

SOUTHERN CALIFORNIA PIPE TRADES HEALTH & WELFARE FUND (Active Plan)

SUPPLEMENT No. 10

To: All Participants

From: Board of Trustees

Date: July 2014

Re: Health Reimbursement Arrangement – Election of Additional Contributions

KEEP THIS NOTICE WITH THE SUMMARY PLAN DESCRIPTION BOOK

Effective for Participants with retirement effective dates after July 1, 2014, the Plan is amended as follows:

Upon retirement, which must occur on the first day of a calendar month, a Participant may elect to forfeit his or her Eligibility Bank balance in the Southern California Pipe Trades Health & Welfare Fund (Active Plan) and in exchange have the Fund transfer 50% of the Participant's Eligibility Bank balance (as of the end of the second month prior to the retirement effective date and as further explained below) to the Participant's Health Reimbursement Arrangement (HRA) Allowance. If the Participant elects this forfeiture and transfer option, the Participant's Eligibility Bank will be reduced to \$0.00 and will not be available to extend coverage in the Health & Welfare Fund (Active Plan) after the retirement effective date either to the Participant or any Eligible Dependents. The transferred amount will be available to the Participant and Eligible Dependents in the Participant's HRA Allowance for reimbursement of eligible health care expenses pursuant to all the normal HRA rules.

There are strict rules, required primarily by law and government regulation, on when and how this election can be made. ALL of the following conditions must be satisfied:

1. The election may only be made when the Participant applies to retire, and actually retires, under the terms of the Southern California Pipe Trades Retirement Fund, or the Southern California Pipe Trades Defined Contribution Fund or on a Retirement Declaration form.
2. The election may only be made when the Participant is an employee of a contributing employer. Therefore, a Participant must plan ahead if he or she wants to make this election. If a Participant has not worked for a Contributing Employer during the month prior to the Participant's retirement, the Participant is not eligible to elect the transfer to his or her HRA Allowance. Time spent on a Local Union's 'out-of-work' list or periods of disability do NOT count as work for a Contributing Employer.
3. The election can only be made while the Participant is eligible for benefits in the Health & Welfare Fund (Active Plan), and not pursuant to COBRA or another self-pay program.

4. The election must be made on an application form provided by the Fund Office.
5. If the retiree is eligible to enroll in the Southern California Pipe Trades Pensioners & Surviving Spouses Health Fund, he or she must enroll as of his or her retirement effective date.

For the purpose of this program, the Eligibility Bank balance is the amount in the Eligibility Bank at the end of the second month prior to the retirement effective date. For example, if the retirement effective date is April 1, the Eligibility Bank balance for this purpose is the balance as of February 28, which normally includes hours worked in January, if the employer is not delinquent.

Any contributions received after the Eligibility Bank balance is determined (e.g., for the Participant's final or next to last work month, or delinquent contributions paid to the Fund late) will remain in the Fund and will neither provide additional months of eligibility nor be included in the HRA.

The current monthly charge-off for coverage is \$525.00, so that the maximum six-month Eligibility Bank balance is \$3,150.00, and the maximum HRA contribution under this program is \$1,575.00 (Some Participants who were eligible in the Plan before September 1, 2002 may accumulate an Eligibility Bank that provides up to 12 months of coverage, in which case the HRA contribution under this program will exceed \$1,575.00 accordingly.)

If a retiree returns to Covered Employment and establishes a new Eligibility Bank, the retiree-Participant is entitled to a new 50% election at the time he or she re-retires, subject to the above rules.

Example 1

The Participant's retirement effective date is April 1, 2015, all of the above requirements have been met, and his or her Active Eligibility Bank balance as of February 28 (for contributions received through work month of January) is \$3,150.00, thereby providing coverage for March through August, 2015. The Fund will transfer 50% of the Participant's Eligibility Bank, or \$1,575.00, to the Participant's HRA Allowance, and his or her Active eligibility will end on March 31, 2015. Any contributions received for work in February or March will be retained by the Fund.

Example 2

Same facts as Example 1, however, because the employer has failed to make January contributions timely, the Eligibility Bank balance on February 28 is only \$2,625.00, thereby providing coverage for March through July 2015. The Fund will transfer 50% of the Eligibility Bank Balance, or \$1,312.50, to the Participant's HRA Allowance. Even if the employer later pays January contributions, the Fund will retain 100% of the January contributions. Any contributions received for work in February or March will also be retained by the Fund.