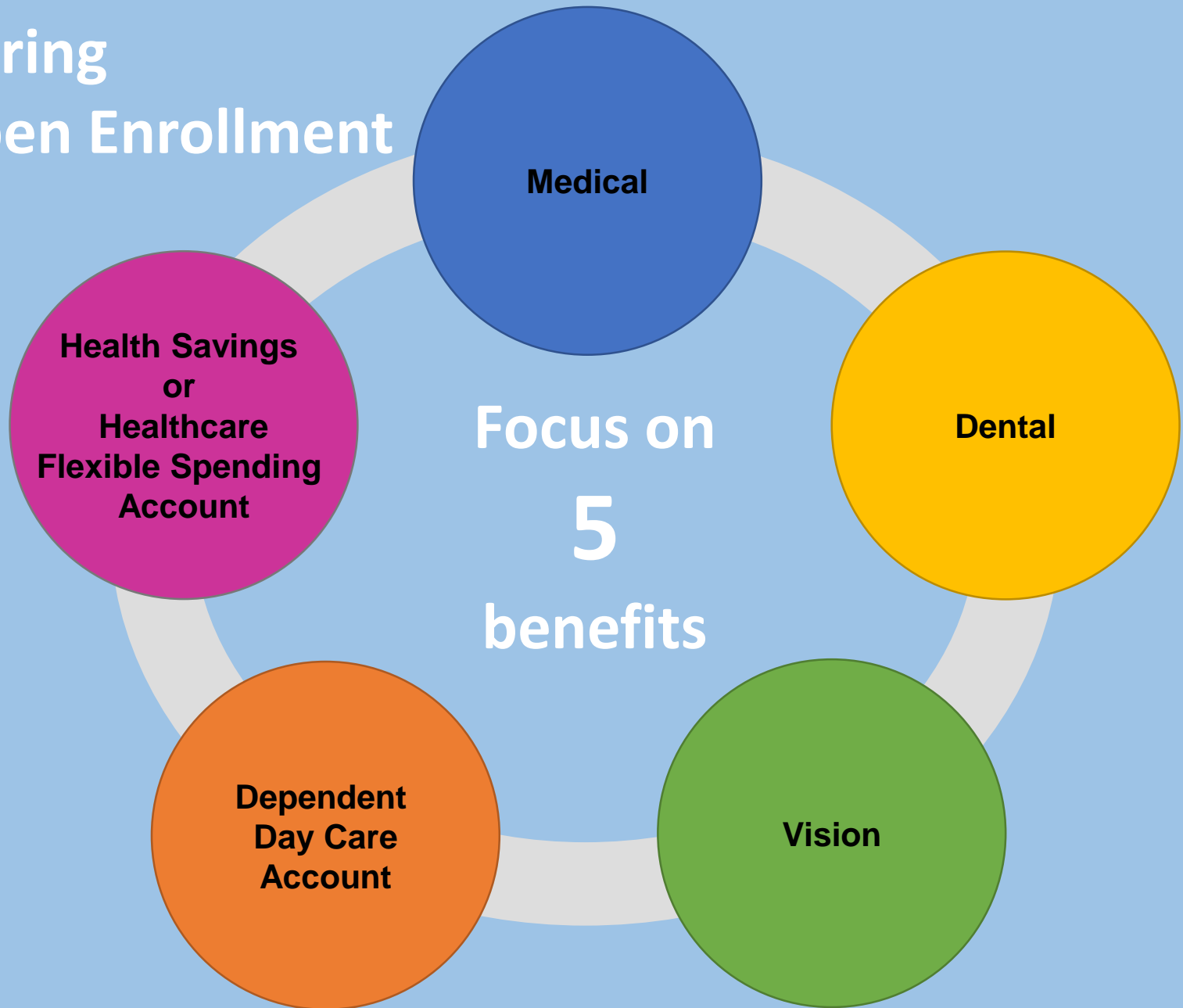


Philips Lighting Open Enrollment for 2017 Benefits

In 2017...



**During
Open Enrollment**



What's staying the same for 2017



➔ **Medical, dental, and vision options, including BCBS PPO for employees currently enrolled**

➔ **Deductibles, out-of-pocket maximums, coinsurance, and copayments for medical, dental and vision**

➔ **Philips Lighting contributes to your Health Savings Account**

➔ **Employee premiums for dental**

Open Enrollment Internet site

All the information you and your family members need to make an informed decision

www.usa.Lighting.Philips.com/oe

What's new for 2017



- ➔ **Employee medical premiums increasing**
- ➔ **Employee only and employee plus one vision premiums increasing; employee plus two or more dependents premiums decreasing**
- ➔ **IRS has raised the Health Savings Account contribution limit \$50 for employee only coverage from \$3,350 to \$3,400**
- ➔ **Advocacy and telemedicine services ending December 31, 2016**

For details, see Decision Guide on
Open Enrollment Site: www.usa.Lighting.Philips.com/oe

Overview:

How the medical plans work

Focus on 2017 national medical plan options

ABHP 1

Account-Based
Health Plan
Option One

ABHP 2

Account-Based
Health Plan
Option Two

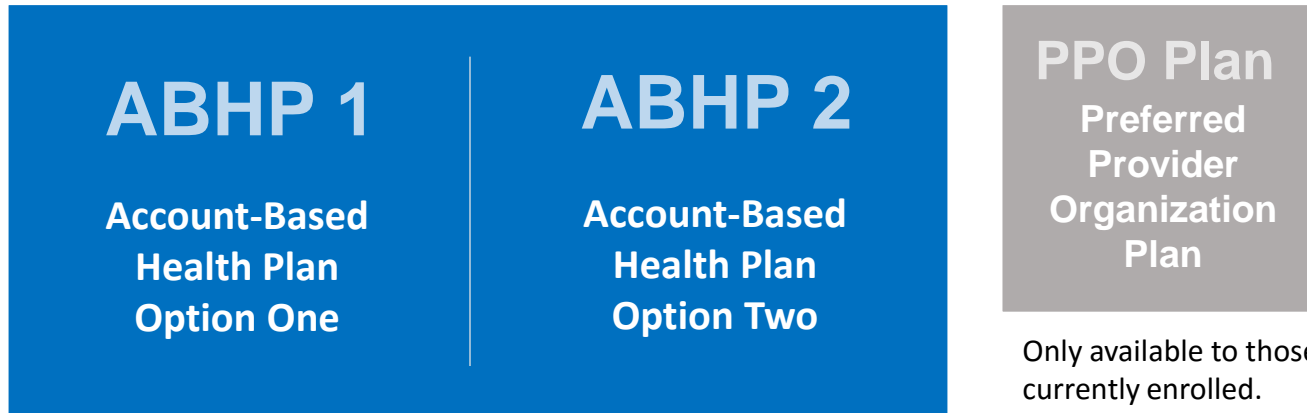
PPO Plan

Preferred
Provider
Organization
Plan

Only available to those
currently enrolled.

Note: If a local medical plan is available to you, you will see the option listed on the Benefits Central website.


What's the **same** for all the plans?




All the national medical plans have the same:

- Network of doctors and hospitals
- Covered in-network services
- Negotiated rates with in-network doctors and hospitals
- Prescription drug coverage
- Protection through annual out-of-pocket maximum

What's **different** between the plans?



Your Focus

 **It's financial.**

How You Pay

ABHPs

Lower premiums in exchange for a **higher deductible**

OR

PPO

Higher premiums in exchange for a *lower deductible*

How You Save

ABHPs

Health Savings Account

OR

PPO

Flexible Spending Account

Comparing the plans (in-network)

	ABHP 2	ABHP 1	PPO
Tax advantaged Account	Health Savings Account (HSA)		Healthcare FSA
Philips Lighting HSA contribution	\$370/employee \$700/family	\$620/employee \$1,200/family	No contribution
Employee premiums	Lowest	Lower than PPO Higher than ABHP 2	Highest
Annual deductible	\$2,000/employee \$4,000/family	\$1,500/employee only \$3,000/family	\$750/individual \$1,500/family
Coinsurance for services	Plan pays 80%, you pay 20% after deductible		
Prescription drugs	You pay 100% until deductible, then shared through coinsurance		No deductible; coinsurance
Out-of-pocket maximum	\$4,500/individual \$9,000/family	\$3,000/employee \$6,000/family	\$4,000/individual \$8,000/family

CVS Caremark Rx coverage

Money-Saving Tips!

- Use generics
- Use maintenance choice

ABHPs		PPO Plan	
After the deductible...		No deductible.	
	Retail (30-day supply)	Maintenance Choice (90-day supply)	
Generic	You pay 20% (max. \$5)	You pay 20% (max. \$10)	
Preferred Brand Name	You pay 25% (min. \$15, max. \$125)	You pay 20% (min. \$30, max. \$200)	
Non-Preferred Brand Name	You pay 35% (min. \$15, max. \$125)	You pay 30% (min. \$30, max. \$200)	

For details, see Decision Guide on
Open Enrollment Site: www.usa.Lighting.Philips.com/oe

Health Savings Account

1

Tax-free money in!

- Philips contribution
- Your contributions



2

Tax-free savings!

Your HSA can grow through interest and investment returns.



3

Tax-free money out!

Use for vision, dental and qualified medical expenses.



4

Roll over balance

You won't lose what you don't use—the money remains in your HSA and continues to grow year-over-year.



Health Savings Account



	ABHP 1	ABHP 2
Philips Lighting Contribution:		
Employee-only	\$620	\$370
Family	\$1,200	\$700
You Can Contribute up to:		
Employee-only	\$2,780	\$3,030
Family	\$5,550	\$6,050
Total HSA Amounts (allowed by IRS):		
Employee-only	\$3,400*	
Family	\$6,750	

If you are age 55 or older, you are allowed an additional “catch-up” contribution of \$1,000 per calendar year.

*Increased \$50 for 2017

Tips!

- Use tax-free dollars to pay for healthcare expenses!
- Change HSA contributions at *any time!*

Medical plans: What we've heard

What we've heard



We heard:

It's hard to find the money to contribute to an HSA.

Suggestion:

With the ABHPs, you're paying a lower premium than if you were enrolled in the PPO plan.

- Put what you would have paid for higher PPO premiums in your HSA – and the money goes in pre-tax!
- Estimate your healthcare expenses. Paying with tax-free dollars is the *smartest way to pay!*

Contribute the amount you would have paid in higher PPO premiums to your HSA

Family Coverage for \$45,000 – \$99,999 Salary Tier

	ABHP 1	ABHP 2	PPO
Premium Cost: PPO	\$5,808	\$5,808	\$5,808
Premium Cost: ABHP	\$3,780	\$2,028	
Difference saved in cost	\$2,028	\$3,780	
Philips Lighting contribution	\$1,200	\$700	\$0
Total in HSA for 2017	\$3,228	\$4,480	\$0
	Can meet deductible with HSA dollars!	Can meet deductible with HSA dollars!	Need to pay \$1,500 out-of-pocket!
Deductible	\$3,000	\$4,000	\$1,500
Premium + Deductible	\$6,780	\$6,028	\$7,308

What we've heard



We heard:

What if I get really sick? An ABHP will cost me a lot of money!

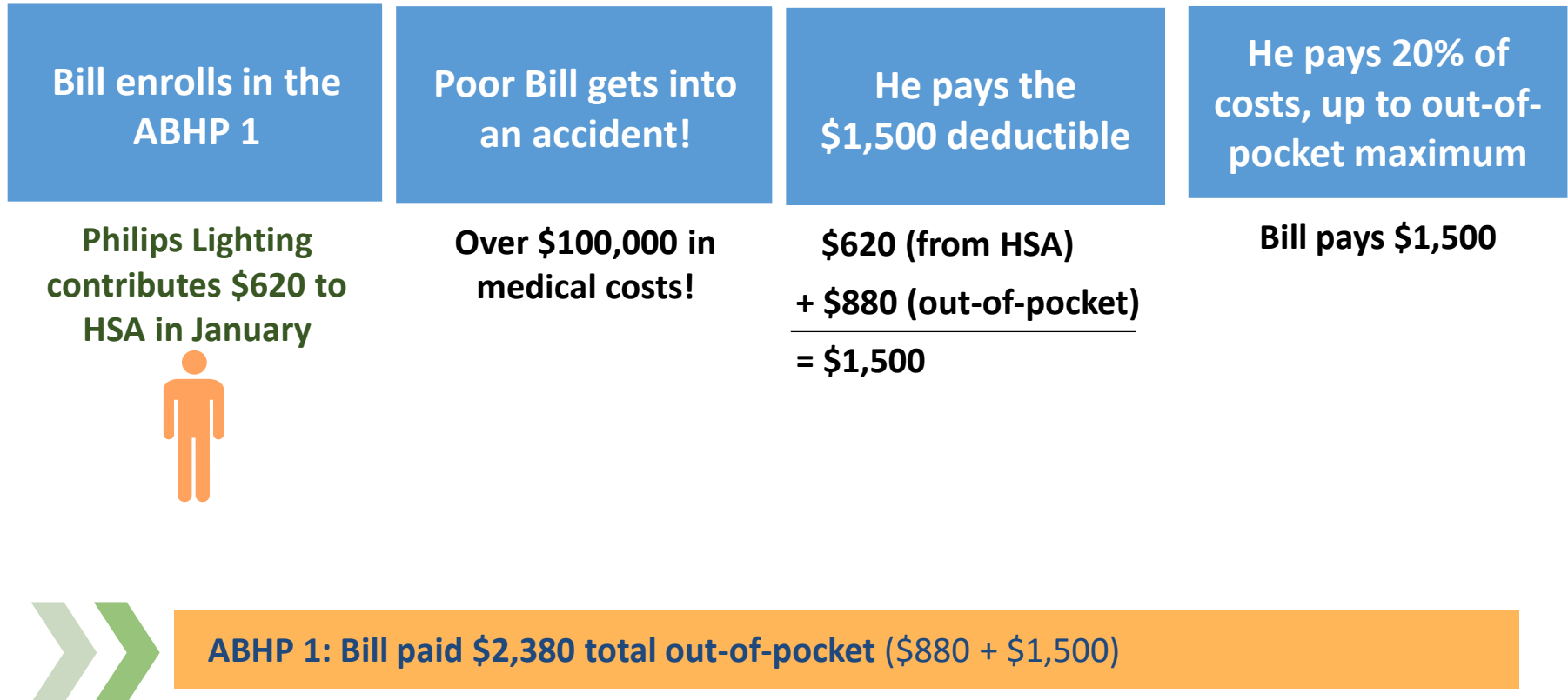
Suggestion:

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.

Tip! The cap is lower for the ABHP 1 than for the PPO.

Protection through out-of-pocket maximum



What we've heard



We heard:

I think the ABHPs will cost me more than the PPO plan.

Suggestion:

Our claims history indicates that ...

- The majority of employees will *pay less in total with an ABHP* compared to the PPO plan.*

* Based on 2015 medical claims

Tools to help you throughout the year

Maximize your dollars, improve your experience, minimize your stress, feel good



Information
on HR Portal,
Benefits Tab



Cost Comparison Tool

Compare providers and costs before you schedule non-emergency services.



Prescription Cost Tool

Find estimated cost of prescription drugs.



Identify medical facilities with proven expertise in delivering specialty care.



Employee Assistance Program and Work/Life Support

Financial counseling, legal services, learn about childcare resources, access mental health counseling services.

Open Enrollment Site

All the benefits information you need to select 2017 benefits, in one place, online at www.usa.Lighting.Philips.com/oe

Tip!
No password required!

The screenshot shows the Philips Open Enrollment website interface. At the top, there is a navigation bar with links: "Learn about your options", "Attend a meeting", "Resources", and "Enroll!". A search icon is also present. On the left, the Philips logo is displayed above the text "Open Enrollment". The main content area features a large hero image of two cyclists riding across a wooden bridge over a river. Overlaid on this image is the text: "2017 Open Enrollment runs from **October 17 – October 31, 2016**". Below the hero image is a dark blue banner with a white countdown timer: "Open Enrollment begins in... 26 Days 1 Hour 46 Minutes 14 Seconds".





It's time for Open Enrollment, when you elect the benefits you and your family want for 2017.



What information should I review?

Choose the resources that fit your style – from a high level overview with just the key facts to an in-depth explanation with all the details.

Go to the Open Enrollment website for:

<p>2017 Open Enrollment PowerPoint (used for employee webinars – available for self-viewing): Overview of options and enrollment</p> 	<p>Decision Guide: Overview that provides summarized information on your Open Enrollment options.</p> 	<p>Account Based Health Plan (ABHP with Health Savings Account (HSA) Guide: More detail to provide a clear understanding how an Account Based Health Plan works</p> 	<p>Frequently Asked Questions: Over 90 most-asked questions on Open Enrollment and benefits, categorized by topic</p> <p>2017 Open Enrollment Frequently Asked Questions October 2016</p> 
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Go to the HR Portal for:

<p>Medical Plan Summary of Benefits and Coverage:</p> <ul style="list-style-type: none">• Chart with high level information on what is covered and how a plan works• Can be used to compare one plan with another 	<p>Medical, Dental, Vision, and FSA Summary Plan Descriptions: Extensive details on all aspects of each plan</p> 
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Mark your calendars and enroll!

2017 Enrollment Period

Monday, October 17 thru Monday, October 31

October 2016

Sun	Mon	Tues	Wed	Thurs	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Open Enrollment: Elect benefits for 2017

Take action...

If you don't take action...

**Medical, dental
and/or vision**



- Change or newly elect coverage for 2017

- Current elections roll over to 2017

**Healthcare
and/or Day
Care Flexible
Spending
Account**



- Designate an annual 2017 contribution amount

- You will NOT participate in 2016

**Health Savings
Account (HSA):
(for ABHP
participants)**



- Change amount or newly elect to contribute in 2017
- Philips Lighting will make company contribution

- Current HSA payroll contribution election will roll over to 2017, up to IRS limits
- Philips Lighting will make company contribution
- You can change contribution amounts during the year

At any time...

Request a
change to
your
participation



Optional Life Insurance



Optional Long-Term Disability



Accidental Death and Dismemberment



Employee Savings Plan (401(k))



Employee Stock Purchase Plan

Philips Lighting offers additional programs.
Go to **HR Portal, Benefits Tab**, for more information.

Five steps to a successful enrollment!

1

Consider your benefit options for 2017!

2

Visit the Philips Lighting Open Enrollment Site
www.usa.Lighting.Philips.com/oe

3

Ask questions. Review the Frequently Asked Questions on the Open Enrollment website.

4

Make an informed decision.

5

Enroll through Benefits Central by Monday, October 31 (11:59 p.m. ET).

Questions?

After reviewing the Open Enrollment material available online, if you have additional questions, contact:

HR Services NA at 888-339-4363 or
hrrservices.na@Philips.com

Agents are available from 9:00 am to 6:00 pm Eastern Time, Monday – Friday

This document contains only highlights of the U.S. Philips Lighting benefit plans and programs. Receipt of this document does not guarantee eligibility for any Philips Lighting sponsored plan or program of benefits. Eligibility for and entitlement to a benefit is governed by the terms of the official Plan Document. In the event of a discrepancy between the official Plan Document and this document, the official Plan Document will control. Philips Lighting reserves the right to modify, or terminate completely, any benefit plan or program, at any time and without notice. This document does not constitute an express or implied contract of employment. Your employment remains at will. In certain instances, a collective bargaining agreement may apply. In certain instances, a collective bargaining agreement and the National Labor Relations Act may apply.

