

**Important Notice from Vanguard  
about Creditable Prescription Drug Coverage and Medicare**

**Please read this notice carefully and keep it with your benefit records.**

The purpose of this notice is to advise you that the prescription drug coverage under The Vanguard Group, Inc. Benefit Plan (the "Plan") is expected to pay out, on average, at least as much as the standard Medicare prescription drug coverage will pay in year 2019. As such, the Plan's prescription drug coverage constitutes "creditable coverage."

**Why is this important?**

This notice is important because it proves that you have creditable coverage. Because our prescription coverage is creditable coverage, you may be protected from having to pay a penalty if you subsequently lose or drop this coverage. This protection applies as long as you do not have a break of 63 days or more between the time creditable coverage under the Plan ends and your Medicare Part D prescription plan coverage begins.

**Notice of Creditable Coverage**

**Please read this notice carefully and keep it where you can find it.** This notice has important information about your current Vanguard medical plan (including prescription drug coverage) and about your options under Medicare's prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan if you become covered by Medicare in 2019. If you are considering joining, you should compare your current coverage, including which drugs are covered at what cost, with the coverage and costs of the plans offering Medicare prescription drug coverage in your area. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

There are two important things you need to know about your current Plan coverage and Medicare's prescription drug coverage:

- Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You can get this coverage if you join a Medicare Prescription Drug Plan or join a Medicare Advantage Plan (like an HMO or PPO) that offers prescription drug coverage. All Medicare drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.
- Vanguard has determined that the prescription drug coverage administered by CVS Caremark is, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays and is therefore considered creditable coverage. Because your existing coverage is creditable coverage, you can keep this coverage and you will not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan.

**When can you join a Medicare drug plan?**

You can join a Medicare drug plan when you first become eligible for Medicare and each year from October 15 through December 7. However, if you lose your current creditable prescription drug coverage, through no fault of your own (for example, you leave employer coverage), you will be eligible for a two-month Special Enrollment Period (SEP) to join a Medicare drug plan.

**What happens to your current coverage if you decide to join a Medicare drug plan?**

If you decide to join a Medicare drug plan, your current Vanguard coverage will not be affected. You may coordinate the Vanguard medical plan (including prescription) with a Medicare prescription drug plan. If you decide to enroll in a Medicare prescription drug plan and drop your Vanguard medical plan (including prescription), be aware that you and your dependents may not be able to get your Vanguard coverage back during the current plan year, unless you have a change in status as described in the Plan. However, provided you remain eligible, you may enroll back in Vanguard's medical plan (including prescription) during the next open enrollment period under the Plan.

**When will you pay a higher premium (penalty) to join a Medicare drug plan?**

You should also know that if you drop or lose your current coverage with Vanguard and do not join a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium (a penalty) to join a Medicare drug plan later.

If you go 63 continuous days or longer without creditable prescription drug coverage, your monthly premium will go up by at least 1% of the Medicare base beneficiary premium per month for every month that you did not have that coverage. For example, if you go 19 months without creditable coverage, your premium may consistently be at least 19% higher than the Medicare base beneficiary premium. You will have to pay this higher premium (a penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the next October to join.

**For more information about this notice**

For more information about this notice or your current prescription drug coverage or to request a copy of this notice, contact Vanguard Crew Central™ by calling Ext. 1CREW or 844-VG1-CREW (844-841-2739). A copy of this notice will also be posted to CrewNet.

Note: You may receive this notice at other times in the future, such as before the next period you can enroll in Medicare prescription drug coverage or if this Vanguard coverage changes.

**For more information about your options under Medicare prescription drug coverage**

More detailed information about Medicare plans that offer prescription drug coverage is contained in the *Medicare & You* handbook. Medicare participants will get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare prescription drug plans. Here are additional resources for information about Medicare prescription drug plans:

- Visit Medicare's website at [www.medicare.gov](http://www.medicare.gov).
- Call your State Health Insurance Assistance Program (see the inside back cover of the *Medicare & You* handbook for their telephone number) for personalized help.
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

If you have limited income and resources, extra help paying for Medicare prescription drug coverage is available. For information about this extra help, visit Social Security on the web at [www.socialsecurity.gov](http://www.socialsecurity.gov), or call 800-772-1213 (TTY 800-325-0778).

**Remember: Keep this Notice of Creditable Coverage.** If you decide to join one of the Medicare drug plans, you may be required to provide a copy of this notice when you join to show whether or not you have maintained creditable coverage and, therefore, whether or not you were required to pay a higher premium (a penalty).

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Name of entity/sender: Vanguard

Contact - Position/Office: Vanguard Crew Central

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