

## BENEFIT PLAN DESIGN AND EMPLOYEE COST SUMMARY GRIDS

**January 1, 2014 - December 31, 2014**

### **ELIGIBLE PARTICIPANTS**

All full-time (scheduled to work an average of 40 hours per week) employees and their eligible dependents are eligible to participate in the following benefits: group medical, dental, life, accidental death & dismemberment, sick pay, long-term disability, retirement savings (401k), retirement (pension), holiday and vacation pay beginning the first day of service with AEP. All part-time (scheduled to work an average of 20 hours per week) employees are eligible to participate in the group medical, dental, retirement savings plan and retirement (pension) plan beginning the first day of service with AEP. Part-time employees are also eligible for holiday and vacation benefits according to a different schedule than full-time. Temporaries, co-ops and interns are eligible to participate in the retirement pension plan and the retirement savings plan.

### **RETIREMENT ELIGIBILITY**

Employees who are at least age 55 with at least 10 or more years of service when they terminate employment are eligible to enroll in retiree benefits. For benefit purposes, these employees are referred to as "retirees." Eligible retirees and their eligible dependents may elect retiree medical, dental, and vision coverage. Eligible retirees may elect life insurance. However, employees hired or rehired on or after January 1, 2011, are not eligible for company-paid life insurance upon retirement. Employees hired or rehired on or after January 1, 2014, are not eligible for retiree medical coverage.

Eligible surviving dependents of active and retired employees may continue medical and dental coverage until they reach the limiting age, or for surviving spouses of active employees, turn 65, or remarry. Surviving spouse of retirees can continue coverage beyond age 65, if unmarried.

### **PARTICIPANT MEDICAL CONTRIBUTIONS**

The pre-tax monthly cost to active full-time employees is calculated based on a percentage of the total cost of coverage. The pre-tax monthly costs to active part-time employees are two and one-half times the monthly costs of active full-time employees. Retiree contributions can vary depending on when the employee retired. The monthly costs for many retirees are a percentage of total premiums ranging from 20% - 46%, and are based on their age and years of service at retirement. Effective with retirements on or after January 1, 2013, company contributions for retiree medical coverage are capped at a fixed amount of \$11,500 for under age 65 retirees and \$3,800 for retirees age 65. Once this cap is exceeded, the retiree contributions will reflect the cost of coverage above the cap.

Eligible surviving dependents generally pay 50% of the total monthly cost of coverage. Retirees and Surviving Spouses who are age 65 & older are not eligible for the Anthem Lumenos HRA Plan.

**January 1, 2014– December 31, 2014**

**GROUP MEDICAL PLANS**

Aetna Options	High Deductible Health Plan		Open Choice PPO		Open Access (Available Out-of-Area Only)	
	In-Network	Out-of-Network	In-Network	Out-of-Network	In-Network	Out-of-Network
Deductible	\$2,500/person \$7,500/family (combined medical and prescription deductible)	\$3,000/person \$9,000/family (combined medical and prescription deductible)	\$250/person \$750/family (includes behavioral health deductible)	\$500/person \$1,500/family (includes behavioral health deductible)	\$250/person \$750/family (includes behavioral health deductible)	\$400/person \$1,200/family (includes behavioral health deductible)
Plan Coinsurance	0% after deductible	20% after deductible	15% after deductible	30% after deductible	15% after deductible	20% after deductible
Annual Preventative	0%; no deductible	20%; no deductible	Co-pay and coinsurance waived	30% after deductible	Co-pay and coinsurance waived	20% after deductible
Prescription Coverage	0% after deductible	0% after in-network deductible	Deductible: \$50/person; \$150/family for retail (deductible waived for mail order) Generics: \$5 co-pay retail; \$12 co-pay mail Retail Preferred Brand: 20% coinsurance (\$20 minimum; \$100 maximum) Retail Non-Preferred Brand: 35% coinsurance (\$35 minimum; \$200 maximum) Mail Preferred Brand: 20% coinsurance (\$50 minimum; \$200 maximum) Mail Non-Preferred Brand: 35% coinsurance (\$90 minimum; \$300 maximum)			
Cost	<u>2014 Full-Time Employee Monthly Cost</u> Employee Only \$29.61 Employee + Spouse \$64.39 Employee + Child(ren) \$54.56 Employee + Family \$89.31		<u>2014 Full-Time Employee Monthly 7Cost</u> Employee Only \$121.06 Employee + Spouse \$263.20 Employee + Child(ren) \$221.68 Employee + Family \$363.75			

**January 1, 2014 – December 31, 2014**

<b>Anthem Lumenos HRA Plan</b>					
		<b>Employee Only</b>	<b>Employee + Spouse or Employee + Children</b>	<b>Employee + Family</b>	
<b>Health Reimbursement Account (HRA)</b>	AEP Annual Allocation	\$1,000	\$1,500		\$2,000
<b>Traditional Health Coverage (Prescription Coverage same as any other medical expense)</b>	Deductible (includes HRA Allocation)	\$1,500 (combined medical and prescription deductible)	\$2,250 (combined medical and prescription deductible)		\$3,000 (combined medical and prescription deductible)
	Then, employee pays coinsurance for covered services	15% after deductible for in-network providers 30% after deductible for out-of-network providers Prescription coinsurance: 15% after deductible			
	Annual Out-of-Pocket Maximum (includes Bridge)	\$4,000 if using discounted providers \$6,500 if NOT using discounted providers	\$6,000 if using discounted providers \$9,750 if NOT using discounted providers		\$8,000 if using discounted providers \$13,000 if NOT using discounted providers
<b>Annual Preventative</b>	0% coinsurance; not applied to HRA				
<b>2014 Full-Time Monthly Employee Cost</b>		\$109.63	\$238.35	\$200.99	\$329.64

**Wellness Program**

Healthy living habits are an essential ingredient for healthy employees. For that reason, AEP sponsors a number of programs, including incentives, and initiatives designed to help employees achieve and maintain a healthy lifestyle. All active employees (regardless of whether they are enrolled in a medical plan) are eligible to participate in the following wellness programs along with spouses and domestic partners of active employees who are covered under an AEP medical plan.

- Health Screenings
- Flu Shots
- Well-being Assessments
- Health Coaching

**January 1, 2014– December 31, 2014**

**GROUP DENTAL**

**DPPO Option**

Coverage Level	Employee Only	Employee + Spouse	Employee + Child(ren)	Employee & Family
<b>Deductible (does not apply to preventive service)</b>	\$50/person	\$50/person	\$50/person \$150/family	\$150/Family
<b>Coinsurance</b>				
<b>Preventive</b>	100%			
<b>Basic Services</b>	80% after deductible			
<b>Major Services</b>	50% after deductible			
<b>Orthodontia</b>	50% up to a lifetime maximum of \$1,500 per covered child			
<b>2014 Full-time Monthly Cost</b>	\$7.71	\$15.23	\$23.43	\$30.95

**DMO Option**

A DMO option is available to employees who live within the same zip code area as a network DMO dentist. Similar to a medical Health Maintenance Organization (HMO), the DMO provides dental service through a group of network dentist. The DMO offers no deductibles or annual maximum, no co-pay for covered preventive services and low, fixed co-pays on other dental services.

The full-time 2014 monthly cost for the DMO option is:

Employee Only	\$ 6.76
Employee + Spouse	\$13.52
Employee + Child(ren)	\$15.20
Employee & Family	\$21.96

The pre-tax monthly costs for dental coverage to active part-time employees are two and one-half times the monthly costs to active full-time employees. The monthly costs to certain grandfathered retirees and surviving dependents are the same as active employees. The monthly cost to most other retirees and eligible surviving dependents are 100% of the total cost of coverage.

**SICK PAY PLAN**

The Sick Pay Plan provides financial protection to full-time employees and their families in the event of a short-term illness or injury that prevents employees from working. Benefits are payable for the first day of absence from work due to illness or injury and may continue up to 26 weeks.

Sick pay is determined according to the amount of the employee's base pay on the day before the absence begins and is paid at 100% or 60% depending on service with the Company.

The Company pays the full cost of coverage through normal salary allocations as this program is financed as a salary continuation plan.

**January 1, 2014 – December 31, 2014**

## **LONG-TERM DISABILITY**

The AEP Long-Term Disability plan provides financial protection to full-time employees and their families in the event of an employee's illness or injury that prevents them from working for an extended period of time. To qualify for LTD benefits, the employee must be totally disabled because of illness or injury for 26 weeks (elimination period) and unable to perform the functions of their own occupation. After 2 years of approved disability, the employees must be unable to perform the duties of any occupation.

The plan's monthly total disability benefit pays 60% of the employee's base monthly pay in effect immediately before the disability begins. The Company pays the full cost of this coverage. Effective January 1, 2014, eligible employees have the opportunity to purchase additional 10% coverage.

## **LIFE INSURANCE PLAN**

The company provides full-time employees two times their base annual pay in life insurance at no cost to the employee. Most employees can purchase up to eight times their base pay in supplemental coverage. The total amount of combined coverage for most employees cannot exceed \$1 million.

AEP provides life insurance coverage equal to a flat \$30,000 at no cost to retired employees (at least age 55 with 10 or more years of service). Certain grandfathered retirees are eligible for additional coverage, which reduces as the retiree gets older. However, employees hired or rehired on or after January 1, 2011, are not eligible for company-paid life insurance upon retirement.

The employee pays the total cost of supplemental and dependent life coverage. The monthly after-tax cost for the employee supplemental life coverage is based on the employee's age, tobacco use status, the employee's base pay and the level of coverage. Some active employees, who remained in grandfathered life plans (not open to new enrollments), pay between \$0.20 - \$0.35 per \$1,000 for coverage.

## **ACCIDENTAL DEATH & DISMEMBERMENT (AD&D) INSURANCE**

AEP'S AD&D benefit program offers help with the financial hardship a full-time employee's family may suffer should the employee become seriously injured or die in an accident.

The Company provides employees two times their base pay (up to \$1.5 million) at no cost to the employee. For employees on an Emergency Response Team, the Company provides AD&D insurance of an additional two times their base pay (up to \$1.5 million) at no cost to the employee. Employees can purchase up to ten times their base pay (up to \$1.5 million) in supplemental coverage. Employees can purchase dependent AD&D insurance for their eligible dependents.

The 2014 pre-tax monthly costs of supplemental/dependent coverage are:

<b>AD&amp;D Option</b>	<b>Cost per \$1,000</b>
Employee Only	\$.018
Employee + Spouse	\$.024
Employee & Family	\$.029

**January 1, 2014 – December 31, 2014**

## **RETIREMENT SAVINGS PLAN (401k)**

The AEP System Retirement Savings Plan is a 401(k) savings plan that gives employees an opportunity to save through payroll deductions on a pre-tax and after-tax basis. Generally, employees can contribute from 1% to 50% of their eligible compensation on a pre-tax basis, after-tax basis, including Roth 401(k) after-tax, or in a combination of any of the contribution options, up to the limits established by the IRS. The Company adds 100% to their account for every dollar they contribute up to the first 1% and 70% for every dollar they contribute up to the next 5% each pay period. All contribution sources are eligible for the match, but the 6% limit is applied to the total amount contributed each pay period. Employees can invest in any combination of the investment options available and/or the self-directed brokerage account to design their own diversified portfolio. Employees are immediately 100% vested in the value of their contributions and AEP contributions.

## **RETIREMENT PLAN (Pension)**

Each of the AEP affiliates establishes a recordkeeping account for their employees to track growth of a participant's benefit over time. The plan provides a cash balance benefit. The account balance grows through two annual credits: an interest credit and an annual employer company credit which is a percentage of a participant's pay, based on age and service. Employees are eligible to participate after completing one year of service with AEP. Employees are automatically enrolled in the AEP System Retirement Plan once eligible.

Participants are 100% vested in their accrued benefit after three years of service.

Participants of the AEP System Retirement Plan who were employed by the Company on 12/31/2000 and participants of the Central and South West Retirement Plan who were age 50 or older with at least 10 years of service as of June 30, 1997, are grandfathered in each plan's prior pension formula. Grandfathered participants receive the higher benefit from the prior formulas provided by the plans or the newer cash balance formula.

## **HOLIDAY**

AEP provides pay for 9 holiday days per year for full-time employees and part-time employees who are regularly scheduled to work that day. An additional 24 hours of paid personal holiday time off can be scheduled by the employee with the approval from their supervisor to use throughout the year.

The following nine days\* are scheduled by AEP

- New Year's Day
- Good Friday
- Memorial Day (last Monday in May)
- Independence Day (Fourth of July)
- Labor Day
- Thanksgiving Day
- Day after Thanksgiving
- Day before Christmas
- Christmas Day

\* days may vary based on collective bargaining agreements

**January 1, 2014– December 31, 2014**

**VACATION**

AEP provides paid vacation time off for all full-time and part-time employees who are scheduled to work an average of 20 hours per week. Part-time employees receive one-half the annual allocation as full-time employees. Refer to complete schedule below:

<b>Group</b>	<b>Exempt Fulltime Employees Salary Grades 18 and above</b>	<b>Exempt Fulltime Employees Under Salary Grade 18 and all Non-Exempt Employees</b>	<b>Part-Time Employees</b>
<b>Years of Service</b>	<b>Hours</b>	<b>Hours</b>	<b>Hours</b>
Year of hire	10 per month of service (max 120 hours)	8 per month of service (max 80 hours)	4 per month of service (max 40 hours)
1	120	80	40
2	120	88	44
3	120	96	48
4	120	104	52
5-6	120	120	60
7-8	128	128	64
9-10	136	136	68
11-12	144	144	72
13-14	152	152	76
15-23	160	160	80
24 +	200	200	100
	Employees hired on or before the 15th of the month will receive vacation service credit for that month.		

Through the Vacation Buy program, full-time employees can purchase up to five additional vacation days (40 hours) per year in addition to the vacation AEP provides.