

# Understanding the IBM subsidy

## How the subsidy works

Each year, IBM contributes to, or subsidizes, the cost of benefits and administrative expenses under the IBM retiree medical plan for eligible participants.

For Medicare-eligible retirees, there are two types of retirees eligible for an IBM subsidy: those who receive their IBM subsidy annually through an Annual HRA, and those who have a Future Health Account (FHA) that accumulated during IBM service and was converted to an HRA. The way the IBM subsidy works for these two population segments is outlined below for 2027.

### Annual HRA participants

IBM's subsidy will be provided either as a premium subsidy or as an HRA credit, depending on the IBM-sponsored Group Medicare Advantage plan option you enroll in.

### FHA participants

If your FHA balance was converted to an HRA, you may access your entire balance to pay eligible Internal Revenue Code Section 213(d) expenses. Your balance will continue to accrue interest monthly.



### Important reminders:

- If you are eligible for a subsidy today but do not enroll in an IBM-sponsored Group Medicare Advantage plan option for 2027, you may enroll in a future year. When you enroll, you will be eligible for the applicable IBM subsidy at that time.
- Your HRA is administered by Optum Financial. Contact the IBM Dedicated Optum Call Center at **866-882-0397** or visit **IBM.Optum.com**.

**To access your IBM subsidy or HRA you need to be enrolled in an IBM-sponsored Group Medicare Advantage Plan Option administered by UnitedHealthcare.** Note that special rules apply to those currently enrolled in Medicaid, TRICARE, VA Benefits, those living abroad, or you have transitioned from the active or pre-65 retiree medical plan as a Kaiser participant. Call the IBM Retiree Call Center for details at 877-852-0641.

### Access Only coverage

If you are eligible for coverage but do not receive IBM subsidy, you may enroll in an IBM-sponsored Group Medicare Advantage plan option by paying the applicable premium cost. This is referred to as Access Only coverage.



## 2027 IBM Subsidy by Population Segment



To access the applicable IBM subsidy or HRA, you must enroll in both the Medicare Advantage (MA) plan and Prescription Drug Plan (PDP).

| Population Segment     | Population Segment Cohort                                                           | Enhanced Plan Option |                      |                      | Essential Plan Option       |                      |
|------------------------|-------------------------------------------------------------------------------------|----------------------|----------------------|----------------------|-----------------------------|----------------------|
|                        |                                                                                     | Monthly Premium: MA  | Monthly Premium: PDP | Annual HRA           | Monthly Premium: MA and PDP | Annual HRA           |
| Annual HRA             | Retirees without survivor benefit (retired on or after Jan 1, 1992), LTD and MDIP   | <b>\$37.63</b>       | <b>\$0</b>           | N/A                  | <b>\$0</b>                  | <b>\$3,000</b>       |
|                        | Retirees without survivor benefit (retired before Jan 1, 1992)                      | <b>\$0.00</b>        | <b>\$0</b>           | N/A                  | <b>\$0</b>                  | <b>\$3,400</b>       |
|                        | Retirees with survivor benefit (retired on or after Jan 1, 1992)                    | <b>\$89.80</b>       | <b>\$0</b>           | N/A                  | <b>\$0</b>                  | <b>\$2,374</b>       |
|                        | Retirees with survivor benefit (retired before Jan 1, 1992)                         | <b>\$70.96</b>       | <b>\$0</b>           | N/A                  | <b>\$0</b>                  | <b>\$2,600</b>       |
|                        | Surviving Spouse of Retiree with survivor benefit (retired on or after Jan 1, 1992) | <b>\$127.10</b>      | <b>\$61.61</b>       | N/A                  | <b>\$0</b>                  | <b>\$1,187</b>       |
|                        | Surviving Spouse of Retiree with survivor benefit (retired before Jan 1, 1992)      | <b>\$127.10</b>      | <b>\$52.20</b>       | N/A                  | <b>\$0</b>                  | <b>\$1,300</b>       |
| FHA/HRA                | FHA converted to HRA                                                                | \$127.10             | \$160.53             | <b>Access to HRA</b> | \$0                         | <b>Access to HRA</b> |
| Access Only or Spouses | Eligible for coverage, no IBM subsidy (Access only)                                 | \$127.10             | \$160.53             | N/A                  | \$0                         | \$0                  |

Bold text indicates where the IBM subsidy by population segment is being applied

Spouses are not subsidized by IBM and eligible spouses pay the full cost of coverage. For Annual HRA participants who elect Surviving Spouse benefits those benefits begin on the passing of the IBMer. Survivor benefits are irrevocable, including if the spouse were to pre-decease the IBMer. FHA/HRA participants spouses can access the balance upon the passing of the IBMer.

LTD participants subsidy is aligned to their LTD leave status, once the LTD leave status is terminated the IBM subsidy will end, even if the participant is still receiving LTD benefits. Eligibility for an IBM subsidy for these individuals following the end of their LTD leave status will be based on their retiree status.

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