

Benefits 2016

Partnering to Live Healthier in 2016



2016 Benefits Open Enrollment
November 11 – 24, 2015

Agenda

- Our Goal
- New Retirement Savings Plan (RSP)
- Managing Healthcare Costs
- What's New in 2016 & Action Required
- Enrollment & Resources

Our Goal

“As we prepare for Open Enrollment each year, our goal remains the same: to offer a variety of options so associates can customize a benefits package that best meets their needs – at a cost that’s competitive for them and the Company. In 2016, we have achieved that goal with the benefits and programs you’ll see highlighted in this newsletter.”

Brian McGrath, SVP Human Resources

To support your overall health and financial wellness, it is important to **review all benefit plan options** at this time, not just medical.

This includes: **Dental, Vision, FSA, Life Insurance, AD&D, Disability, 401(k), beneficiaries**

A Letter from Brian McGrath

As we prepare for Open Enrollment each year, our goal remains the same: to offer a variety of options so associates can customize a benefits package that best meets their needs – at a cost that’s competitive for them and the Company. In 2016, we will have achieved that goal with the benefits and programs you’ll see highlighted in this newsletter.

We’re pleased to tell you more about the new Retirement Savings Plan (RSP), which was announced in a letter you received last month. Effective January 1, 2016, this new plan is designed to help you achieve financial well-being for your future. With this new plan, associates will be able to contribute up to \$15,000 per year, and contributions will be made with every pay increase of once a year and these contributions will no longer depend on the Company’s profitability. The Company’s contribution to the 401(k) plan will remain the same, but the Company match is increasing to 5% of your contribution, up to 6% of your eligible pay. This enhanced match is replacing the current plan of a \$40 match per \$1 of your contribution up to 6% of your pay. This enhanced match is replacing the pre-tax sharing. Look inside this newsletter for more information and details on how to make the most of these changes and meetings in the weeks to come on how you can maximize the Company contribution and your retirement benefits.

We have once again been able to keep healthcare premium increases to an average of 4 to 5 percent, despite the fact that U.S. healthcare costs next year are projected to grow between 7 and 8 percent. One way we’re able to manage premium increases is by continuing to work with our healthcare providers and healthcare providers. As a result, premiums for dental and vision coverage are unchanged from 2015 and you’ll see some minor changes to our deductible and prescription drug costs. However, the most significant in keeping premium increases at a modest level is the impact of our consumer healthcare plans. A majority of associates have enrolled in these plans, which offer lower premiums with higher deductibles. So you pay less for your medical coverage each month, but pay a bigger portion of the costs when you use it. This is a great way to encourage people to be better consumers by making better choices about how they spend their healthcare dollars.

As part of our benefit planning for next year, we also looked at how we change associates who use tobacco for medical coverage. For 2016, we’re changing from a flat rate to a graduated rate applied as a response to change. We feel this better aligns with and supports our commitment to wellness. For some associates who use tobacco, this surcharge will result in a modest increase in their healthcare costs, but in most cases, these costs will be very slight. During 2016 Open Enrollment, all associates who enroll in medical coverage will automatically be placed in the tobacco surcharge category. If you’re tobacco free, you must change your status to “non-tobacco” or you’ll receive a modest surcharge. For associates who are enrolling in medical coverage for 2016, whether or not they use tobacco, needs to review this information and take action.

Preventive check-ups also are important to managing your health. If you have submitted information to LiveHealthier about a physical exam and biometric screening received since 2014, you will continue to earn healthcare premium credits – which lowers your overall premium. If you have not submitted the last physical exam and biometric screening received for you was prior to 2014, you received a letter from LiveHealthier in August notifying you of the steps you need to take to continue to receive credits in 2016.

Please take the time to read about these and other other benefits in this newsletter. We want you to be completely informed about all your options as you make decisions about your benefit package for 2016. You’ll receive your enrollment packet, including a Benefits Guide, in early November.

Enroll early and you can add dollars to your Health Savings Account (HSA). The first 500 Health Greetings associates to enroll in a consumer plan for 2016 will have \$50 added to their HSA next year.

Brian McGrath
Brian McGrath
Senior Vice President, Human Resources

Pleased to Announce for 2016

- New Retirement Plan
- Containing Healthcare Costs
 - Minimal increases & plan design changes
- Great new features to support consumerism in healthcare
- No other costs increases

New Retirement Savings Plan (effective 1/1/16)

Why the changes?

- **Our current match is not competitive with the marketplace**
 - Most employers give a greater 401(k) match instead of a “discretionary” profit sharing contribution
 - This encourages employees to participate in the plan
 - Most employers contribute their match with each paycheck rather than annually
 - Most employers do not tie profitability with the decision to make contributions
- **New plan is more competitive for recruiting and retaining associates**
- **It is simpler to administer**

This is not a cost savings initiative!

New RSP - How does the new plan benefit You?

- You will get the **contribution in every pay, starting in January of 2016**
 - You will receive American Greetings contribution (match) each pay instead of once a year, after year end
 - Eliminates the last day rule and waiting until the following April to see **if** American Greetings will make the contribution
 - The contribution is not dependent on AG's profitability
- You can **receive more of a benefit than you receive now**
 - The new plan match (**dollar for dollar up to first 6%** (of eligible comp) **that you contribute**) is greater than the current average company contribution (**5.4%** based on 2.4% for the 401(k) match + 3% average profit sharing)
 - Calculation will be completed each pay to ensure you are receiving the correct match based on YTD eligible compensation
 - This means if you start at 12% for the 1st 6 months of the year and change to 0% for the remaining 6 months (average of 6%), you will receive match over the year to equal 6%
 - **This means for each \$1 you contribute AG will contribute \$1 up to 6% of your salary**
 - The enhanced match is replacing the profit sharing component



New RSP - Important

Important

What happens if I am not contributing to the plan?

- You will be auto-enrolled at 3% of your pay effective 1st pay in January if you currently are at a 0% election
- You will receive a letter in December explaining how to change the contribution percentage (i.e. back down to 0% or up to as much as 50%)

Important

Now is a good opportunity to:

- Evaluate the percentages you contribute each pay
- Think about if you want to make any changes at the end of December for January 2016
- Review beneficiaries

Important

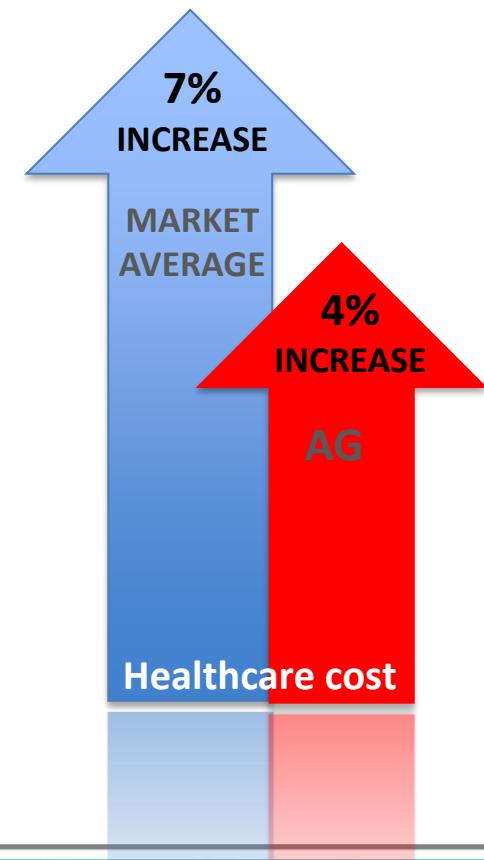
What's not changing:

- Vanguard will remain the plan administrator, and you will keep your same account.
- Your contributions and AG's contributions will continue to be deposited to your same account and the same investment choices.
- You can access your account at www.vanguard.com.
- If you're currently contributing **1% or more**, your contribution % will not change unless you change it.

Managing healthcare 2016 costs

AG is keeping healthcare costs lower than the market average through:

- Consumer plans: A majority (86%) of associates are enrolled
 - Better consumers make better choices about spending healthcare dollars
- Negotiating discounts with our healthcare providers
- Wellness programs that support associates' health and well-being



2016 Health Plan Benefit Changes

Consumer & Enhanced Consumer Plans

- **Deductibles & Out-of-Pocket Max:** increase of \$250 for single; \$500 for family

Traditional Plan

- **Co-payments:** for Specialist – increase of \$20; for ER – increase \$50
- **Prescription drug:** for non-preferred brands, you pay 60%



Results in most associates seeing 4% increase in associate premiums

Take Action - New for 2016

Tobacco Surcharge Change

If you elected this level for your medical coverage...	and you and/or your spouse (if covered) use tobacco products...	you'll pay this monthly tobacco surcharge
	Employee Only	 \$135*
	Employee + Child(ren)	
	Employee + Spouse	 \$270*
	Family	

* Will be converted to per pay amount on the Benefits Enrollment Worksheet

- New! Shows on worksheet and enrollment system as a flat dollar amount
- You must indicate if you (and spouse, if enrolled in medical) do not use tobacco **OR**
You will default and pay tobacco surcharge

New for 2016

- IRS Limit Increases for 2016



- **Health Savings Account (HSA)** contribution limit increased \$6,750 family (↑ of \$50)

- **Healthcare Flexible Spending Account (FSA)** contribution limit increased to \$2,550 (↑ of \$50)



- **2 year Dental plan “lock-in/lock-out” is eliminated** – associates may switch plans, opt out or elect coverage during open enrollment or anytime they experience a qualifying event

New for 2016



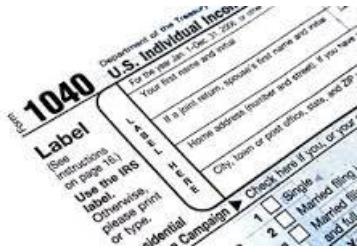
AG is adopting UHC Centers of Excellence

- For 1)organ transplants and 2)bariatric surgery and recommending for complex cancer treatment.
- Centers of Excellence meet quality criteria based on their experience, expertise and outcomes. Go to myuhc.com for more information.

UHC will offer virtual doctor visits to most locations to discuss health concerns using mobile device or computer:

- Available 24/7 – 7 days a week
- Designed for minor health issues such as cold, flu, fever and sore throat
- Alternative to doctor visit and ER – saves time and money –
- Doctor can write an electronic prescription, if necessary





New for 2016

- **Associates will receive new form to file with 2015 taxes**
 - Associates who averaged 30+ hours per week will receive the **IRS Form 1095-C** by January 31
 - Form shows if AG offered healthcare to associates
 - Healthcare Reform (the Affordable Care Act – ACA) requires AG to provide this form to associates
 - Associates should include this form in tax return

New Date for 2016

- **ACTION REQUIRED!** If your **physical exam and/or biometric screening** was completed before 2014 (or you are not receiving credits now) **your action is required for 2016!**
 - Total annual savings of up to:
 - » **\$312** for Single / Ee + Children coverage
 - » **\$672** for Ee + Spouse / Family coverage
- **No change to the physical activity credit for 2016**
 - » **\$150 (\$37.50/quarter)** for Single / Ee + Children coverage
 - » **\$210 (\$52.50/quarter)** for Ee + Spouse / Family coverage



Enrollment: November 11 - 24

Associates must:

Required! Authorize AG to deposit HSA contributions if enrolled in one of the Consumer Plans

Required! Elect HSA and FSA employee contribution amounts

Required! Review definition of tobacco use. If you (and your spouse, if applicable) do not use tobacco, elect non tobacco.



Enroll early and add to your Health Savings Account (HSA):

The first 500 associates who make an open enrollment election and enroll in a consumer (high deductible) plan beginning November 11 will receive a **\$50 HSA** deposit in January 2015.

Enrollment: November 11 - 24

Remember! Don't leave money on the table! \$

- Only 44% of associates enrolled in medical plans are receiving all of the available healthcare premium credits AG offers.
- Make sure you have taken action (if needed) to receive the Physical Exam, Biometric Screening, and Physical Activity healthcare premium credits in 2016.

TIP! Consider splitting up your family coverage to save money.

- Your spouse or adult child could have lower cost options through their own employer and you could avoid the \$200/month spousal surcharge.



Watch! Confirmation statements will be mailed to your home in early December

- Review and confirm your 2016 elections are correct

Resources

Many tools and resources are available to you to help you make informed decisions about your coverage and Retirement Savings Plan (RSP).

- Benefits Changes 2016 Newsletter mailed 10/1
- Enrollment packet distributed 10/30
 - Includes personalized enrollment worksheet with costs and Benefits Guide
- RSP Letter mailed in mid-November with information on timing to make changes effective for first pay in January and auto-enrollment for those contributing 0%.
- Vanguard, our Retirement Plan administrator,  **Vanguard** will be at locations to meet individually with associates
- AGBenefits Solution Center – 1-877-213-6240
- HealthAdvocate is a service offered by AG, at no cost to you, to help you and your eligible family members navigate healthcare and insurance-related questions and **help you make enrollment decisions; 1-866-799-2728.**
- AGBenefits (www.americangreetingsbenefits.com)



Questions?