

Attention PPO Participants

2017 Open Enrollment is fast approaching. Learn how an Account-Based Health Plan (ABHP) option can save you money and help you plan for your future.

Have you determined whether you may financially benefit from enrolling in one of the ABHPs? It is estimated that the majority of our employees will pay less *with an ABHP* compared to the PPO plan! Two of the biggest financial benefits are:

1. **Significantly lower paycheck premiums.** With the PPO, you'll pay more in premiums for coverage that you may not need.
2. **A Health Savings Account (HSA) in which Philips Lighting makes a contribution.** With the PPO, you cannot contribute to an HSA.

What makes the Health Savings Account so special?

- Philips Lighting contributes to employees' HSAs!
- You can contribute tax-free dollars — and change your contribution amount at anytime.
- There are no taxes on contributions (yours and Philips Lighting), interest earned or withdrawals made for eligible healthcare expenses for you and eligible dependents. Paying with tax-free dollars is the *smartest way to pay*.
- There's no use-it-or-lose-it rule. Your HSA funds, including contributions from Philips Lighting, are yours to keep and use at any time — even after you leave the company.



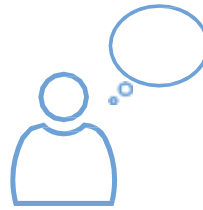
| | ABHP 1 | ABHP 2 |
|---|---------|--------|
| The Philips HSA contribution (made in January): | | |
| Employee-only | \$620 | \$370 |
| Family | \$1,200 | \$700 |

Since all the national ABHP and PPO medical plans cover the same services at the same negotiated rates and have the same network of doctors and hospitals, it comes down to a financial decision for you.

Choose the plan that's best for you and your family for 2017. It's up to you to make the financial decision that makes the difference. Remember — Open Enrollment begins on **October 17** and ends on **October 31**.

PHILIPS

What we've heard...and some suggestions



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| <p>It's hard to find the money to contribute to my HSA.</p> | <p>With the ABHPs, you're paying lower premiums compared to the PPO plan. Put what you would have paid for higher PPO premiums in your HSA.</p> <p>Consider this: the PPO costs \$5,808 in premiums (assuming family coverage for \$45,000 — \$99,999 Salary Tier). This means:</p> <ul style="list-style-type: none"> • The PPO costs \$3,780 more than the ABHP 2 in premiums. • The PPO costs \$2,028 more than the ABHP 1 in premiums. <p>With the PPO: you pay more each paycheck in premiums and if you don't need that coverage, the money is gone—you can't get it back.</p> <p>With an ABHP: if you put that money in the HSA, and you need to use it, you've got it. And, better yet, if you don't need it, you can save that money for next year or later in retirement.</p> |
| <p>What if I get really sick? An ABHP will cost me a lot of money!</p> | <p>Whether you are in an ABHP or the PPO, you're financially protected from high medical claims by the out-of-pocket maximum or "cap." If you hit that cap, the plan pays 100% of eligible medical expenses, for the remainder of the year.</p> <p>Consider this: let's assume Bill enrolls in the ABHP 1, single coverage with a \$3,000 out-of-pocket maximum.</p> <ul style="list-style-type: none"> • He has \$100,000 in medical claims in 2017. • He uses the \$620 Philips contributes to his HSA. <p>End result? He only pays \$2,380 out-of-pocket in 2017!</p> <p>In the PPO, he would have had to pay \$4,000 out-of-pocket <i>plus</i> higher premiums each paycheck!</p> |

This flyer only provides an overview of the ABHPs and HSA. For more information, refer to the 2017 Open Enrollment Decision Guide and the 2017 Account-Based Health Plan with Health Savings Account Guide on the Open Enrollment site at www.usa.lighting.philips.com/oe_

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