



**CLARIFICATION OF THE NOVEMBER 11, 2016
 SUMMARY OF MATERIAL MODIFICATIONS
 TO THE 401(h) RETIREE MEDICAL PLAN**

Date: January 20, 2017

From: The Board of Trustees of the Teamsters Local 639-Employers Pension Trust Fund

Subject: Notice of Plan Changes

Dear Participant:

This Notice clarifies the contribution rate provisions of the November 11, 2016 Summary of Material Modification announcing changes in the 401(h) Retiree Medical Plan. Please read this carefully and keep it in a safe place.

401(h) RETIREE MEDICAL PLAN CHANGES

Effective January 1, 2017, the monthly contribution rates for Non-Medicare Coverage will be determined each year to reflect the percentages of the cost of the 401(h) Plan's Non-Medicare Coverage set forth in the tables below. Effective January 1, 2017, the monthly contribution rates for Medicare Supplemental Coverage will be determined each year to reflect 100% of the cost of Medicare Supplemental Coverage (with the exception of the rates specified below for calendar year 2017).

1. If the Retiree Retired On Or After March 1, 2008 , Retiree/Spouse Contribution Rates Are As Follows:

- A. Retirees and/or Spouses eligible for Non-Medicare Coverage must pay the applicable contribution rate set out in the following Table 1A:

TABLE 1A

Retiree's Entry Age in Plan	Cost % of the Plan's Coverage	2017 Monthly Per Person Contribution Rate
Entry age 55 or less	60%	\$662/Month
Entry age 56 but less than age 57	56%	\$618/Month
Entry age 57 but less than age 58	52%	\$573/Month
Entry age 58 but less than age 59	48%	\$529/Month
Entry age 59 but less than age 60	44%	\$485/Month
Entry age 60 or greater	40%	\$441/Month

- B. Retirees and/or Spouses eligible for Medicare Supplemental Coverage must pay \$165 per person per month for calendar year 2017.
- C. If the Retiree is eligible for Non-Medicare Coverage, and his/her Spouse is eligible for Medicare Supplemental Coverage, the Retiree must pay the applicable contribution rate set out in Table 1A above and the Spouse must pay the \$165 contribution rate set out in 1B above.
- D. If the Spouse is eligible for Non-Medicare Coverage, and the Retiree is eligible for Medicare Supplemental Coverage, the Spouse must pay the applicable contribution rate set out in Table 1A above and the Retiree must pay the \$165 contribution rate set out in 1B above.

2. **If the Retiree Retired Before March 1, 2008, Retiree/Spouse Contribution Rates Are As Follows:**

- A. Single Retirees or Surviving Spouses eligible for Non-Medicare Coverage must pay the applicable contribution rate set out in Table 1A above; subject to a 20% pension benefit contribution rate cap; but provided, however, that the applicable rate shall not be lower than the rate he/she paid in December 2016.
- B. Single Retirees or Surviving Spouses eligible for Medicare Supplemental Coverage must pay \$165 per person per month for calendar year 2017, subject to a 10% pension benefit contribution rate cap; but provided, however, that the applicable rate shall not be lower than the rate he/she paid in December 2016.
- C. Married Retirees and Spouses who are both eligible for Non-Medicare Coverage must pay the applicable contribution rate per person set out in Table 1A above; subject to a 10% pension benefit contribution rate cap per person; but provided, however, that the applicable rate shall not be lower than the rate he/she paid in December 2016.
- D. Married Retirees and Spouses who are both eligible for Medicare Coverage must pay \$165 per person per month for calendar year 2017, subject to a 10% pension benefit contribution rate cap per person; but provided, however, that the applicable rate shall not be lower than the rate he/she paid in December 2016.
- E. Married Retirees who are eligible for Non-Medicare Coverage and their Spouses who are eligible for Medicare Supplemental Coverage must pay as follows:

The Retiree must pay the applicable contribution rate set out in Table 1A above; subject to a 10% pension benefit contribution rate cap; but provided, however, that the applicable rate shall not be lower than the rate he/she paid in December 2016.

The Spouse must pay \$165 per month for calendar year 2017, subject to a 10% pension benefit contribution rate cap; provided that that the applicable rate shall not be lower than the rate he/she paid in December 2016.

- F. Married Retirees who are eligible for Medicare Supplemental Coverage and their Spouses who are eligible for Non-Medicare Coverage must pay as follows:

The Retiree must pay \$165 per person per month for calendar year 2017, subject to a 10% pension benefit contribution rate cap; but provided, however, that that the applicable rate shall not be lower than the rate he/she paid in December 2016.

The Spouse must pay the applicable contribution rate set out in Table 1A above; subject to a 10% pension benefit contribution rate cap; but provided, however, that the applicable rate shall not be lower than the rate he/she paid in December 2016.

3. **Contribution Rate Caps:**

The following rules apply if a contribution rate cap is applicable as indicated above:

- A. The cap on contribution rates is based on the Retiree's monthly pension benefit as of his or her retirement date, adjusted for any subsequent increases adopted by the Trustees, payable in the form of a straight life annuity.
- B. The rate cap applies separately to the Retiree and the Spouse.
- C. The rate cap does not apply to any person receiving a Partial Pension under the Plan.
- D. As noted above, the contribution rate for 2017, after applying the rate cap, shall not be lower than the rate the Retiree or Spouse paid in December 2016.

All contribution rates listed above apply only for the 2017 Plan Year and do not apply for any future Plan Years. Increases or decreases in the Retiree and Spouse contribution rates for future Plan Years will be determined by the Trustees annually and in advance of January 1 effective dates.

The Trustees continue to reserve the right to amend, modify, or terminate the 401(h) Plan and any or all benefits provided thereunder.

Sincerely,
The Board of Trustees