



Health Professionals and Allied Employees, AFT/AFL-CIO
RETIREE MEDICAL TRUST

140 Sylvan Avenue – Suite 303
Englewood Cliffs, NJ 07632

NOTICE OF PLAN AMENDMENTS

TO: Plan Participants; Health Professionals and Allied Employees, AFT/AFL-CIO (“HPAE”), Retiree Medical Trust

FROM: Board of Trustees, HPAE Retiree Medical Trust

RE: Transfer of Sick and/or Vacation Leave into the Plan; and Benefits to Per Diems No Longer Available (until retirement)

DATE: July 30, 2015

We are notifying you of two important changes to the HPAE Retiree Medical Trust rules. Please keep this with the brochure that contains the Summary Plan Description and Plan document for the HPAE Retiree Medical Trust.

- 1) **Benefit to Per Diems No Longer Available.** The HPAE Retiree Medical Trust plan has had a provision which allowed a participant to access their medical reimbursement benefits while they were working for a participating employer on a per diem basis. In other words, a full-time or part-time employee – if otherwise eligible – could switch to per diem status prior to retirement and still access benefits from the Trust.

However, due to part of the changes imposed by the Affordable Care Act, the Trust can no longer offer benefits to per diem employees who are working for an employer that participates in the Trust. The Trust can only pay benefits after a per diem employee leaves employment with a participating employer, whether due to retirement or to take a job with another employer, i.e., no more work for a participating employer (not even per diem work). (See Plan Amendment No. 9, posted on the HPAE website.)

- 2) **Employees can Transfer Sick/Vacation Leave Tax-Free into the Trust.** The HPAE Retiree Medical Trust will accept transfers of sick and/or vacation leave into the Trust, to increase the members’ benefits from the Trust after retirement. This feature has been in effect for some time, but the Trustees recently amended the Plan (Amendment No. 8 to the Plan, posted on the HPAE website) to encourage employees to take advantage of this option. This means that instead of getting taxed on your sick leave cash out, the entire amount (or part of it) can be transferred into the Trust without getting taxed, for use after retirement for retiree medical expenses. There are certain conditions:

- The transfer must be negotiated in your bargaining agreement. Your HPAE Local needs to negotiate this leave transfer into the Trust in the collective bargaining agreement.
- The amount of transfer of sick and/or vacation leave must be uniform for all members of bargaining unit who are eligible to participate in the Trust. The transfer must apply to all eligible members, and the amount that is transferred must be a uniform amount (flat dollar amount or percentage); there cannot be individual election. E.g., the amount should be 50% of sick leave, 100% of sick leave, etc., for all eligible members.

The Trust Office will credit this transfer of sick leave to an Employee Account (which is a recordkeeping account, not an actual bank account). The participant can file claims against this amount for reimbursement of medical expenses after retirement, according to Plan rules.

Alternatively, each Local could decide, as a group in bargaining, to convert the transferred amount to "Active Service Units" in the Plan; this choice would increase the lifetime monthly benefit that the participants will receive upon reaching eligibility for benefits during retirement.

If you would like to receive hard copies of Amendments Nos. 8 and 9, or if you have any questions, don't hesitate to call Tara Carter at (201) 947-8000.

NOTE: This Notice has been designed to explain certain provisions in the Medical Expense Reimbursement Plan (the "Plan"), but it does not provide all the details and limitations of the Plan. Exact specifications are provided in the "Medical Expense Reimbursement Plan of the Health Professionals and Allied Employees, AFT/AFL-CIO Retiree Medical Trust," effective August 1, 2014, and as amended thereafter, which will prevail in case of conflict with this Notice.