

INSIDE THIS ISSUE:

<i>First Words</i>	1
<i>Health Care Reform</i>	2
<i>Living Wills</i>	5
<i>Raytheon Pension Fund</i>	6
<i>Social Security</i>	7
<i>Help Wanted</i>	8
<i>Epcot, A Follow Up</i>	9
<i>Coffee For Our Troops</i>	10
<i>COBRA Surprise</i>	11
<i>When I Die</i>	12
<i>Help Wanted</i>	13
<i>Just So You Know</i>	14
<i>Member Application</i>	15

FIRST WORDS -Bob Hamilton

The Open Enrollment period is about to begin shortly. Like prior years, you have very little time to select your choice for 2011. ARR checked with Raytheon and we were told that notices should be out by about November 1. See the note below for further insight.

As Joe DeAmbrose states in his article on page 2, "most retirees are still wondering whether they have been presented with a cup of a life-extending elixir or one with a sprig of hemlock." Take a look and see how Raytheon retirees may be impacted by the recent changes in health care legislation

Page 12 includes a checklist of items you may want to put in order. A more detailed template is included on the subject in the Articles page of our website, since it is too extensive to be printed here.

It is understood the open enrollment period for Raytheon retiree medical plans for 2011 will be from November 8th to the 19th.

If past practice is an indicator, the Notice should arrive about a week prior to the 8th. Keep in mind that notices are generally not sent out to retirees that did not join a Raytheon plan in the preceding period. So, if you did not join a Raytheon plan in 2010 but want to review Raytheon plans offered for 2011, and do not receive a notice in early November, you should contact the Raytheon Benefit Center at 800-358-1231 and request plan information.

This edition was printed by the **Minuteman Regional High School, Graphics Communications Technology Department, Lexington, MA 02421**. We hope you like it.

Health Care Reform: What Does It Mean for Raytheon Retirees
By Joseph DeAmbrose

The health care reform law was enacted in May of this year. It was preceded by a blizzard of information dealing with the subject of healthcare, usually delivered in a partisan context, but most retirees are still wondering whether they have been presented with a cup of a life-extending elixir or one with a sprig of hemlock.

For retirees, the focus should be on Medicare as it is the government program at the center of required medical services for those reaching age 65 and while the exact contents of the cup will likely remain a mystery for a few years, some features of the law are susceptible to description.

First, an easy one. For 2010, and only 2010, anyone with Medicare D prescription drug coverage will receive a \$250 tax-free rebate directly from Medicaid if their drug costs exceed the 2010 "donut hole" threshold of \$2,830. Somehow, Medicare will find out from the insurers and administrators that operate these plans if and when the threshold has been reached and will put a check in the mail to the retiree. As the checks are scheduled to be mailed

beginning in June, some retirees may have already received a check.

A little background-- in 2006 the government began paying a portion of prescription drug expenditures under qualified plans, the D plans. Under the basic D plan formula using 2010 amounts, the payment subsidy is 25% of drug costs for expenditures between \$310 and \$2,830. For expenditures between \$2,831 and \$6,440 (the donut-hole) no subsidy is provided and, thereafter, the subsidy is 90% of expenditures. Actual drug plans look somewhat different from the standard plan as insurers have design flexibility as long as they offer a plan equivalent to the government design. Whatever the design, retirees pay the portion of drug costs not paid for by the government through premiums, and co-pays. At a cost, a plan might offer some coverage for expenditures in the donut-hole. The bottom line is that drug costs falling in the donut-hole are paid for entirely by a retiree one way or another. The \$250 rebate for 2010 lightens that burden.

Raytheon retirees are likely to have prescription drug coverage either through a Medicare Advantage plan, a separate drug coverage plan together with supplemental medical coverage under the Raytheon Plus Plan, or some other combination of a drug plan and third party medical supplement plan. A retiree with no D plan coverage will not be eligible for the rebate. Note that the Raytheon Plus Plan does not provide

qualified drug coverage so enrollment in a separate qualified drug plan is required for retirees choosing the Plus plan. However, the Plus plan does provide coverage for some of the donut hole costs not provided for by a separate drug plan and the combination of the Plus plan and a separate no donut-hole coverage plan suits many retirees.

Eligibility for the rebate does not seem to be affected by the type of plan or a retiree's level of coverage for the donuthole under the drug plan; even if there is coverage for the donuthole, and regardless of the level of coverage, once the threshold is reached, a rebate should be forthcoming.

The new law contains an interesting "take-away" provision affecting employers that opted to continue to provide prescription drug coverage to retirees when D plans were introduced in 2006. Those employers, e.g., LockheedMartin, were provided a generous tax free subsidy by the government. The new law takes away the "tax-free" part of the subsidy. In 2006, Raytheon discontinued most drug coverage under the Plus plan and was not eligible for the subsidy but, with no drug coverage, the plan became that much less expensive for Raytheon to carry. Retirees

saw a significant reduction in the drugless Plus plan premiums, over 50%, but had to go out and pay for a separate plan with drug coverage. There are probably winners and losers from all these machinations but the math is *very* difficult.

There are other changes to the Medicare program that will come into effect in 2011 and thereafter. Many of these changes are somewhat obscure and the net effect of the changes on a retiree is difficult to predict which allows license for the goblet metaphor.

Some of the changes will have a reasonably measureable impact, particularly, but unhappily, for high income retirees. As some retirees already know, the annual Medicare B premium is means tested, i.e., if a retiree's income is above certain thresholds, the B premium charged is increased above the general monthly premium (\$96/\$110 for 2010) and can be as high as \$ 353 a month. The threshold amount has been adjustable based on a cost-of-living index but beginning in 2011, the threshold amount is frozen at the 2010 levels (\$85,000 single, \$170,000 married); so there will be no further relief based on a cost of living index.

There is even less joy for the high income retiree. Beginning in 2011, the cost to a high income retiree for a D plan will be means tested just like the Medicare B premium is means

tested (the government subsidy will be reduced). Also, beginning in 2013, high income retirees (\$200,000 single, \$250,000 married) will pay a 3.8% additional tax on investment income (interest, dividends, gains) on their tax returns which will be earmarked for the Medicare Trust Fund.

Finally, one other measurable change is an increase in the medical deduction threshold from 7.5% of income to 10% beginning in 2013, however, the threshold will stay at 7.5% though 2016 for people that have reached age 65.

In addition to the \$250 rebate for 2010, the donut-hole exposure of retirees will be reduced from 2011 through 2019 as a result of drug companies prescription drug cost reductions and the government assuming additional liabilities. When all is said and done, in 2020 the donut-hole cost to a retiree will be 25% of the total cost in the donut-hole range rather than the current 100%.

Another significant change in the Medicare context involves Medicare Advantage Plans which were pilloried in the debate on the new law, at least from one direction. Medicare Advantage plans for Raytheon retirees in the Massachusetts area have been reason-

able arrangements. For 2009, a Blue Cross Advantage Plan with D coverage had about the same premium cost as the Raytheon Plus Plan with a separate D plan (remember, the Plus Plan has limited drug coverage). The Advantage Plan had broad, deep coverage, reasonable co-pays and a fairly smooth administrative interface.

The attack on Advantage Plans related to their high cost compared to traditional fee-for-services Medicare plans. Well, Medicare Advantage plans were not eliminated but the reimbursement rules were tightened up, in part to achieve cost saving numbers for the whole health care package, and it would not be surprising if there are fewer such plans available or the benefits offered are reduced as the cost tightening rules are phased in (Harvard Pilgrim just announced it would no longer provide Advantage Plans).

So, there is some good stuff for retirees and some maybe not so good stuff coming out of the new law. It will take some time for the cards to be fully played out.

Raytheon Technology

For over 40 years Raytheon has been producing a technical magazine on a quarterly basis. It is now available on the external Raytheon web site along with the back issues.

http://www.raytheon.com/ourcompany/innovation/tech_today/

Living Wills, A Necessity By John Rudy

A Living Will is the mechanism to ensure that the decisions you want made regarding your health, when you are unable to make them, are handled in the way you desire. We have all heard stories of children, parents or other relatives making medical decisions that are believed to be contrary to the wishes of the invalid. Unfortunately, in many cases by the time you recognize you need a Living Will it is too late. Note that these are legal documents when properly signed and witnessed.

There are many versions of Living Wills, and any perusal of the Internet, visit to a lawyer, or visit to a hospital may result in a document.

I have learned that these documents are very limited in what you are able to mandate.

Four overarching rules

1. Provide two designees to protect yourself in case, for example, both you and your spouse are injured simultaneously
2. Discuss the provisions of the Living Will to ensure that your designee is comfortable with your medical decisions
3. Ensure that there are enough copies readily available in case they are needed: e.g., children,

spouse, brother/sister, doctor, lawyer

The person you identify should be local because they will have to deal with hospitals, nursing homes, etc.

My Recommendation

I did considerable research before locating a Living Will called *Five Wishes*. I subsequently learned that this is what my lawyer now recommends.

1. It is detailed, far more so than a normal living will; 10 pages long.
- 2.

It is easily available by calling 1-888-594-7437 or going to www.agingwithdignity.org

1. It only costs \$5
2. What does it contain:

Wish 1: The Person I Want to Make Health Care Decisions for Me When I Can't

Wish 2: The Kind of Medical Treatment I Want or Don't Want

Wish 3: How Comfortable I Want to Be

Wish 4: How I Want People to Treat Me

Wish 5: What I Want My Loved Ones to Know

Editor: The ARR does not endorse this mentioned product or any other and the opinions are those of the authorhimself.

Annual Raytheon Pension Fund Review By Allen Swenson

On April 27, 2010, Dave MacLellan and I met with Rich Goglia, VP and Treasurer and members of his staff to review the performance of the Raytheon Pension Fund for the year ending December 31, 2009.

The fund increased in value from \$10.5 billion at the end of 2008 to \$12.5 billion at the end of 2009. This increase of \$2 billion was attributed to a net gain in investments of \$2 billion, pension benefit payments of \$1.1 billion to employees and a company contribution of \$1.1 billion to the fund. This gain of 18% in the value of the fund compares favorably to the dismal performance in the year 2008 when the total stock market was off significantly.

The fund balances at the end of 2009 were invested primarily in equities (52%) with (29%) in fixed income and the balance in cash, real estate and alternative investments. This distribution of investments is in line with the guidance provided by the Investment Committee and the Board. The equity investments are primarily in US equities (66%) with a lesser percentage (34%) in international equities.

Additionally, the securities are broadly spread throughout the various sectors of the economy and are managed by investment managers with increased oversight by the Treasury Department.

In accordance with Federal Law the domestic funds were 76% funded on a projection benefits obligation (PBO) basis and 84% funded on an accumulated benefit obligation (ABO). Those calculations are based upon assumptions of an 8.75% asset return and a 6.25% discount rate. It is anticipated that the fund will be fully funded in the next 3 to 4 years. The pension protection act requires company pension plans to be fully funded with a multi-year phasing in period.

Raytheon maintains its commitment to participants in the Raytheon Pension Plans and continues to assure that they will meet their obligations to retirees and employees.

Significant additional detail can be found in the Raytheon's annual report and the Raytheon 10k.

The company financial reports revealed strong sales and earnings for 2009 and continued increases in cash flow.

Is Social Security Doomed?

By Allen Swenson

Most of us have an uneasy feeling about the long-term volatility of Social Security. It is reported that 90% of Americans believe that it won't be there when they eventually retire. Recently the program celebrated its 75th Anniversary.

At \$680 billion, the Social Security program is the Nation's biggest social program and the fund faces a projected \$5.3 *trillion* shortfall over the next 75 years. Fifty five million Americans are currently receiving benefits. Estimates are that payouts will exceed revenue perhaps as early as 2037 and benefits will have to be scaled back if changes are not made.

However, there are many options to fixing social security but have both political and economic implications. Some of the fixes are as follows

Increase the payroll tax – an increase of 1.1% would keep the fund solvent for the next 25 years

Tax all wages, gradually raising or even eliminating the current \$106,800 annual in-

come cap

Dropping the annual cost of living increase by 1% would stave off insolvency

More controversial would be means testing which would deny benefits to people over a certain income level

Partial privatization of Social Security where some portion could be invested by individuals in various equity options. The volatility of the markets has pretty much put that idea to rest.

Covering all future hiring of state and local workers under Social Security

Recognizing the increased longevity of the population, the full retirement age could be raised gradually and having them make more contributions before getting benefits.

Although President Obama has created a bi-partisan fiscal commission to make recommendations, it is unlikely anything will be done by Congress for a while. Many democrats oppose any cut in benefits and some won't accept a gradual increase in the retirement age. Republicans say an increase in Social Security taxes is out of the question even for the wealthy. This won't be easy but all agree that something has to be done.



Stay engaged! Mentor the up-and-coming!

Paradox Scientific was founded in 1999 by Raytheon retirees. In 2005, we incorporated and changed our name from Paradox Scientific of Acton to *Paradox Scientific, Inc!*

We work with retirees and national defense industry businesses to match business short- and long-term needs (both classified and unclassified) with retirees whose experience can best help them meet those needs.

How much time you spend depends on the needs of the business and your availability. You, the retiree, get to share your knowledge, experience, and expertise with young engineers while continuing to work on your “honey-do” list! You will be paid well for the hours you work.

Interested? Please give us a call at
(978) 561-1424 (office) or (339) 206-0650 (cell)
Ask for Bill Thibodeau or Jane MacArthur.
See our website at <http://www.paradoxscientific.org>

Epcot, A Follow Up To Last Year's Presentation at OR Annual Meeting By Bill Burditt

Raytheon has sponsored an interactive, math-based experienced attraction at Epcot at the Walt Disney World in Orlando, Florida. The idea is to engage children in a fun, entertaining, and informative experience for math, science, and technology.

At the Associations of Raytheon Retirees annual meeting in May 2009 Bob Filosa, Director of Program Management, Corporate Affairs and Communications explained to those attending that the attraction would allow visitors to design a ride and then experience that ride. The rides could be a Roller Coaster, a Bobsled, or a Jet Plane.

This past July I was vacationing in Orlando with my wife, our daughter and her family and we went to Epcot. The first attraction that I looked for was "The Sum of all Thrills", the Raytheon attraction. We got in line and when we got to the front my 12 year old grandson and I arrived at the Briefing Room. In this room after a TV presentation about how math, science, and engineering are important when designing our ride.

We then went to the Design Station and went to one of the eight

design tables and chose the jet plane to ride. The table contains a ruler and a speed dial. It allows you to choose the direction with dips, corkscrew turns, and flip-overs. It allows you to choose a speed and you can test to see if the speed is too slow or too fast.

After finishing the design and taking the card that had our design on it we left the Design Room and went out to where there are four robotic arms. The two of us were seated in one of them. The card was inserted and the ride we designed was started.

I have been on hundreds of flights but this was the ride of my life. My grandson is a middle school student and knows about what Raytheon's MathMovesU program is intended to deliver.

In addition to the Sum of all Thrills, MathMovesU website, and the Hall at Patriot Place (NE Patriots Hall of Fame) Raytheon is sponsoring the math and science content and interactive equipment for the National Museum of the US Army set to open in 2015. Raytheon will soon announce another national venue for interactive math and science experience.

Coffee For The Troops By
Dave MacLellan

My son Michael recently returned from a year of active duty with the United States Navy in Kabul, Afghanistan. A local Dunkin Donuts franchisee donated coffee that I sent him on a weekly basis.

After Mike returned, he explained that one of his friends asked if I would continue to send the coffee. Each month I am sending a twenty-four pound case of Dunkin Donuts coffee to our personnel in Afghanistan.

There are not sufficient thanks for having the safe return of a son.

I had a telephone conversation with Mike's Commanding Officer, a U.S. Army Colonel, who mentioned that everybody here knows Commander Mac's Dad. A recent email from the Colonel contained the following message.

"I cannot thank you enough for your continued support of our efforts here in Afghanistan. I have started a new tradition of taking a pack of coffee to the most remote locations I visit in

my travels. I have been to some very austere locations where basic hygiene is a luxury and where safety is never guaranteed.

When I pull the coffee from my pack and give it to the troops, you can see the look of surprise and gratitude on their faces. They realize that it is not just coffee, but a sincere gift from the people back home. I can attest to the fact that coffee sent from the generous hands of the American people tastes better than any coffee in the world."

You can make a difference and if you want to participate in this effort to support our troops with coffee from home, you may contact me via email at

jdmaclellan@yahoo.com or call me at my home in Lexington, MA on 781-862-3000.

COBRA Surprise By John Rudy

When I was getting ready to retire I was told to expect surprises. One came my way just recently that is worth sharing with the community.

The Background

At the time of retirement Jan and I both took out COBRA to continue our United Healthcare coverage for up to 18 months. I did this even though I knew that three months later Jan would go onto Medicare and that we would drop that portion of our COBRA. All seemed to go well and in October Jan went onto Medicare and we started saving money.

The Surprise

In November I went to the doctor for a check-up, had the normal set of blood work and then went onto the MEDCO website to order the next three months of medication. The costs were huge, as if I were back in January.

What happened? I made about 6 hours of calls to the Pension group, Medco, United Health-

care, Ceridian and Raytheon's Human Resources. Everyone said, "this doesn't make sense but I can't fix it". Finally I got to the Resolution group at United Healthcare and they said they'd have it fixed in 48 hours.

Wrong

After a bunch more phone calls to United Healthcare and Raytheon Human Resources I learned that when a spouse leaves the medical plan it reverts from a "family" plan to an "individual" plan and that the deductible must be entirely met by the remaining member even though as a family we had met the deductible 6 months earlier. Senior Human Resources management were helpful but that decision stands.

The Lesson Learned

So the moral is that if you are going onto COBRA and one spouse will be getting off it before the other, check the fine print to see what the impact is. It might not be what you anticipate

When I Die Checklist*John Rudy*

Some years ago a friend suddenly passed away. Both he and his spouse were unprepared for this and they had not recorded the large amount of information needed for her to move ahead with her life. This prodded me to develop a document called "If I Die". I built one for me and for my wife, and though the two are very similar they are not identical. I then removed all the personal data and created a template to share with you. Because of the length of the template I will summarize it here, but the full template is on the ARR web page.

Not everyone will want to go into the detail that I did. Not all sections are applicable to everyone. But the nice thing about having the template is that you can tune it as you wish. What follows are the sections I developed and a few comments regarding the contents. My completed document runs 20 pages!

INDEX:

- 1. Document Storage.** Where is everything stored, with who, phone numbers, etc.
- 2. Funeral arrangements, Obits, and Contact List.** You might want to write (and periodically update) your own obit, determine where it should be placed, and identify the names/addresses of those who should be contacted if you die. This might include both friends and business associates.
- 3. Legal documents.** What do you have, where are they?
- 4. Insurance**
- 5. Our House(s).** Any information about your house that maybe only you know. Who plows snow? Takes care of lawn, etc.
- 6. Timeshare Property**
- 7. Automobile(s)**
- 8. Taxes**
- 9. Pins, Passwords, Account and Telephone Numbers.** Having a protected list of all accounts and passwords is particularly important. Will you want these accounts closed?
- 10. Financials: Bank and Brokerage Accounts**
- 11. Computer and Electronics.** In my house my spouse know little about where I bought things, how I get them repaired, software I run regularly, etc.
- 12. Spouse information.** If a spouse is disabled you might need to record what has to be done if you are not around to take care of things.
- 13. Personal Property.** Any information about valuable personal property that, say, you children might be unaware of.



After retiring from Raytheon in March of 1998, in July of that year Water Hicks formed a sole proprietorship (DBA) called “Paradox Scientific of Acton”, to do research and consulting. He later teamed with Hal Lynde and others for classified work at JHU/APL. Years later, Paradox Scientific of Acton is now a partnership owned by Hal Lynde and Walter Hicks.

If you are a retiree looking for personal consulting opportunities or are industry owners searching for professional help, see our website at <http://paradoxscientific.com/>

**Or Call 603-635-4225
to speak to Walter or Hal**

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Just So You Know . . .

We are looking for regional reporters to provide information on new retirees, retiree activities, events, and unfortunately about the loss of our co-workers and fellow retirees.

We are on the Web
raytheonretirees.org

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Mail–In Membership Application

Last Name:	First Name:
Street 1:	Street 2:
City:	State: Zip:
Email:	
Date of Retirement:	Age at Retirement:
Work Location:	State:
Name of Spouse:	Home Phone:
Comments:	

**Please send completed form and
contribution (\$15 Annual Dues) to:**

**Association of Raytheon Retirees, Inc.
336 Baker Ave.
Concord, MA 01742**

Or

**You can register online at
www.raytheonretirees.org**

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