

SOUTHERN CALIFORNIA PIPE TRADES HEALTH & WELFARE FUND

(Active Plan)

SUPPLEMENT No. 7

To: All Participants

From: Board of Trustees

Date: November 2013

Re: Health Reimbursement Arrangement (HRA)
Forfeiture of Contributions Made Before Establishing or Re-Establishing Eligibility and
Addition of an Opt-Out Feature

**PLEASE KEEP THIS NOTICE WITH THE
SUMMARY PLAN DESCRIPTION BOOK**

Effective January 1, 2014, the Plan is amended as follows:

Forfeiture of HRA Contributions Made Before Establishing or Re-Establishing Eligibility

Whether an employee is working to establish initial eligibility in the Plan or to re-establish eligibility in the Plan, the employee will not have access to HRA contributions made on his/her behalf while he/she is working to establish or re-establish eligibility in the Plan. All such contributions will be forfeited. Once the employee establishes or re-establishes eligibility in the Plan and becomes a Participant in the Plan, HRA contributions made on the employee's behalf while he/she is a Participant will be deposited in the employee's HRA Allowance and the employee will have access to these contributions only.

Upon the loss of eligibility, an individual with an HRA Allowance continues to have access to contributions made to his/her HRA Allowance while he/she was eligible in the Plan, but not to any new contributions which are made while the employee is working to regain eligibility.

This change is being made because otherwise, under the Patient Protection and Affordable Care Act, the Fund's HRA could not have continued.

HRA Opt-Out Feature

A Participant with an HRA Allowance (including individuals who are no longer eligible to participate in the Plan) may choose to opt out of the HRA and waive reimbursement from the HRA. This opt out feature is permanent—once elected, the Participant forever waives his/her right to access the money in his/her HRA Allowance and any money remaining in his/her HRA Allowance is forfeited. (It is possible, however, to establish a new HRA Allowance at a later date; for example, if the individual is reemployed under a collective bargaining agreement and new contributions are made toward a new HRA Allowance.)

A Participant who loses coverage under the Health & Welfare Fund may want to opt out of the HRA in order to qualify for the federal government health insurance premium and cost sharing assistance through the Health Marketplace exchanges established by the Patient Protection and Affordable Care Act.

Participants will be eligible to opt out of the HRA in December of each year and upon termination of employment and loss of coverage under the Southern California Health & Welfare Plan. Remember that once a participant opts out the Participant will forever forfeit his/her existing HRA Allowance, but may later re-establish a new HRA Allowance through future covered employment.