



Key Facts About Your Account

- Your account is established after contributions are made by a contributing employer on your behalf.
- Accounts are fully employer-funded; you contribute no money of your own.
- Contributions to your account are made on a monthly basis.
- The Plan invests its holdings so each account has an opportunity to grow, thus enabling a larger portion of your eligible health care expenses to be covered during retirement.
- Reimbursements from your account for qualified health care expenses are tax-free.
- You will receive a statement at the end of each Plan year indicating your account balance.

This fact sheet provides an overview of the Public Operating Engineers Local 3 Retiree Health Security Plan provisions for eligible retirees; it is not intended to replace the official Summary Plan Description or Plan Document. Should any questions arise about the nature and extent of your benefits, the formal language of the Summary Plan Description and plan documents will govern. The Fund intends to continue the Plan indefinitely, but reserves the right to change, terminate, suspend, withdraw, amend or modify the Plan at any time, in any manner, at the Fund's sole discretion, by action of the Board of Trustees, subject to applicable collective bargaining agreements.

Operating Engineers Local Union No. 3 Public and Miscellaneous Employees' Health & Welfare Trust Fund

In planning for retirement, one rule of thumb is that you'll need 70% of your pre-retirement annual salary to live comfortably.¹ The actual amount you need will vary based on your own circumstances, lifestyle, and health care needs. Without a doubt, the rising costs of health care will remain one of the most challenging financial concerns for retirees in the U.S. The Public Operating Engineers Local 3 is working to help ease this financial burden for eligible retirees and their covered dependents—by setting aside monies for YOU in the Retiree Health Security Plan!

¹CNNMoney.com

Retiree Health Security Plan

Dear participants,

Rising health care costs are a concern for most of us, especially as we plan for retirement. That's why the Board of Trustees sponsors the **Retiree Health Security Plan (RHSP)**, a health reimbursement account.

It will serve as a supplement in retirement to participants in the Operating Engineers Local No. 3 Public and Miscellaneous Employees' Health and Welfare Trust Fund when negotiated by your employer.

This plan exists now, *before* your retirement, as a means to help defray your future health care costs. This "pre-funding" approach has become popular with many other benefit trusts; such arrangements are known as **Voluntary Employees Beneficiary Associations (VEBAs)**. Simply explained, this approach allows us to set aside, pool, and invest monies while you are working, which in the future will be available to you and your covered dependents to use during your retirement.

Here's how it works:

An individual account is set up for each *active participant* who is in our RHSP. These accounts are 100% employer-funded. Employer contributions will be credited on a *monthly* basis to your account based on the negotiated rate in the Collective Bargaining Agreement (CBA) under which you are covered. When you retire, the available funds in your account can be used to pay for certain medical and related expenses that are not covered by your retiree health care plan.

At the time of your retirement, you will receive a health care debit card ("Benny Card") and full details on how to access your account and process claims. You will receive reimbursement for eligible health care expenses, including medical, prescription drugs, dental, and vision—as long as there are sufficient funds in your account (more details on the next page).

This fact sheet provides a basic overview of the new plan. You can obtain additional information, including a set of frequently asked questions, claims forms, and plan details, from the Plan's website: **www.oe3publichealth.org**.

If you have further questions after reading this material, please contact the administrative offices of the plan at (800) 251-5014, your local union office, or visit the website noted immediately above.

Yours Truly,

Board of Trustees
Operating Engineers Local No. 3 Public and Miscellaneous Employees'
Health & Welfare Trust Fund

Introducing the Retiree Health Security Plan ("RHSP")

How the Plan Works

Contributions: Participating employers contribute to the Local 3 RHSP, which holds the individual account balances for all participants. The assets from these accounts are pooled and then invested on a group basis. This approach lowers administrative costs and investment fees, and provides for potentially higher investment returns than would be available on an individual account basis. Contributions are made by participating employers only; at this time, you cannot make contributions to your own account.

Eligible Expenses: When you retire, the money that has accrued in your individual account can be used to cover your out-of-pocket expenses for IRS-eligible health care costs, including:

- Medical premiums, co-pays, deductibles, and self payments
- Prescription drug expenses
- Dental care expenses
- Vision care expenses

Refer to the Summary Plan Description for up-to-date information on allowable expenses, costs, eligibility, and dependent coverage.

Reimbursement: When you retire, you will receive a debit ("Benny") card to use wherever you incur most health care expenses. Use this card to pay for eligible expenses at the point of care or purchase. Typically, no additional paperwork from you is required. Of course, it is important to save all receipts in case you are asked to verify that any paid expenses comply with IRS guidelines. Complete instructions will be shared with you at the time your debit card is issued.

The Retiree Health Security Plan is designed to help you "pre-fund" the increasingly high costs of retiree health care premiums and to provide greater financial security in your retirement.

During retirement, you can reimburse yourself from your personal account for any IRS-eligible health care expenses not covered by your retiree medical plan. Eligible out-of-pocket expenses include medical, dental, vision, and prescription drugs. Similar expenses for your covered dependents are also reimbursable under the Plan. Even better news, your account is 100% employer-funded!

Who's Eligible?

You are eligible for benefits from the Retiree Health Security Plan if...

- You are receiving retirement benefits from the California PERS, County Retirement System, or another retirement plan approved by the Board of Trustees; and
- There is money in your account from employer contributions made on your behalf under the terms of a Collective Bargaining Agreement or other contribution agreement approved by the Board of Trustees.

Becoming Eligible: You become a participant in the Plan on the last day of the month in which an employer first contributes to the RHSP on your behalf.

Dependents: You may also use your RHSP funds to pay for your covered dependents' eligible health care expenses. Eligible dependents include your:

- Spouse;
- Domestic partner registered with a government agency;
- Unmarried natural children, adopted children, and/or stepchildren under age 20 (or under age 26), including those of your spouse; and
- Children, regardless of age, who are dependent on you because of a permanent and total disability that prevents them from earning a living.

Participation: You remain a participant in the Plan until your account balance reaches zero, you die, or the Plan terminates, whichever occurs first. Should you die, your account will be transferred to your surviving spouse. If you do not have a spouse, your account will be transferred to your children in equal shares.

COBRA Payments: Participants who are no longer working will be allowed to make COBRA payments from the funds in their account. Certain restrictions apply. *Contact the administrative office for details.*

How Contributions Are Determined

The amount contributed to your account each month is determined by the Collective Bargaining Agreement under which you are covered. More information about contributions to your account is available from **ATPA**, the Plan's administrator, or your local union office. Your maximum benefit equals the current balance in your own account.

For More Information

To learn more about this new plan, please visit the Operating Engineers Local 3 website for detailed information, forms, additional resources, and a set of frequently asked questions. If you need further information, you may contact your local union office or ATPA, the Plan's administrator. Representatives of ATPA are available to handle your inquiries as follows:

Phone:
(800) 251-5014

Website:
www.oe3publichealth.org