



THE ROAD
TO A *healthier* YOU

Summary of Material Modification

Dear Participant:

April 2018

The Trustees announce the following enhancements to the Health and Welfare plan of benefits:

For those participants eligible for retiree coverage, the Accrued Amount used in determining the Retiree Contribution Allowance is calculated by multiplying the total number of service credits earned at retirement by the applicable "Multiplier." For purposes of this Summary of Material Modification, the date a participant enters the retiree health plan is the earlier of the first day they receive healthcare coverage under the Plan by self-paying a retiree premium amount or exercise the One-Time Opt-Out Provision.

For all participants who retire and enter the retiree health plan on or after January 1, 2018, the previous maximum of 30 total service credits will not apply. The total number of potential service credits will be unlimited. Elimination of the 30 total service credit cap for those who retire on or after January 1, 2018 may give rise to situations where a participant's Contribution Allowance exceeds their required self-pay rate. Retirees whose Contribution Allowance exceeds their required self-pay rate will not have a monthly self-pay due. However, in no event will a retiree receive additional credit for unused or excess Contribution Allowances. Further, should the required self-pay rate be increased through Trustee action to an amount that exceeds the retiree's Contribution Allowance, the retiree will be required to make self-payments going forward.

For all participants who entered the retiree health plan prior to January 1, 2018, service credits will continue to be capped at 30 total service credits.

Displayed below is an example which compares the Contribution Allowance calculation for a retiree with 56,000 hours of employment who entered the retiree health plan prior to January 1, 2018 versus on or after January 1, 2018.

Years of Service	Pre-65 Service Credits – \$30 Per Year Contribution Allowance		Post-65 Service Credits – \$12 Per Year Contribution Allowance	
	Retirement prior to January 1, 2018 (Service Credits capped at 30)	Retirement on or after January 1, 2018 (no Service Credit cap)	Retirement prior to January 1, 2018 (Service Credits capped at 30)	Retirement on or after January 1, 2018 (no Service Credit cap)
56,000 hours/1,600 = 35 service credits (uncapped)				
And = 30 service credits (capped)	\$900 per mo.* (30 Service Credits times \$30 Multiplier)	\$1,050 per mo.* (35 Service Credits times \$30 Multiplier)	\$360 per mo.* (30 Service Credits times \$12 Multiplier)	\$420 per mo.* (35 Service Credits times \$12 Multiplier)

* Note Contribution Allowance amounts shown reduce a retiree's self-pay rate requirement.

In addition, Bargaining Premium participants who enter the retiree health plan on or after January 1, 2018, will be credited with 1.2 service credits for each calendar year he or she was covered by the Health and

Welfare Fund. Displayed below is an example which compares the Contribution Allowance calculations for a retiree who entered the retiree health plan prior to January 1, 2018 versus on or after January 1, 2018 with 35 years of Bargaining Premium service.

	Pre-65 Contribution Allowance – \$30 Per Year of Service Credit		Post-65 Contribution Allowance – \$12 Per Year of Service Credit	
Years of Service	Retire prior to January 1, 2018 1.0 Credits per Year capped at 30	Retire on or after January 1, 2018 1.2 Credits per Year no cap	Retire prior to January 1, 2018 1.0 Credits per Year capped at 30	Retire on or after January 1, 2018 1.2 Credits per Year no cap
35	\$900 per mo.	\$1,260 per mo.	\$360 per mo.	\$504 per mo.

Please keep this Summary of Material Modification with your benefit plan booklet so that you will have an up-to-date description of the Fund’s benefits. If you have any questions about this benefit change, please contact the Fund Office at the address or telephone number shown above.

Board of Trustees
 Operating Engineers Local #49
 Health and Welfare Fund