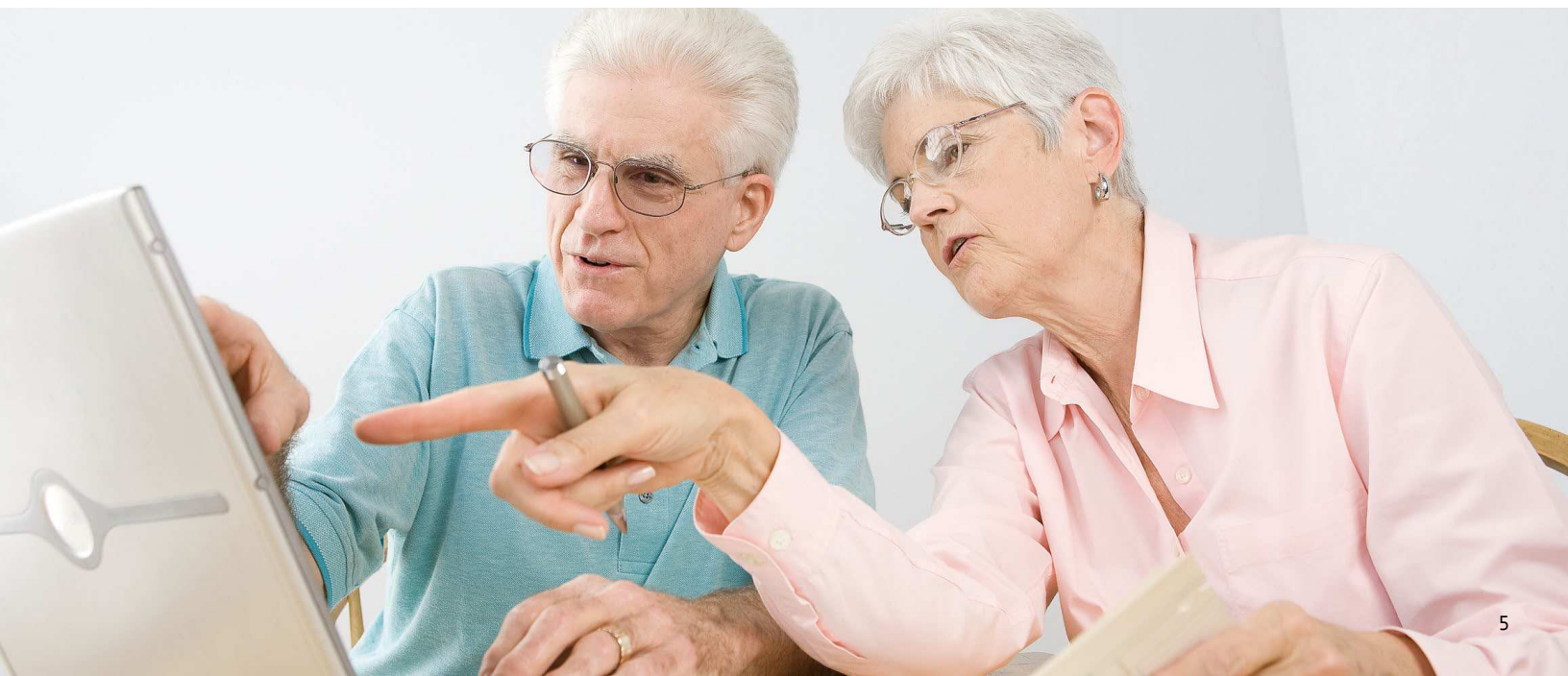
You may use the RMCs in your personal credit account to reimburse yourself for qualified medical expenses. Those who transition to Medicare mid-year receive a pro-rated RMC amount.

Qualified **medical premiums** include:

- Medicare Advantage plans
- Medicare Supplement plans
- Medicare Part B premiums
- Dental and vision plans
- Prescription drug plans

Other qualified **reimbursable expenses** include:

- Out-of-pocket costs for deductibles, copays and coinsurance
- Certain non-covered medical expenses, including chiropractic care
- Premiums for coverage under other employers' plans (as long as those premiums are paid on a post-tax basis)
- Long-term care insurance



# Retiree Medical Credits (RMCs)

## Using Your RMCs

If you have company-subsidized health care in retirement and are eligible for RMCs, John Deere has chosen an independent third-party administrator, Group Dynamic, Inc. (GDI), to administer your Retiree Medical Credits. GDI will reimburse you for qualified medical expenses from credits available in your account.

You will pay premiums for medical, prescription drug, and dental/vision care to your insurance company. Medicare Part B premiums are deducted from your Social Security. You will also pay for other qualified out-of-pocket medical expenses. You may then request reimbursement from GDI by either:

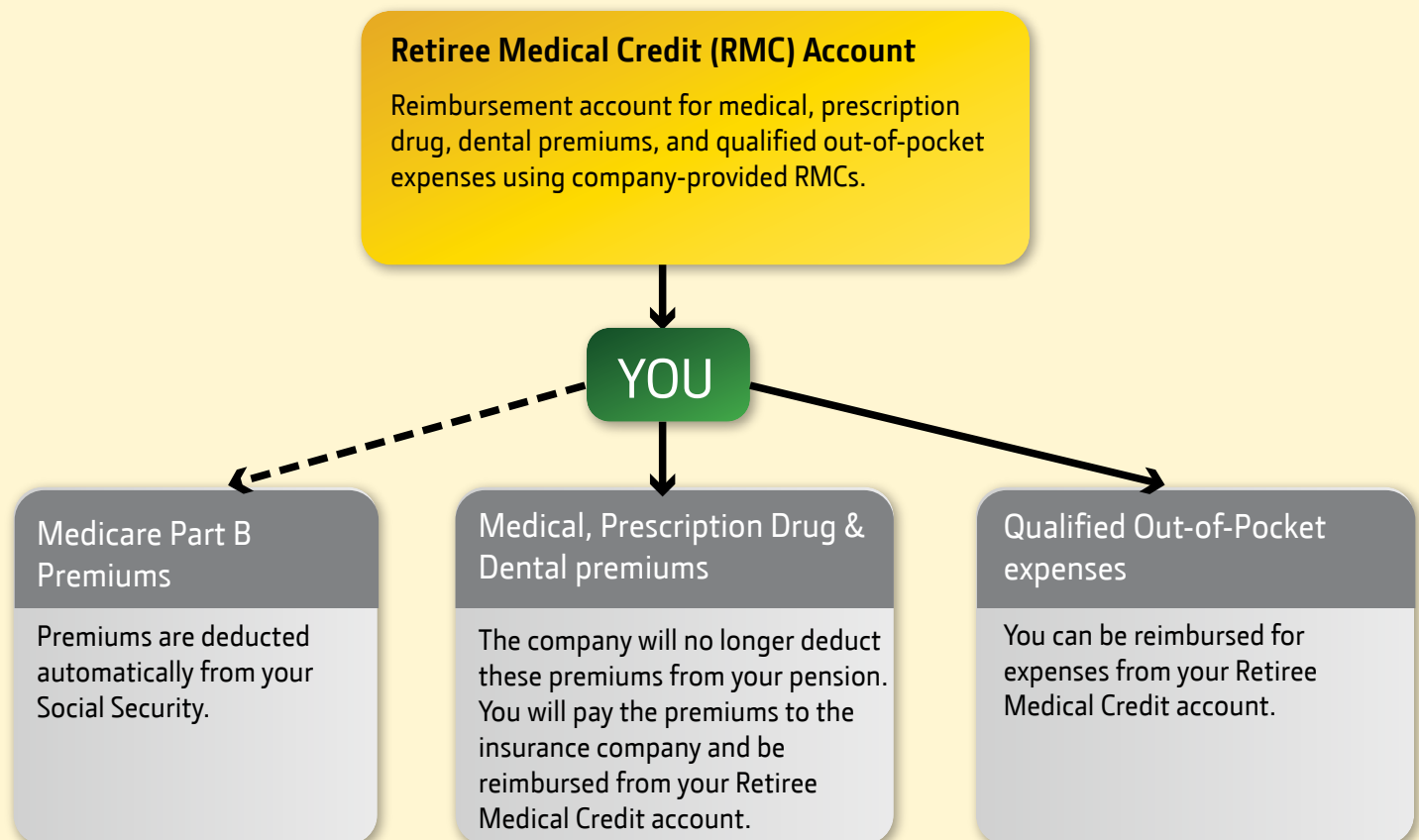
- Arranging for automatic reimbursement of regular, recurring expenses, such as Medicare Part B premiums or premiums for plans purchased through AFI Benefits<sup>®\*</sup>, and/or

- Manually filing reimbursement request(s) (including premiums for plans not selected through AFI)

You will receive reimbursements by direct deposit or check. You may want to use RMCs for known, predictable expenses first to take advantage of the automatic reimbursement. Your remaining credits can then be used for reimbursing less predictable expenses.

At any time, you may view your RMC reimbursement transactions and account balance using GDI's online tools. Visit <http://www.gdynamic.com/deere> for more information.

*\* John Deere has contracted with AFI Benefits to provide a simple way to research, compare and enroll in plans. See page 10 for more information.*



# Enrollment

## Enrollment is on an Individual Basis

Enrollment in Medicare plans is on an individual basis. You cannot enroll as a household. If you and your spouse are both Medicare-eligible, you will each enroll separately in a Medicare plan(s) of your choice. Individual enrollment allows you to further customize your coverage based on different preferences or health needs.

Availability of Medicare plans will vary by where you live, and fall into four basic types:

Type of Plan	Plan Differences
<b>1. Private Fee For Service (PFFS) - Medicare Advantage Plans</b>	No network; you must ensure that your provider will accept the plan's terms and conditions and accept you as a patient. No referral is needed for specialist care and certain services require approval.
<b>2. Health Maintenance Organization (HMO) - Medicare Advantage Plans</b>	Typically, you must seek care from in-network providers (except for emergency or urgent care) and often must choose a primary care physician. Referrals are often needed to see specialists.
<b>3. Preferred Provider Organization (PPO) - Medicare Advantage Plans</b>	Includes a network of providers. In many cases you can seek care from providers outside the network, but you pay more for out-of-network care. Typically, you do not have to select a primary care physician and no referral is needed for specialists. Plan approval is needed for certain services.
<b>4. Medicare Supplement Plans - Used with Original Medicare</b>	Supplement plans are available through private insurance carriers to help pay for costs Original Medicare does not cover (such as copayments, coinsurance, and deductibles). You will pay a monthly premium in addition to Medicare Part B premiums. Costs will vary by carrier and can go up as you get older.



## What if my spouse is not eligible for Medicare?

When one spouse is Medicare eligible, and one is not, they are considered a “Combination Couple.” If you have company-subsidized health care in retirement and your spouse is not eligible for Medicare, he or she will continue to enroll in *Healthy Directions* for Pre-Medicare Retirees until reaching age 65. You will enroll in one of the Medicare Advantage or Medicare supplement plan options available in your county.

Spouses who remain enrolled in CarePlus or CarePlusMAX and are eligible for a Health Savings Account (HSA) should contact Fidelity Investments at 1-800-354-3427 or [www.netbenefits.com/deere](http://www.netbenefits.com/deere) to open an HSA in his/her own name. Once your spouse has an HSA open at Fidelity, he/she will be eligible to receive pre-tax company contributions deposited into his/her own HSA. If your spouse elects not to open an HSA at Fidelity, the company contribution will be taxed and deposited into the retiree’s bank account on file. If your spouse opens an HSA mid-year, please review your household HSA limits to ensure you are still within IRS limits.







## After You Enroll

If you enroll in a Medicare plan and decide you need to make changes, you can change your election each year during the Medicare open enrollment period from October 15 - December 7.

Other situations may qualify you to make changes to your Medicare plan as well. Refer to the “Medicare and You” booklet at [www.medicare.gov](https://www.medicare.gov) for additional details.

## Planning for Prescription Drug Coverage

Prescription drug coverage can help protect you and your family. As you compare plans, you will discover they vary in cost and coverage. One factor to consider in your decision is how the drug plan addresses the Medicare drug coverage gap, sometimes called the “donut hole.” This is the gap between a plan’s standard level of coverage and catastrophic coverage.

How this gap affects you will vary based on your prescription drug needs and usage. Before choosing prescription drug coverage, consider your annual prescription drug costs carefully and review the prescription formulary. This will be an important step in choosing the right plan.

## Contact Information

A variety of resources are available to help you transition to retirement.

<b><i>Healthy Directions for Medicare Retirees</i></b>	Deere Direct	1-800-213-3373
<b>Retiree Website</b>	John Deere	<a href="http://jdretirees.deere.com">jdretirees.deere.com</a>
<b>Retiree Medical Credits Reimbursements</b>	Group Dynamic, Inc. (GDI)®	1-877-985-2727 <a href="http://www.gdynamic.com/deere">http://www.gdynamic.com/deere</a>
<b>Compare Medicare Plan Options</b>	AFI Benefits®	1-888-234-6578 or <a href="http://www.afibenefits.com/deere">www.afibenefits.com/deere</a>
	Medicare website	<a href="http://www.medicare.gov">www.medicare.gov</a>
	You may also contact your local SHIP office or consult with an independent insurance agent or broker that represents Medicare Advantage, Medicare Part D (prescription drugs) and Medicare Supplement Plans.	
<b>Health Savings Account and Investment Information</b>	Fidelity Investments ®	1-800-354-3427 or <a href="http://www.NetBenefits.com/deere">www.NetBenefits.com/deere</a>







*This material is intended to present a brief summary of the health care benefits that are available to you; however, this material does not, of itself, create or modify your benefits. The terms of the applicable benefit plans, and all company actions administering or interpreting these plans, continue to control.*

*Deere & Company reserves the right to suspend, amend, modify, or terminate the Plan(s) in any manner at any time, including the right to modify or eliminate any cost-sharing between the company and participants. Changes, which can be made at any time, are made by action of the company's board of directors, or to the extent authorized by resolution of its board of directors, or by the Deere & Company Compensation Committee. In the event of a conflict between the language of the official Plan Documents and this document, the language of the official Plan Documents will control.*

*The information contained is based on the company's interpretation and understanding of the state and federal tax codes and regulations on the date of this publication. These laws and regulations, as well as the company's interpretations, may change from time to time. Details of the health plans and tax code regulations, as well as governmental rulings, may also affect the answers to the questions provided in these materials. Participants should seek more information from their tax advisors in order to gain a full understanding of HSAs and RMCs and how the various state and federal tax laws govern their use.*