



HPAE Retiree Medical Trust

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NOTICE TO PARTICIPANTS: SUMMARY OF MATERIAL MODIFICATIONS

TO: All Participants in the Medical Expense Reimbursement Plan of the Health Professionals and Allied Employees, AFT/AFL-CIO Retiree Medical Trust

FROM: Board of Trustees, Health Professionals and Allied Employees, AFT/AFL-CIO Retiree Medical Trust

RE: Increase in Unit Multiplier and Use of Lump Sum Benefit for Certain Beneficiaries

DATE: May 2022

This Summary of Material Modifications contains important information about your rights and benefits under the Medical Expense Reimbursement Plan (“Plan”) of the Health Professionals and Allied Employees, AFT/AFL-CIO Retiree Medical Trust (“Trust”). Please file it with your important documents.

A. Benefit Increase through Adjustment of “Unit Multiplier.” The Board of Trustees recently approved an increase in the Unit Multiplier for claims received on or after July 1, 2022. An increase in the Unit Multiplier results in a benefit increase for all Regular Beneficiaries.

- On January 24, 2022, the Board of Trustees discussed the results of a study of the Trust’s financial health and projected earnings from a professional actuary. As a result of these discussions and a review of the actuary’s report, the Board of Trustees decided to raise the Unit Multiplier of the Plan (used to calculate monthly benefit levels) from \$0.07 to \$0.075 for all claims received by the Trust Office on or after July 1, 2022. This raise will be automatically included in your benefit payments starting in July; you do not have to submit anything further. The change in the Unit Multiplier will result in a 7.14% increase in monthly reimbursement benefits.
- The Board of Trustees hopes to be able to raise the Unit Multiplier again in the future, but the Trustees cannot promise to do so. The Trustees reserve the right to increase or decrease the Unit Multiplier for current and/or future retirees at any time.

B. Use of Employee Account Benefit for Certain Beneficiaries. This is not a change to your benefit. It is a reminder that the following categories of Beneficiaries are entitled to use up their benefit from an Employee Account, rather than get a flat monthly benefit (to the extent they have Covered Expenses):

- (1) Limited Beneficiaries, and
- (2) Regular Beneficiaries with an Employee Account Balance of less than \$5,000 that elect to decline the monthly lifetime benefit in favor of the Employee Account benefit (“Regular Beneficiary With Low Benefit”).

If you are eligible for this Employee Account benefit, you will not receive monthly lifetime benefits. Rather, you will be entitled to reimbursement of Covered Expenses to the extent of the balance in your Employee Account. You are not limited to a monthly amount, and the entire balance can all be used at once, so long as all claims are for reimbursement of Covered Expenses and the balance in the Employee Account can cover the claims.

C. Your New Monthly Benefit Level. You will be able to view your new Monthly Benefit Level online after July 1, 2022. Please refer to the SPD, Appendix B: Examples of Benefit Level Calculation (available on <https://edge.zenith-american.com/>) for examples of how to calculate the Monthly Benefit Level. But, when using Appendix B of the SPD to calculate your Monthly Benefit Level, please use the new Unit Multiplier of \$0.075 in place of the previous Unit Multiplier of \$0.07. Also, there is one example below:

Example – 10 years in Trust: Employee Jones works 2,000 hours per year (approximately 38.5 hours a week) for four years and his Local has a contribution rate of \$0.20/hour worked. The Local increases the contribution rate to \$0.25/hour worked, and Jones works 2,000 hours per year for six more years and then retires. The monthly amount available to Jones for medical expense reimbursement will be calculated as follows:

Step 1: Convert hourly contributions to Active Service Units (ASUs)

\$0.20/hour = 1/25 Active Service Unit/Hour

\$0.25/hour = 1/20 Active Service Unit/Hour

Step 2: Find total number of Active Service Units (ASUs) earned

1/25 ASU/hour x 2,000 hours/year x 4 years = 320 ASUs

1/20 ASU/hour x 2,000 hours/year x 6 years = 600 ASUs

Total = 920 Active Service Units

Step 3: Multiply number Active Service Units by Unit Multiplier:

Monthly Benefit Level up to June 30, 2022: 920 x \$0.070 = \$64.40

Annual Benefit: \$772.80

Monthly Benefit Level beginning July 1, 2022: 920 x \$0.075 = \$69.00

Annual Benefit: \$828.00

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If you have any questions about this Notice or would like a copy of the Summary Plan Description, or the full Plan, please contact the Trust Office at phone: (201) 947-8000.

Please keep this Summary of Material Modifications with your Summary Plan Description for future reference.

NOTE: This Summary of Material Modifications, as required by the Employee Retirement Income Security Act of 1974, as amended (ERISA), is designed to explain recent changes made to the Medical Expense Reimbursement Plan. However, 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, "restated effective July 1, 2019, and as amended thereafter, which will prevail in case of conflict with this Notice. Please keep this Notice with your Summary Plan Description, as an update to that document.