

Sheet Metal Workers' Health Plan

OF SOUTHERN CALIFORNIA, ARIZONA & NEVADA

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April 15, 2016

IMPORTANT ANNOUNCEMENT

TO: All Retired Participants and their Eligible Dependents Enrolled in the Health Plan

RE: Health Plan Changes for Retirees Effective July 1, 2016

FROM: Board of Trustees

This announcement has been prepared to advise you of Retiree Health Plan changes that will go into effect on July 1, 2016.

After a lengthy process of thoroughly evaluating the Retiree Health Plan's eligibility rules and benefit plan offerings, we have determined it appropriate to make the changes outlined in this announcement to safeguard the long term success of the important and significant benefits provided under your Retiree Health Plan.

Please read this material carefully and keep it with your Summary Plan Description benefit booklet for future reference.

Eligibility Change for New Retirees

Effective for participants who retire on or after July 1, 2016, the number of pension credits needed to qualify for Retiree Health Plan eligibility will increase from 12 to 15 pension credits earned under the Sheet Metal Workers' Pension Plan of Southern California, Arizona and Nevada (reciprocal pension credits do not apply). All other current eligibility requirements will remain unchanged, including the requirement that at least two pension credits must have been earned in the 60 months (5 years) prior to the effective date of the pension benefits unless an exception applies under current rules.

A Pensioner who works in suspendable employment after retirement, including covered employment, may thereafter be considered a new retiree under Pension Plan rules. In that case, he must meet the requirement of having at least 15 pension credits in order to qualify for enrollment in the Retiree Health Plan, and his self-pay contribution rate will be based on the rates for participants who retire on or after July 1, 2016 (as discussed below).

HMO Plan Changes for All Non-Medicare Eligible Retirees and Non-Medicare Eligible Dependents (current retirees and new retirees)

Benefits under the HMO plans for non-Medicare eligible retirees and non-Medicare eligible dependents will be changed for services and supplies rendered on or after July 1, 2016. The changes are summarized in the attached benefit chart. These changes do NOT apply to retirees and dependents who are enrolled in Medicare. This is only a summary of the benefit changes. Non-Medicare eligible retirees will be receiving a new Evidence of Coverage booklet, which describes the benefits, limitations, and exclusions in detail.

Retiree Self-Pay Contribution Rate Changes

For participants who retire on or after July 1, 2016, the monthly retiree self-pay rates will be based on a new rate structure. Current retiree self-pay contribution rates are not changing at this time for existing retirees and participants who retire prior to July 1, 2016. Starting in 2017, there will be a 5-year phase in to the new rate structure for existing retirees and participants who retire before July 1, 2016.

If you have questions concerning any of the Retiree Health Plan changes, please direct them to the Administrative Office where the staff will be happy to assist you. If you have specific questions about network providers or benefit levels, you should contact the applicable insurance company.

AVISO A LOS PARTICIPANTES QUE HABLAN ESPAÑOL: *Si tiene alguna pregunta tocante este aviso, o requiere alguna otra información tocante a su cobertura de salud, por favor no dude en comunicarse con la Oficina Administrativa al 800-947-4338, donde habrá varios representantes bilingües que con gusto le ayudarán.*

[Summary of Material Modifications (SMM) -- Retiree]

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