FAQ About Your Annual Participant Statement

Dear ***SAMPLE STATEMENT****

You are a participant in the HPAE Retiree Medical Trust (the "Trust"), which funds the Medical Expense Reimbursement Plan. The Health Professionals and Allied Employees AFT/AFL-CIO established the Trust to provide financial support for participating HPAE members for out-of-pocket medical costs (premiums, deductibles, co-pays, eyeglasses, etc.) during retirement.

The following information advises you of the total contributions made on your behalf (either by you and/or an employer), the number of Years of Active Service that you have earned, and your participant status. All information is as of Dec. 31, 2015.

Date Contributions Began: 8/1/2007
Total Amount of Contributions as of 12/31/15: $3,073.20
Years of Active Service as of 12/31/15: 8.00
Status as of 12/31/15: Active

As a participant in the HPAE Retiree Medical Trust, you have recently received an **Annual Participant Statement**[1] which advises you of total contributions made on your behalf (either by you and/or an employer), the number of Years of Active Service that you have earned, and your participant status. All information is as of December 31, 2015.

Here are some frequently asked questions (FAQ) about the Participant Information Statement:

[1] The Annual Participant Statement provides you information about your benefits in the Trust, but it does not provide you with the details and limitations of your benefit plan. Exact specifications are provided in the formal document entitled "Health Professionals and Allied Employees Retiree Medical Trust Summary Plan Description and Medical Expense Reimbursement Plan" (Issue Date: August 2014), and as subsequently amended, which will prevail in case of conflict with this Statement.

How are "Years of Active Service" calculated?

You earn 1 year of active service if you have, for any calendar year, at least 850 contributory hours in the Trust – i.e. there are 850 hours of work (or hours for which you "self-pay" into the fund during a layoff or a leave of absence) for which contributions are made on your behalf.

For example, if your Participant Information Statement indicates that you have 6 years of active service, this means that you have 6 calendar years for which you have had at least 850 contributory hours in the Trust.

Does the number of "Years of Active Service" affect benefits under the plan?

Yes. The number of "Years of Active Service" determines whether you are a "Limited Beneficiary" or a "Regular Beneficiary".

What is the difference between a "Limited Beneficiary" and a "Regular Beneficiary"?

A Limited Beneficiary has less than 5 Years of Active Service when she/he leaves employment with a participating employer. The money contributed to the Trust is held in an individual Employee Account, to be used for reimbursement of medical costs. As bills are submitted to the Trust office and reimbursements paid out, the money in the Employee Account is reduced until there is no money left and thus no more benefits available under the plan.

A Regular Beneficiary has 5 or more Years of Active Service when she/he leaves employment with a participating employer. A regular beneficiary is entitled to a monthly reimbursement benefit for life.

How is the monthly benefit level for a Regular Beneficiary determined?

When a Regular Beneficiary has reached the eligibility age for the benefit (age of 55) and has stopped working for a participating employer, their monthly benefit level can be determined by using the following formula which is currently in effect:

Total $ contributions x .014[2]

[2] This is a simplified version of the actual formula currently in effect. To calculate a monthly benefit, an employee's contributions to the Trust are first converted to "Active Service Units" (ASUs). 1 ASU is equal to every $5.00 in contributions. Then, the amount of ASUs is multiplied by a "Unit Multiplier", which is determined by the Trustees, based on advice from the Trust's actuarial advisors. The current Unit Multiplier is $0.07.
For example, assume an employee contributes $.20/hour for 2000 hours each year for 10 years. She/he will have contributed $4000 to the Trust and earned **800** ($4000 / 5) **ASUs** in ten years. The amount of ASUs is then multiplied by the "Unit Multiplier" of **$.07**. For this Regular Beneficiary, the monthly benefit would be 800 ASUs x $.07 = **$56/month**.

For example, if a Regular Beneficiary has $6200 in total contributions, then her/his monthly benefit level will be $86.80 per month ($6200 x .014).

The formula is determined by the Trustees and is reviewed by the Trustees on a regular basis to make sure that the benefit levels are appropriate given the financial and demographic conditions of the Trust.

What if a Regular Beneficiary does not use all of the reimbursement benefit they're entitled to in one month?

The reimbursement benefit is "rolled over" to the next month. There is no "use it or lose it" for the monthly reimbursement benefit.

For example, if a Regular Beneficiary has a $100 a month reimbursement benefit and does not use any reimbursement benefits for one year, she/he will have $1200 in "rolled over" reimbursement benefits at the start of the next year ($100 x 12 months) and will have another $100 in new monthly reimbursement benefits going forward.

What if a Regular Beneficiary has a claim for a covered expense which is larger than her/his monthly reimbursement benefit?

The Trust will pay the maximum monthly benefit to the Regular Beneficiary each month until the Regular Beneficiary receives full reimbursement for the cost of the covered expenses. For example, if a Regular Beneficiary has a monthly benefit level of $100 and submits a claim for covered expenses for $300, the Trust will reimburse the Regular Beneficiary $100 in one month, $100 the next month, and $100 the third month.

Can someone who is in "active" status – i.e. who is working for a participating employer and having contributions made on their behalf to the Trust – collect benefits as Limited Beneficiary or Regular Beneficiary?

No. To collect benefits either as a Limited Beneficiary or a Regular Beneficiary, you must no longer be working for a participating employer. You must have "inactive" status to collect benefits.

Are there age eligibility requirements to start getting reimbursements either as a Limited Beneficiary or Regular Beneficiary?

Yes.

For a Limited Beneficiary, the employee must:

1) Be between the ages of 40 and 55, and the Plan hasn't received contributions on her/his behalf for 24 consecutive months; or

2) Have attained the age of 55; or
3) Have received a Social Security determination of disability (at any age).

For a Regular Beneficiary, the employee must have attained the age of 55.