



CARPENTERS TRUSTS

of Western Washington

Health and Security Retirement Vacation Industry Fund

CARPENTERS HEALTH AND SECURITY TRUST OF WESTERN WASHINGTON

SUMMARY OF MATERIAL MODIFICATION JANUARY 1, 2017

Increase In Dollar Bank Deduction Effective January 1, 2017 Western and Central Washington Benefit Package

The purpose of this notice is to advise you that the Board of Trustees amended the Carpenters Health and Security Plan of Western Washington to increase the dollar bank deduction from \$800 per month to \$850 per month effective January 1, 2017 for February 1, 2017 dollar bank eligibility. In certain circumstances, this increase in the dollar bank deduction can cause a loss of one or two months of future dollar bank eligibility. The maximum dollar bank amount will also increase from \$6,400 to \$6,800 to preserve the eight-month future eligibility maximum. This change is for the Western and Central Washington benefit package only.

Background

The cost of providing medical, prescription, dental, and vision coverage for you and your family has continued to increase over the years. The 2017 cost of this benefit package is valued at \$1,155 per family per month, up from \$1,110 in 2016. Even with these cost increases, the goal of the plan continues to be:

1. Provide a meaningful package of benefits, including services specifically related to the Building and Construction Industry.
2. Provide eligibility at work levels short of full-time employment as demanded by the Building and Construction Industry.
3. Provide family level eligibility without out-of-pocket premium expenses for the carpenter or his or her eligible dependents.

The monthly dollar bank deduction has traditionally been set below the actual cost of coverage. However, the current economic environment requires an increase in the monthly dollar bank deduction.

Monthly Dollar Bank Deduction Increase

Effective January 1, 2017 for February 1, 2017 dollar bank eligibility, the dollar bank deduction will increase from \$800 per month to \$850 per month. The monthly deduction from your dollar bank account is generally made no later than the month before the month of eligibility.

Here's How Dollar Bank Eligibility Works

As you may recall, each of you have a dollar bank account. Employer contributions made on your behalf are added to your dollar bank account. Your current and future eligibility are calculated based on the balance of this account. The amount credited to your dollar bank account equals the hourly contribution received from employers less the hourly amount credited to the Retiree Health Reserve Fund. For example, the June 1, 2016 Area Master Agreement in Western Washington calls for an employer contribution of \$7.66 per hour to the plan. Currently, \$.60 per hour funds the Retiree Health Reserve Fund leaving \$7.06 per hour for your dollar bank account.

If, for example, you work 160 hours in January 2017 for an employer who is signatory to the Western Washington Area Master Agreement, \$1,225.60 is submitted to the plan on your behalf. Of that amount, \$1,129.60 is contributed to your dollar bank account. Once you gain eligibility, you must have \$850 or more in your dollar bank account for the upcoming month of eligibility.

Maximum Dollar Bank Amount

Effective January 1, 2017, the maximum dollar amount you can have in your dollar bank account is \$6,800. This is an increase from the \$6,400 maximum and allows full-time carpenters to build and retain up to eight months of future eligibility at the January 1, 2017 dollar bank deduction rate of \$850.

Initial Eligibility

If you are new to the Carpenters Health and Security Plan or you have not had coverage under dollar bank eligibility for 12 months or more, you earn initial eligibility as follows:

- The hourly contributions from your employer(s) are added to your dollar bank account.
- For initial eligibility, you must now have \$2,550 or more in your dollar bank account within a three-month period. This is an increase over the \$2,400 required when the dollar bank deduction was \$800 per month. The fourth month is the "lag month." This is the time required for your employer to send updated contribution records to the plan and the time required for the plan to process those records. ***There is one temporary exception to this rule.*** If your three-month initiation period is October 2016 – December 2016, you must have \$2,450 in your dollar bank for initial eligibility. January 2017 is your "lag month" with eligibility effective February 1, 2017. In all cases, at least \$1.00 of contributions must be earned in the first month of the three-month period.
- You are then eligible for benefits beginning on the first day of the fifth month. The number of months of eligibility is based on the amount in your dollar bank and the current dollar bank deduction rate.

For example, if you work 160 hours per month in December, January and February, and the contribution rate to your dollar bank is \$7.06 per hour, your dollar bank will accumulate \$3,388.80. Because your dollar bank has at least \$2,550, you will be eligible beginning on April 1, 2017. March 2017 is the lag month. You will then have three months of eligibility (April, May and June 2017). You then must have \$850 in your dollar bank no later than June 30, 2017 to be eligible for a fourth month (July 2017), and so on for future months.

When Eligibility Ends

Your eligibility ends on the first day of any month your dollar bank account is less than the amount required to buy one month of eligibility (\$850 effective January 1, 2017). If you lose eligibility under the dollar bank system, you may still qualify for Self-Contribution Coverage or COBRA Continuation Coverage. Please see the Carpenters Health and Security Plan booklet for details on how to apply.

Questions

If you have any questions about the new dollar bank deduction amount or dollar bank eligibility in general, please contact Participant Services at Carpenters Trusts: (800) 552-0635.