



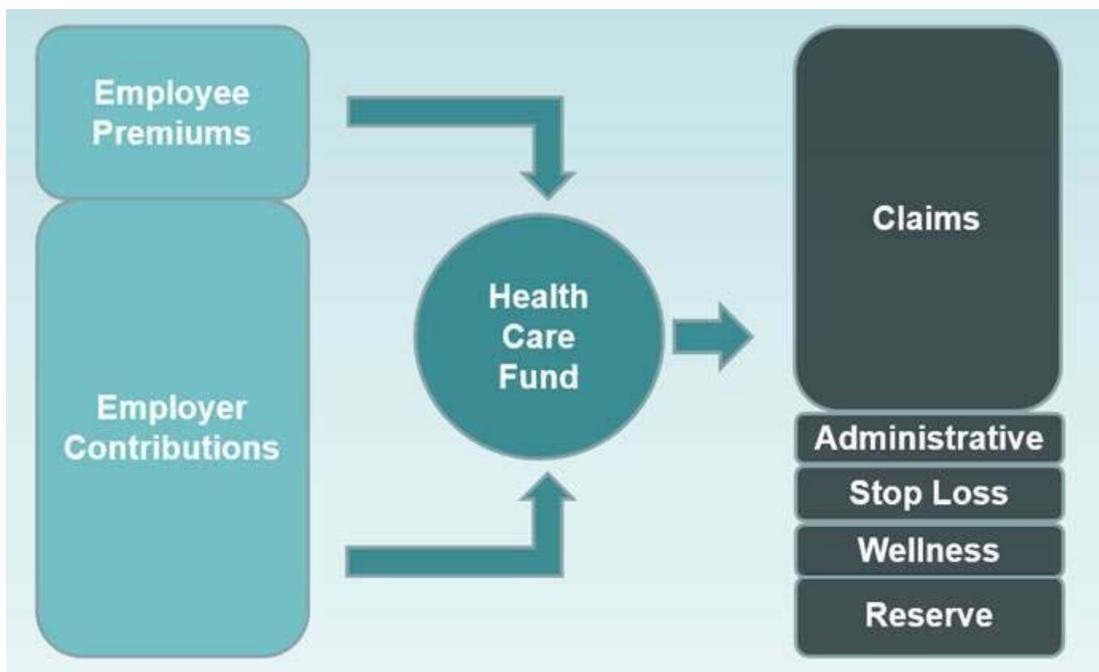
November 27, 2017

What's the BIG news?

We are pleased to announce that employees will be refunded two months of their medical premiums as a result of the strong performance of our health insurance program. This **one-time refund** will appear in your November pay and will be based on the normal premium paid in October for the coverage selected at that time.

Why am I getting a rebate?

Our health insurance program is self-funded. This means that we don't pay Anthem of Virginia to insure us. Rather, we insure each other – and Anthem acts as our plan administrator. Here is how our self-funded plan works:



As you see above, we use employee premiums and employer contributions to pay all of our medical claims. Your premiums also help us maintain a reserve fund that is used when premium contributions are not sufficient to cover our claims. With the changes we have made to the medical plan over the last few years (including our switch to Anthem) and lower medical claims last year than projected, our reserve fund is now larger than is necessary. As a result, we are returning some of this to you.

What will this look like?

Because we deduct medical premiums on a pre-tax basis, we are making certain adjustments to this one-time refund to account for the additional FICA taxes that we will pay on these refunds. *This means that the amount you see as a refund will not look **exactly** like the deduction for this coverage, doubled, that you saw on your October earning statements.* Here is an example of what things might look like for an employee who paid a medical premium of \$275 in October:

- *Refund amount = \$595.56 (\$275 x 2 months x FICA)
- Normal monthly premium paid in November = \$275
- **Total *Refund = \$320.56 (\$595.56 – \$275)** *NOTE: This will look like a “negative adjustment” (this means that it will be added to your pay, vs. deducted from your pay).

Please note that you will still see a normal deduction for your medical premium this month, in addition to the negative adjustment. While this process appears complicated, it ensures the accuracy of the normal monthly contributions, the rebate payments, and the applicable taxation. Your December earnings statement will reflect your normal insurance premium deduction, as applicable.

A special note for Albemarle Choice (our High Deductible Plan) participants: We will make a special, one-time contribution of \$200 into your Health Savings Account (HSA) at the end of January. This payment is intended to equalize the refund for covered employees, regardless of the plan they have selected. Giving this payment to you in January will eliminate tax issues for employees with Health Savings Accounts who have already met their IRS contribution limit for this calendar year.

What should I do?

Please carefully review your November earnings statements to verify receipt of your premium refund. You can access your earning statements on Greenshades [HERE](#). (If you need assistance logging in to Greenshades, please email FSBPHelp@albemarle.org) If you have questions about your November earnings statement (including your deduction information), please email payroll@albemarle.org for assistance.