

MICHIGAN CARPENTERS' FRINGE BENEFIT FUNDS

Michigan Carpenters' Health Care Fund
Michigan Carpenters' Pension Fund
Michigan Carpenters' Apprenticeship & Training Fund

June 2005

IMPORTANT NOTICE

RE: Michigan Carpenters' Health Care Fund – Summary of Material Modifications

Dear Participant:

As you know, the Trustees continue to monitor the staggering increases in health care costs and its impact on your Fund. In an effort to protect your benefits and the financial solvency of the Fund, the following eligibility/self-payment changes have been deemed necessary at this time:

Dependent Coverage:

In late 2004, Congress enacted the Working Family Tax Relief Act of 2004. This new law changed the generally applicable definition of "Dependent" for federal tax law purposes effective January 1, 2005. **Therefore, the Fund changed the definition of a dependent, retroactively to January 1, 2005 to assure that the Participants cannot be taxed on Fund benefits provided to their beneficiaries. "Dependent" now is defined as follows:**

- Your Spouse;
- Your unmarried dependent children, until the end of the calendar year *before* the calendar year in which they reach age 19, provided they reside with you for at least one-half of the year. They may remain covered to any age if they are totally and permanently disabled by either a physical or mental condition prior to the end of the calendar year that ends before they reach age 19;
- Your unmarried dependent children after the age 18 until the end of the calendar year *before* they reach 24, provided that they (1) are full-time students, (2) have not provided more than half of their support, and (3) they reside with you for at least one-half of the year; and
- Your unmarried dependent children after age 23 until they reach 25, provided they are (1) full-time students, (2) receive over one-half of their support from you, and (3) are not qualifying children of another person.

If you are divorced, your children will be your dependents if they reside with you and/or your former spouse for at least one-half of the year and you and/or your former spouse provide more than one-half of their support. Children who live away from home temporarily (for example, when attending college) still are considered to reside with you.

Each year you must certify to the Fund that the children you claim as dependents meet these requirements.

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Self-Payment Rates:

EFFECTIVE WITH THE WORK MONTH OF AUGUST 2005, the hourly contribution rate will increase to **\$4.45**. This is an increase of approximately thirteen (13%). So, **effective with the work month of August 2005**, all self-payment rates will be increased by approximately thirteen percent (13%). The new self-payment rate will be reflected on the individual's monthly self-payment notice for the month of August 2005.

Flex Benefits:

EFFECTIVE SEPTEMBER 1, 2005, the Flex benefits have been renewed for the 2005-2006 Benefit Year. **As a reminder**, the Flex Benefit Program reimburses the cost of prescription drugs for participants on the Supplement to Medicare Program. Coverage will remain the same, which is seven hundred fifty dollars (**\$750**) per participant, per fiscal year. This benefit is reviewed annually and may be discontinued at the discretion of the Trustees.

Please keep this document with your Summary Plan Description (SPD). If you have any questions regarding the above, please call the Fund Office.

Sincerely,

BOARD OF TRUSTEES,
MICHIGAN CARPENTERS' HEALTH CARE FUND