

SOUTHERN CALIFORNIA PIPE TRADES PENSIONERS & SURVIVING SPOUSES HEALTH FUND

SUPPLEMENT No. 1

To: All Participants

From: Board of Trustees

Date: November 2019

Re: Recalculation of Premium Score if a Non-disability Pension is Converted to a Disability Pension

KEEP THIS NOTICE WITH THE SUMMARY PLAN DESCRIPTION

The Board of Trustees has improved the Pensioners & Surviving Spouses Health Plan as follows:

Current Rule

The Plan determines your Premium amount based on your premium score. Your premium score is calculated only once, by adding (1) your age at the time of your initial retirement and (2) the number of Pension Credits you have accrued under the Southern California Pipe Trades Retirement Plan at the time of initial retirement.

If you receive a disability pension from the Southern California Pipe Trades Retirement Plan at the time of your initial retirement, it is assumed that you are age 65 for the purpose of calculating the premium score.

However, if you retire with a non-disability pension and later convert to a disability pension, your premium score is *not* recalculated to take advantage of the age 65 assumption.

New Rule

If you convert a non-disability pension to a disability pension on or after November 1, 2019, your monthly premium will be recalculated using the age 65 assumption.

This rule change increases your premium score and therefore may reduce your Premium amount.

If you are eligible to convert your non-disability pension to a disability pension, the newly recalculated premium will be effective as of the month following the date the Fund Office receives both your notice of entitlement to Social Security benefits and your election to convert your pension.

The Summary Plan Description is amended as necessary to permit the recalculation of the premium score as set forth above and, more specifically, Section 6, Subsection A(ii) is revised as follows:

ii) Premium Score and Range Class

You are given a score under a combination point system called the “Rule of 100”. Your “Rule of 100” score is determined at the time of your initial retirement under the Southern California Pipe Trades Retirement Plan, and is based upon your age plus the number of Pension Credits you have accrued under the Retirement Plan at the time of your initial retirement. For example, if you retire at age 65 with 35 Pension Credits, you will have a score of 100. If you retire at age 60 with 25 Pension Credits, you will have a score of 85.

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If you receive a disability pension at the time of your initial retirement, in determining your score it will be assumed that you are age 65.

If you retire under a non-disability pension and later you are eligible to convert, and do convert, to a disability pension under the Retirement Plan, your premium score will be recalculated to assume that you were age 65 when you retired. Your recalculated score will be used to calculate the Premium you owe as of the first month following the date the Fund Office receives both your notice of entitlement to Social Security Benefits and your election to convert your pension.