

# SOUTHERN CALIFORNIA PIPE TRADES HEALTH AND WELFARE FUND PENSIONERS & SURVIVING SPOUSES PLAN SUPPLEMENT

TO: All Participants  
FROM: Board of Trustees  
DATE: September 2005  
RE: STEP FIVE (5) of changes in monthly Co-Payments

**PLEASE INSERT THIS PINK COLORED NOTICE BEHIND  
TAB 2 OF YOUR SUMMARY PLAN DESCRIPTION BOOKLET**

Effective January 1, 2006 through December 31, 2006, your monthly co-payments will change according to STEP FIVE of the Pensioners Five Step Plan. The Pensioners Five Step Plan was initiated July 1, 2002. The Five Step Plan will bring the subsidy in line with the target (50%) over the period ending December 31, 2006.

Your payment is based on your pension credits, your age at the time of initial retirement, your current marital status (as reported to us), and anticipated Medicare status. If you are retired under a Disability Pension, we have assumed that you had attained the normal retirement age of 65 when you retired rather than using your actual retirement age.

To determine your new monthly Co-Payment:

(a) Identify your scoring

Your score is determined by adding your age plus your years of pension credit at the time of initial retirement. Examples of how you can count your score:

Example A  
Retirement Age = 65  
Pension Credits = 35  
Total Score = 100

Example B  
Retirement Age = 60  
Pension Credits = 25  
Total Score = 85

(b) Identify your category

| Category | Description   |
|----------|---|
| 1 MM     | Medicare Eligible, No Spouse                        |
| 2 MMSM   | Medicare Eligible, Spouse Medicare Eligible         |
| 3 MMSN   | Medicare Eligible, Spouse NOT Medicare Eligible     |
| 4 MN     | NOT Medicare Eligible, No Spouse                    |
| 5 MNSM   | NOT Medicare Eligible, Spouse Medicare Eligible     |
| 6 MNSN   | NOT Medicare Eligible, Spouse NOT Medicare Eligible |

(c) Use your score and category to determine your new monthly co-payment rate.

**Pensioner Co-Payment Rates Effective 1/1/2006 – 12/31/2006**

| Category    | RANGE CLASS  |              |              |              |              |              |              |
|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|             | A            | B            | C            | D            | E            | F            | G            |
|             | 100 +        | 95-99        | 90 - 94      | 85 - 89      | 80 - 84      | 75 - 79      | < 75         |
| <b>MM</b>   | <b>\$95</b>  | <b>\$95</b>  | <b>\$95</b>  | <b>\$95</b>  | <b>\$109</b> | <b>\$127</b> | <b>\$146</b> |
| <b>MMSM</b> | <b>\$95</b>  | <b>\$95</b>  | <b>\$116</b> | <b>\$142</b> | <b>\$177</b> | <b>\$206</b> | <b>\$238</b> |
| <b>MMSN</b> | <b>\$135</b> | <b>\$189</b> | <b>\$242</b> | <b>\$296</b> | <b>\$370</b> | <b>\$431</b> | <b>\$498</b> |
| <b>MN</b>   | <b>\$240</b> | <b>\$240</b> | <b>\$240</b> | <b>\$258</b> | <b>\$322</b> | <b>\$375</b> | <b>\$433</b> |
| <b>MNSM</b> | <b>\$240</b> | <b>\$240</b> | <b>\$242</b> | <b>\$296</b> | <b>\$370</b> | <b>\$431</b> | <b>\$498</b> |
| <b>MNSN</b> | <b>\$240</b> | <b>\$240</b> | <b>\$282</b> | <b>\$345</b> | <b>\$431</b> | <b>\$501</b> | <b>\$580</b> |

The monthly co-payments for the covered surviving spouses will remain at \$140.00 per month. This amount is subject to increases in the future.

*Except for the rates in the chart above, the details of the pensioners “Five Step Plan” have not changed. Please refer to Supplement #2 dated April 2002 for a complete explanation of the pensioners “Five Step Plan.”*