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**-- SUMMARY OF MATERIAL MODIFICATIONS --**

**ANNOUNCING HEALTH REIMBURSEMENT ACCOUNT (HRA)**

December 2015

To All Employees and Dependents:

The Trustees of the North Central States Regional Council of Carpenters' (NCSRCC) Health Fund are pleased to inform you that your Health Plan will offer a Health Reimbursement Account (HRA) effective January 1, 2016.

**◆ What is a Health Reimbursement Account (HRA)?**

A Health Reimbursement Account (HRA) reimburses qualified out-of-pocket medical expenses to the maximum extent permitted by law, which generally means all claims described in IRS Publication 502. An HRA allows you to accumulate money (employer contributions only) in an account to pay for both current and future health expenses for you and your dependent, as well as self-payments to continue your eligibility. An HRA allows much greater flexibility for you to use these contributions for qualified out-of-pocket medical expenses or self-payments to continue coverage. You also can use your HRA to pay many types of accident or health insurance premiums. You also may allow it to accumulate and use it for payment of your premiums for health coverage when you retire.

**◆ How will the HRA be funded?**

Existing retiree pre-funding contributions maintained on your behalf will be converted to an HRA and the pre-funding balance will be transferred to the HRA. Future employer contributions that would have been deposited into retiree pre-funding instead will be allocated to your HRA. The HRA covers the same sorts of expenses that were covered by the pre-funding account plus many more.

**◆ When is the HRA available? How does reimbursement work?**

The HRA benefit is available for claims incurred on or after January 1, 2016. The Fund will reimburse expenses on a quarterly basis. Reimbursement forms will be provided during the first quarter of 2016.

If you have an HRA balance, you will have access to your account to reimburse you for out-of-pocket amounts related to claims you incur. Note that this reimbursement is available to you regardless of whether you have other Fund coverage at the time the claim is incurred (subject to application of the Plan's forfeiture rules and filing deadlines).

The Fund will issue a partial payment in cases where the reimbursement request exceeds the assets in the HRA. You must re-submit a claim when there are assets in the HRA to receive reimbursement for the unpaid balance. HRA claims must be submitted within 36 months of the date on which the claim is incurred (service date). Only claims incurred after December 31, 2015, may be reimbursed.

**◆ Can the HRA be used for self-payments to continue coverage?**

Yes. If you do not work enough hours to continue eligibility, you may elect to have the payment deducted directly from your HRA. Complete and return the enclosed yellow form in the self-addressed stamped envelope provided if you would like to have your self-payments automatically deducted directly from your HRA. We strongly encourage you to complete the enclosed yellow form to authorize payment from your HRA to avoid missing a self-payment due date.

**◆ How do I know how much is in my HRA?**

Your HRA balance will be reflected on your quarterly hours report. It will show HRA contributions received and any reimbursement activity (whether for claims or for payment of self-contributions). Inactive members with HRA balances will receive a statement annually.

**◆ Can HRA amounts be forfeited?**

You will forfeit your HRA balance after a five-consecutive-year period in which there has been no account activity (i.e., no new contributions or reimbursement claims). This five-year period can be extended if you freeze your retiree eligibility during periods in which you have other group health plan coverage available. This five-year forfeiture rule is consistent with the rules that currently apply to pre-funding balances.

You also will forfeit your HRA balance if you perform industry work in the geographical jurisdiction of the United Brotherhood of Carpenters International Union for a non-contributing employer or if you remain employed with an

employer that withdraws from the Fund. The Fund will reinstate your account balance if you reestablish Fund eligibility within 12 months of the date your account balance was forfeited.

**◆ What happens in case of divorce?**

In the case of divorce or other COBRA-qualifying event, your spouse or other qualified beneficiary will be offered a separate COBRA election to access your HRA and a separate premium will apply. The qualified beneficiary must elect Comprehensive Major Medical Benefits under COBRA as a condition to electing HRA COBRA.

**◆ What happens in the event of death of the participant?**

In the case of your death, your spouse or other eligible dependents will have access to your HRA for reimbursement of eligible medical or premium expenses. The HRA cannot be paid as a death benefit.

**◆ Can the HRA be assigned or transferred?**

No assignments or transfers of the HRA (including within the Plan) are permitted.

The Plan's Board of Trustees is required to provide each participant with a notification of important changes made to the Plan. This notification is called a Summary of Material Modifications (SMM) and is intended to update your Summary Plan Description (SPD). Please keep this SMM with your SPD booklet for future reference. If you have any questions, please feel free to call the Fund Office.

If there are any differences between this SMM and the terms of the Plan Document, the Plan Document controls. The Trustees reserve the right to amend, modify, or terminate the Plan Document, including the HRA program.

Yours very truly,

THE BOARD OF TRUSTEES  
NCSRCC HEALTH FUND

Enclosures