IRON WORKERS'
Tri-State Welfare Fund

Pre-Funded Retiree Allowance Brochure

2015

Introduction

Retiree healthcare coverage is a major concern and expense for retirees. The importance of these benefits is reinforced through continuous media coverage. In fact, retiree healthcare costs are increasing so rapidly that many corporate employers are choosing to drop retiree healthcare coverage altogether because it is too expensive. The Board of Trustees of the Iron Workers' Tri-State Welfare Fund is pleased to continue providing retiree coverage through three programs—the Pre-Funded Retiree Allowance program, a Pre-Medicare Retiree Plan of Benefits, and a Medicare Advantage program.

This brochure explains the Pre-Funded Retiree Allowance program provisions as of January 1, 2015. This program rewards long-service participants with a Retiree Allowance that helps you to pay for retiree welfare coverage.

Here is what is inside this brochure:

If You are Considering Retiring, Contact the Fund Office at 1-866-463-9418.

Eligibility

You are eligible for the Retiree Allowance if, at the time you retire, you are eligible for the Pre-Medicare Retiree Plan of Benefits or a Medicare Advantage plan and:

- You are at least age 62 and have at least 40 Quarters of Service; or
- You are at least age 52 and have at least 60 Quarters of Service; or
- You are totally and permanently disabled and have at least 60 Quarters of Service.

All of your years of service will count toward your eligibility for the Retiree Allowance only if you were active on and earned at least one Quarter of Service based on employer contributions after:

- January 1, 2004 if you were a member of Local 444; or
- January 1, 2005 if you were a member of Local 465; or
- January 1, 1999 if you were a member of any other participating Local.

If you were not an active participant based on Employer contributions on the date shown above that applies to you, only the Quarters of Service you earn after that date will be counted toward the calculation of your Retiree Allowance, provided you reestablish active eligibility after that date.

For example:

Tom, a Local 444 participant, lost his eligibility after earning 5 years (20 quarters) of service and was not active on January 1, 2004. He came back to work for 8 years (32 quarters) of service after January 1, 2004 and then retired at age 63. Since Tom retired with 13 years (52 quarters) of service, he would be eligible for the Retiree Allowance. However, only 8 years (32 quarters) of service will be used to calculate the amount of his Retiree Allowance.

In addition, you must be eligible for the Retiree Plan of Benefits as described below or be eligible for Medicare and self-pay for a Medicare Advantage plan.

Subject to payment of the required self-payment, you are eligible if:

- You are a Retired Employee;
- You are at least age 52;

You earn a Quarter of Service for each calendar quarter in which the Iron Workers Tri-State Welfare Fund receives contributions on your behalf (Contribution Hours) for 250 or more hours of work in covered employment.

- You do not have enough hours left in your Reserve Accumulation Account to pay for a quarter of coverage (any excess Reserve Accumulation Account hours will be forfeited);
- You are receiving retirement benefits from the Iron Workers Tri-State Welfare Plan or the Iron Workers Local 380 Retirement & Severance Plan;
- Before retiring, you were eligible for benefits based on Contribution Hours under this Plan for some part of each of the last 10 calendar years; and
- For the quarter immediately prior to retiring, you were eligible for benefits under this Plan based on any combination of the following: Contribution Hours, Reserve Accumulation Account hours, and self-payments. If you retire **on or after January 1, 2014, but before August 1, 2015,** you will still be eligible for the Pre-Funded Allowance if you are available for work during that Benefit Quarter, even if you are not eligible for coverage in the Benefit Quarter immediately prior to retirement. In addition, if you have had health coverage elsewhere continuously since you lost coverage under the Fund until your retirement, you will still be eligible for the Pre-Funded Allowance.

Pre-Funded Retiree Options

When you submit your application for pension benefits, if you are eligible, you will have the opportunity to elect to self-pay for active coverage, COBRA coverage, or retiree coverage (under the Retiree Plan of Benefits or the Medicare Advantage program). The Retiree Allowance is only available if you elect retiree coverage under the Pre-Medicare Retiree Plan of Benefits or a Medicare Advantage plan.

If you retire and meet the eligibility requirements for the Pre-Funded Retiree Allowance, you may choose from one of three options to determine the amount of your Retiree Allowance and when your Retiree Allowance begins and ends. You must elect an option at the time you retire. The three options are:

Option 1. You receive a quarterly subsidy for each year of service (up to 30 years or 120 quarters) toward the cost of your retiree coverage *until you reach age 65* and then the Retiree Allowance ends.

Option 2. You receive a quarterly subsidy for each year of service (up to 30 years or 120 quarters) toward the cost of your retiree coverage *after age 65* but not before age 65.

Option 3. You receive a quarterly subsidy for each year of service (up to 30 years or 120 quarters) toward the cost of your retiree coverage throughout your retirement, *before and after age 65.* In this case, the amount of the subsidy will be different before and after Medicare.

You must also elect who will be covered under the Plan; levels of coverage available under each option vary. The coverages that are available are indicated in the table below by a ✔ under the option heading.

Coverage	Option 1	Option 2	Option 3
Non-Medicare Single	✔		✔
Non-Medicare Family	✔		✔
Disability Medicare/Non-Medicare Family (at least one Medicare disabled and one non-Medicare individual)	✔	✔	✔
Medicare/Non-Medicare Family (at least one age 65 or over and one non-Medicare individual)	✔	✔	✔
Medicare Single		✔	✔
Medicare Family		✔	✔

Once you elect an option and a coverage level, the amount of the Retiree Allowance depends entirely on the number of years of service you have at retirement. Remember, not all your years of service may be counted (see page 1). If you have at least 30 years of service, you receive the highest quarterly Retiree Allowance. The accrual rates per year of service are based on the option and coverage level you select. The table of accrual rates is shown on the insert in the back pocket of this brochure. These rates will change in the future.

Your spouse and family, if eligible, can continue coverage with the Plan once you retire, but will need to pay for coverage. If you elect Option 2 (over 65 only), then the subsidy will only include you and your over 65 spouse. However, there are alternatives.

Retiree's Spouse under Age 65

If you retire and elect the post-65 only Allowance option (Option 2), and your spouse is under age 65, your spouse can receive a pre-65 Allowance for up to five years. If your spouse is more than five years your junior, your spouse would receive the Allowance for up to five years and then would have to pay the full cost of his/her coverage until he/she turned 65. At that point, your spouse would receive the post-65 Allowance. Alternatively, your spouse could enroll for coverage elsewhere (see the explanation of opt out in the next section) until he or she turned 65, then he/she could return to the Plan and receive the post-65 Allowance.

Examples:

Joe is retiring on January 1, 2015 at age 65, with 20 years of service, and has elected the post-65 only option (Option 2). Joe's wife Debbie is only age 57 but wants to continue coverage under the Plan. Joe's Medicare coverage is about $900 quarterly and, until Debbie turns age 65 (10/5/2023), she will continue coverage in the non-Medicare plan, which costs about $2,300 per quarter. The table below estimates (assuming the costs do not change in the future) the costs until Debbie turns 65 and begins to receive Medicare coverage.

			Example Quarterly Amounts		
Starting	Joe's Age	Debbie's Age	Total Cost of Coverage	Allowance (Joe & Debbie Save)	Cost to Joe & Debbie
January 1, 2015	65	57	$3,200	$2,130	$1,070
October 1, 2023 (Debbie turns 65)	72	65	$1,800	$1,212	$588

Opt Out Choice for Retiree's Spouse

Your spouse can choose to opt out of coverage in this Plan and come back later, if you and your spouse meet these conditions:

- You retire on or after June 1, 2013;
- You elect the post-65 only Allowance option (Option 2); and
- Your spouse is under age 65, but has coverage under another plan.

If you and your spouse meet these conditions, your spouse can continue the other coverage and come back to this Plan when the other coverage ends or when he/she turns 65 and can benefit from the Allowance.

If your spouse returns before age 65, he or she will be eligible for a pre-65 Allowance for up to 5 years as described in the previous section. To come back to this Plan, your spouse must provide proof of continuous group coverage from the time he or she opts out of this Plan to the time he/she wants coverage under this Plan again.

Calculating Your Quarterly Self-Pay Rates

When you submit your application for pension benefits, if eligible, you will have the opportunity to elect:

- Active self-pay coverage;
- COBRA coverage; or
- Retiree coverage under the Pre-Medicare Retiree Plan of Benefits (for eligible individuals who are not entitled to Medicare) or the Medicare Advantage program (for individuals who are entitled to Medicare).

You must make self-payments for coverage under any of these options. Remember that the Retiree Allowance applies only to the Pre-Medicare Retiree Plan of Benefits and the Medicare Advantage program. Under the Pre-Funded Retiree Allowance Program, you must also elect who will be covered under the Plan. Coverage under the Medicare Advantage program is only available to individuals who are eligible for Medicare. Covered family members who are not eligible for Medicare will be covered under the Pre-Medicare Retiree Plan of Benefits. Therefore, you may need to cover your family with a combination of the Pre-Medicare Retiree Plan of Benefits and the Medicare Advantage program for part of your retirement.

The Medicare quarterly self-pay rates shown in the Pre-Funded Allowance Schedule for your Local apply to the Medicare program sponsored by the Fund only.

Determining Your Retiree Allowance

Your quarterly Retiree Allowance is calculated by multiplying the quarterly accrual rate for the option and coverage level you elect by your quarters of service, up to a maximum of 30 years (120 quarters). The quarterly accrual rates are listed in the table in the Pre-Funded Allowance Schedule for your Local.

Determining Your Quarterly Self-Pay Amount

The quarterly premium is the amount you would have to pay quarterly to have coverage for the family members you elect to cover if you did not have the Retiree Allowance. Your actual self-pay amount is the quarterly premium minus the quarterly Retiree Allowance. In no event will the Retiree Allowance be more than the total quarterly premium.

To determine the amount you would have to pay quarterly, find the quarterly premium that would provide coverage for the option and all the family members you would like to cover in the table in the Pre-Funded Allowance Schedule for your Local. Then, subtract the amount of your quarterly Retiree Allowance from the quarterly premium. The result is the self-pay amount you will have to pay every quarter (three months). The quarterly premiums will change over time. Call the Fund Office for the most recent rates.

Medicare Advantage Plans

You may choose one of the Medicare Advantage Plans sponsored by the Plan (currently through AmWINS). The Retiree Allowance will be automatically used toward your premium.

If you have automatic payments deducted from your pension check, your premiums will be deducted on a monthly basis.

When the Retiree Allowance Ends

Depending on the Retiree Allowance option you elect, the Retiree Allowance will stop at different times for you and your dependents. Under Option 1, your coverage ends when you reach age 65 or die. Under Options 2 or 3, your coverage ends when you die. Your dependents' coverage may continue as stated in this section.

If You Elect Option 1

If you elect Retiree Allowance Option 1, your Allowance will stop when you reach age 65, but your dependents' coverage may continue in the same amount for up to five years. If your spouse reaches age 65 before the end of the five-year period, coverage will end for your spouse. Coverage for dependent children will end on the earlier of the date after five years of coverage, or the date when they no longer meet the Plan's definition of a dependent.

You and your spouse may continue coverage under the Fund-sponsored Medicare program by making self-payments with no Retiree Allowance.

In the Event of Your Death

In the event of your death while your spouse and/or other dependents are eligible for coverage, your Retiree Allowance, for the same amount, will continue to your spouse and/or dependents for up to five years (provided your dependents are covered under the Plan at your death). Once your spouse reaches age 65, the Retiree Allowance will end; however, your spouse may elect coverage in a Medicare Advantage program. Coverage for your dependent children will end on the earlier of the date after five years of coverage, or the date when they no longer meet the Plan's definition of a dependent.

If you were retired due to a total disability, your dependents will receive the Retiree Allowance, adjusted for your age at your death, until you would have reached age 65 had you lived or until your dependents no longer meet the Plan's definition of a dependent.

If you elected Option 2, but died before reaching age 65, your dependents would begin receiving the Retiree Allowance, beginning the month following your death as described in the first paragraph of this section.

Suspension of the Retiree Allowance

The Retiree Allowance will be suspended for any month in which you work 80 hours or more in Disqualifying Employment. Disqualifying Employment is employment or self-employment that is not covered under a collective bargaining agreement but is in:

- The industry covered by the Plan when you retired;
- The geographic area covered by the Plan when you retired; and
- Any occupation in which you worked while covered under the Welfare Plan at any time, or any occupation covered by the Welfare Plan at the time you retired.

The Retiree Allowance will resume when you work less than 80 hours a month in Disqualifying Employment.

If You Have Questions

If you have any questions about the Pre-Funded Retiree Allowance Program or retiree coverage, please call the Fund Office at 1-866-463-9418.

Iron Workers Tri-State Welfare Fund

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This brochure provides only highlights of the Iron Workers Tri-State Welfare Plan and is only a part of the summary plan description. The actual Plan provisions may be found in the Plan's legal document. In the event of a conflict between the wording in this brochure and the legal document, the legal document will govern.

The Trustees have sole discretion in deciding all questions of eligibility, benefit payments, and any Plan provisions. The Trustees reserve the right to amend, modify, or discontinue all or part of the Plan whenever, in their sole judgment, conditions so warrant.

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