

<p style="text-align: center;">Toledo Electrical Welfare Fund Early Retiree Opt Out Program</p>
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The Toledo Electrical Welfare Fund (TEWF) permits early retirees to opt out of the medical and prescription drug benefit programs. Should you elect to opt out of the medical and prescription drug benefit programs, the Fund will place \$5,000 (prorated for partial years) in an account for your use to pay medical expenses not covered by another plan, such as co-pays and deductibles.

The \$5,000 is available each year, prorated for each year. The full \$5,000 is available from May 1 through April 30. If you retire the opt out disbursement is reduced by \$400 for each month past May 1. For example, if you retire on August 1 and opt out, the \$5,000 is reduced by \$1,200 (May, June, July). The first year \$3,800 would be available, then on May 1 another \$5,000 is available.

IRS guidelines do not permit the Fund to allow a cash option without tax consequences to members who do not opt out of the Fund.

You are only allowed to opt out of the medical and prescription drug benefit programs if you have at a minimum, medical coverage through another source, such as your spouse's employer. Proof of other coverage must be provided.

You will remain covered with the Fund for your death benefit and accidental death & dismemberment coverages, and if you have an eligible dependent the educational reimbursement benefit.

Coming back into the Plan

If you elect to opt out, you may only re-enter the plan for medical and prescription drug coverage at the annual enrollment period during **April** of each year unless you have a "change in family status". A change in family status means any of the following:

- You are divorced or legally separated from your legal spouse;
- Your legal spouse, dependent, or beneficiary dies;

- You marry;
- A person who qualifies as your dependent is born or is legally adopted by you;
- Your spouse's employment is terminated;
- Your spouse takes an unpaid leave of absence; or
- There is a significant change in health care coverage for you or your spouse due to your spouse's employment.

Presented below are some common questions and answers which will help you understand this program.

1. Why is the TEWF offering this program?

The Fund is offering the opt out program to save money. Other Funds and companies offer the same type of program of their employees or members. by opting out and being covered under another plan, the Fund expects to save money on health care expenses.

2. If I elect to opt out, can I come back into the plan and be covered?

Once you elect to opt out, you can only come back into the plan during the annual enrollment period. The annual enrollment period is April. Each April you will be able to make the opt out decision. Other than the annual open enrollment period, you can only re-enter the plan if you have a change in family status as explained above in the Introduction section.

3. The opt out program allows me to receive up to \$5,000 each year to be used to pay medical expenses. What does this mean?

If you opt out of the program, you will be permitted to be reimbursed for health care expenses not covered under another plan. The money received for reimbursement of health care expenses is tax free.

4. Explain how the medical expense account operates.

Whenever you incur expenses for items that your other insurance coverage does not pay for, you can submit a receipt or an Explanation of Benefits (EOB) with the attached reimbursement form to be reimbursed from the Fund for these expenses up to \$5,000. For example, expenses not covered by other insurance, such as a deductible, are eligible for reimbursement. Other expenses you can submit for reimbursement would be: prescription drugs; dental; vision expenses, including the purchase of eye glasses and contact lenses; hearing care, including examinations and hearing aids; excess charges over reasonable and customary fees under another medical benefit plan, etc.

5. What types of expenses are not eligible for reimbursement?

Expenses that would not be reimbursed include: expenses covered under other insurance, cosmetic surgery, unless it is necessary to improve or repair a congenital defect, physical injury from an accident or trauma, or disfiguring disease; hair transplants or hair pieces; health club dues; dance lessons; even if recommended by a doctor for improvement of general health; charges for non-medical, custodial care; charges for any occupational illness or injury; charges for travel or charges for which payment from a third party has been or will be received.

6. Can I submit expenses for my spouse and children?

Expenses can be submitted for yourself and all dependents, as long as they were covered under the plan when you elected to opt out and would still be covered under the plan if you were here.

7. How long do I have to submit expenses for reimbursement?

You may submit expenses for reimbursement which were incurred during the plan year which runs from May 1 through April 30. You will have 60 days after the end of the plan year (until June 30) to submit expenses for reimbursement.

- 8. Suppose I only use \$1,000 of the \$5,000 for medical expense reimbursement. Does the remaining \$4,000 carry over to next year?**

According to the IRS guidelines, any remaining amounts do not carry over and are forfeited.

- 9. How does this program work with the Supplemental Fringe Benefit Fund? (VEBA)**

We will use the opt out benefit first, and then benefits from the Supplemental Fringe Benefit Fund. Please use the “opt out” reimbursement form or mark “opt out” clearly on a Supplemental Fringe Benefit Fund request for reimbursement form.

- 10. My Spouse can cover me under his/her plan and my spouse’s employer requires a \$50 per month contribution to participate. Is this \$50 eligible for reimbursement from the medical expense account?**

If your spouse contributes money for participation in another employer’s health care plan, and that contribution is done on a pretax basis, then the contribution is not eligible for reimbursement. However, if the monthly contribution is done on an after-tax basis, then the monthly contribution is reimbursable. If you’re not sure how the monthly contributions to your spouse’s plan is being handled, check with your spouse’s employer.

- 11. If I elect to opt out, do I still have to pay monthly contributions to TEWF?**

No. The monthly contribution will be required only for those months in which coverage is provided by TEWF.

- 12. If I elect to opt out and then change in family status occurs, such as my spouse losing his/her job which causes me to lose coverage and I come back into the TEWF plan, do I have to give back any money that I received?**

No. However, once you come back into the TEWF plan, your monthly contribution for coverage will be required.

- 13. Same Situation as question #12, above. If I come back into the plan, and I still have \$2,000 out of the \$5,000 to use, can I still use it?**

No. Once you come back into the plan, any unused benefits or opt out reimbursement is gone.

- 14. I have a dependent who is currently eligible for the educational reimbursement benefit. If I opt out, is my dependent still eligible under the educational reimbursement benefit plan? (Note: The education benefit has been suspended by action of The Trustees in August 2003)**

Yes.

- 15. If I opt out and then later decide that my alternative coverage was not as good as the coverage I received under the TEWF, can I change my mind and come back into the TEWF plan?**

No. once you elect to opt out this decision is irrevocable until the next annual open enrollment period which occurs in April, or unless you incur a change in family status as explained above.

- 16. Can I still claim medical expenses on my income tax return?**

You are not permitted to claim medical expenses as a deduction on your income tax return if you are reimbursed through insurance coverage or this reimbursement plan.

- 17. Will this program ever change?**

As with all benefits and programs provided from the TEWF, the Trustees may modify or terminate this program at any time.

18. How do I sign up for the opt out program?

Please complete the enclosed form and return it to the Fund office at the following address:

Toledo Electrical Welfare Fund
P.O. Box 60408
Rossford, OH 43460

17. What If I have additional questions?

If you have additional questions, please contact Rich Clarson, Norm Ladd or Sandy Wilson at the Fund office at (419) 666-4450.