

TEAMSTERS LOCAL 639 – EMPLOYERS PENSION FUND
401(h) RETIREE MEDICAL PLAN
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**SUMMARY OF MATERIAL MODIFICATIONS
TO THE 401(h) RETIREE MEDICAL PLAN**

Date: November 10, 2017

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

Subject: Notice of Plan Changes

Dear Participant:

This Summary of Material Modifications announces changes in the monthly contribution rates for the 401(h) Retiree Medical Plan, effective January 1, 2018.

We are very pleased to announce that the uncapped non-Medicare rates for 401(h) Plan coverage will drop by 5% for calendar year 2018, as discussed below.

Please read this document carefully and keep it in a safe place.

401(h) RETIREE MEDICAL PLAN CHANGES EFFECTIVE JANUARY 1, 2018

Each year, the Board of Trustees sets the monthly contribution rates retirees and spouses must pay in order to receive 401(h) Plan coverage. Generally, the monthly contribution rates for non-Medicare Coverage reflect the percentages of the cost of the 401(h) Plan's non-Medicare Coverage set forth in the table below, while the monthly contribution rates for Medicare Supplemental Coverage reflect 100% of the cost of Medicare Supplemental Coverage.

For retirees who retired before March 1, 2008, the monthly contributions are subject to caps in calendar year 2018, as explained below.

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	2018 Monthly Per Person Contribution Rate
Entry age 55 or less	60%	\$629/Month
Entry age 56 but less than age 57	56%	\$587/Month
Entry age 57 but less than age 58	52%	\$544/Month
Entry age 58 but less than age 59	48%	\$503/Month
Entry age 59 but less than age 60	44%	\$461/Month
Entry age 60 or greater	40%	\$419/Month

- B. Retirees and/or Spouses eligible for Medicare Supplemental Coverage must pay \$173 per person per month for calendar year 2018.
- 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 \$173 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 \$173 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 and 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 2017 and shall not be higher than the applicable rate in Table 1A.
- B. Single Retirees and Surviving Spouses eligible for Medicare Supplemental Coverage must pay \$173 per person per month for calendar year 2018, 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 2017.
- 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 2017 and shall not be higher than the applicable rate in Table 1A.

- D. Married Retirees and Spouses who are both eligible for Medicare Coverage must pay \$173 per person per month for calendar year 2018, 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 2017.
- 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 that the applicable rate shall not be lower than the rate he/she paid in December 2017 and shall not be higher than the applicable rate in Table 1A.
 - The Spouse must pay \$173 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 2017.
- 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 \$173 per person per month for calendar year 2018, 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 2017.
 - 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 2017 and shall not be higher than the applicable rate in Table 1A.

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 2018, after applying the rate cap shall not be lower than the rate the Retiree or Spouse paid in December 2017.

All contribution rates listed above apply only for the 2018 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