RETIREE MEDICAL TRUST

FAQs About Your Annual Participant Statement

As a participant in the HPAE Retiree Medical Trust, you recently received an **Annual Participant Statement,** which advises you of total contributions made on your behalf (either by you and/or an employer), the number of Years of Active Service that you have earned, your participant status, and your approximate monthly reimbursement benefit after you retire. All information in the statement, including the approximate monthly benefit, is as of December 31, 2020.

Below is an example of the box on the Annual Participant Statement that contains this information, followed by an explanation what it all means.

Date Contributions Began: 8/1/2007

Total Amount of Contributions as of 12/31/20: $3,490.00

Years of Active Service as of 12/31/16: 9

Status as of 12/31/16: Active

Approximate Monthly Reimbursement Benefit After You Retire: $48.86

The approximate reimbursement benefit shown above is the amount that would be available to you monthly for reimbursement of Covered Expenses, if you had retired on 12/31/16, on the condition that you had met the requirements to become a Regular Beneficiary (generally, been in the Plan for five years and reach age 55). Your actual reimbursement amount will be based on your total contributions and the Plan rules in effect as of the date you retire. This will be a monthly benefit for your lifetime, under current Plan rules.

If you terminate employment before meeting the requirements to become a Regular Beneficiary, you will be eligible for more limited benefits, i.e., reimbursement of Covered Expenses up to the amount of your total contributions to the Plan, as of the date you terminate employment. You can begin drawing these benefits after you reach age 55; or once you are between the ages of 40 and 55 and no contributions have been made on your behalf for two years.

Date Contributions Began:

Whether your employer or you have contributed on your behalf to the Trust, the date contributions began is the first month for which the Trust Office, i.e., the Trust administrator, Zenith American Solutions, received contributions.

Total Amount of Contributions as of 12/31/16:

Zenith American Solutions maintains a database system for all contributions, claims, and benefits paid out. When your employer transmits contributions to the Trust Office at Zenith American Solutions, those contributions are

inputted in the database system, which keeps track of contributions on a monthly, annual, and cumulative basis.

Years of Active Service as of 12/31/20:

You earn 1 year of Active Service if you have, for any calendar year, at least 850 contributory hours in the Trust – i.e., there are 850 hours of work (or hours for which you "self-pay" into the fund during a layoff or a leave of absence) for which contributions are made on your behalf.

For example, the Participant Statement above indicates that the HPAE member has 9 years of Active Service. This means that he or she has 9 calendar years for which he or she had at least 850 contributory hours in the Trust.

Status as of 12/31/20:

If the Trust office is still receiving contributions on your behalf, then you are considered "Active." You are either still working at a participating employer or "self-paying" through COBRA.

If no contributions on your behalf were being received by the Trust office as of December 31, 2020, then your status would be listed on the statement as: "Last contribution made on [date]."

If contributions have ceased, that is usually because your employment at a participating employer has ceased due to retirement, quitting, or some other reason.

Approximate Monthly Reimbursement Benefit After You Retire:

Participants in the Plan for five or more years are "Regular Beneficiaries" and are entitled to a monthly reimbursement benefit if they meet the eligibility requirements, including reaching the age of 55.

The amount listed on the Annual Participant Statement is based on contributions which have been received as of 12/31/20 and the benefit formula determined by the Trustees of the Trust as of that date.

Using the formula currently in effect, there is a simple way to calculate the approximate monthly reimbursement benefit: **Total contributions x .014 = Approximate monthly reimbursement benefit.**

For the Participant Statement above, **$3,490 x .014 = $48.86** monthly reimbursement benefit.

Other Frequently Asked Questions about Benefits

Does the number of "Years of Active Service" affect my benefits under the Plan?

Yes. The number of "Years of Active Service" determines whether you are a "Limited Beneficiary" or a "Regular Beneficiary."

What is the difference between a "Limited Beneficiary" and a "Regular Beneficiary"?

A Limited Beneficiary has less than 5 Years of Active Service when she/he leaves employment with a Participating Employer. The money contributed to the Trust is held in an individual Employee Account, to be used for reimbursement of medical costs when the individual satisfies the requirements to become a Limited Beneficiary. As claims are submitted to the Trust Office, and reimbursements paid out, the money in the Employee Account is reduced until there is no money left. When the account reaches zero, there are no more benefits available from the Plan.

As noted above, a Regular Beneficiary has 5 or more Years of Active Service when she/he leaves employment with a Participating Employer. Under current Plan rules, a Regular Beneficiary is entitled to a monthly reimbursement benefit for life.

Are there age eligibility requirements to start getting reimbursements either as a Limited Beneficiary or Regular Beneficiary?

Yes.

For a Limited Beneficiary, the employee must:

1) Be between the ages of 40 and 55, and the Plan hasn't received contributions on her/his behalf for 24 consecutive months; or
2) Have attained the age of 55; or
3) Have received a Social Security determination of disability (at any age).

For a Regular Beneficiary, the employee must have attained the age of 55.

When can Regular Beneficiaries start to submit reimbursement claims?

Assuming a person meets the eligibility requirements, he or she can begin to make claims for reimbursements a month after contributions cease from a Participating Employer. The Trust Office will send the person a Claim Form for this purpose.

What if a Regular Beneficiary does not use their reimbursement benefit immediately after he or she is eligible to make claims for reimbursement?

The reimbursement benefit is "rolled over" month to month until a claim is submitted. There is no "use it or lose it" for the monthly reimbursement benefit.

For example, if a Regular Beneficiary has a $50 a month reimbursement benefit and retires in February 2017 but does not submit a claim until August 2017, his or her $50/month reimbursement benefit would roll over in March ($50), April ($50), May ($50), June ($50), and July ($50) so that he or she would have, in addition to the $50 reimbursement in August (when the claim is made), $250 in reimbursement benefits from the months that the benefit was not used.

What if a Regular Beneficiary has a claim for a covered expense which is larger than her/his monthly reimbursement benefit?

The Trust Office will pay the maximum monthly benefit to the Regular Beneficiary each month until the Regular Beneficiary receives full reimbursement for the cost of the covered expenses.

For example, if a Regular Beneficiary has a monthly benefit of $50 and submits a claim for covered expenses for $150, the Trust will reimburse the Regular Beneficiary $50 in one month, $50 the next month, and $50 the third month.

Can someone who is in "active" status – i.e. who is working for a Participating Employer and having contributions made on their behalf to the Trust – collect benefits as Limited Beneficiary or Regular Beneficiary?

No. To collect benefits either as a Limited Beneficiary or a Regular Beneficiary, you must no longer be working for a Participating Employer. You must be in an "inactive" status to collect benefits.

What "medical" costs or expenses can be reimbursed under this Plan?

"Covered Expenses" under the Plan are based on what the Internal Revenue Service (IRS) considers medical costs which are tax deductible. Here is the IRS' definition of medical expenses found in their publication at https://www.irs.gov/pub/irs-pdf/p502.pdf:

> Medical expenses are the costs of diagnosis, cure, mitigation, treatment, or prevention of disease, and the costs for treatments affecting any part or function of the body.
>
> These expenses include payments for legal medical services rendered by physicians, surgeons, dentists, and other medical practitioners. They include the costs of equipment, supplies, and diagnostic devices needed for these purposes……
>
> Medical expenses include the premiums you pay for insurance that covers the expenses of medical care, and the amounts you pay for transportation to get medical care. Medical expenses also include amounts paid for qualified long-term care services and limited amounts paid for any qualified long-term care insurance contract.

So, what kinds of medical expenses can someone submit for reimbursement claims? They include:

- Health insurance premiums, including for long-term care (up to the amount allowed by the IRS), Medicare supplement plans, and Medicare Part B and Part D (prescription) plans
- Deductibles and co-pays
- Out-of-pocket costs

- Hospital expenses
- Doctors' Fees
- Dental
- Prescription Drug
- Vision Care
- Hearing aids

In short, in general, any medical expense not covered through a health insurance plan could be submitted for reimbursement and you would receive a reimbursement from the Trust office based on your monthly reimbursement benefit amount or, if you are a Limited Beneficiary, the amount remaining in your Employee Account. If you have a question about whether an expense is a Covered Expense under the Plan, you may contact the Trust Office by calling (201)- 947-8000.

Important Note: *These FAQs provide you certain limited information about your benefits from the Trust after you retire, but it does not provide you with all the details and limitations of the Plan. Exact specifications are provided in the formal document entitled "Medical Expense Reimbursement Plan of the Health Professionals and Allied Employees Retiree Medical Trust, effective August 2014," and as subsequently amended, which will prevail in case of conflict with these FAQs. You may view the Plan on the Trust's website at https://www.HPAE.zenith-american.com, or request an electronic or hard copy (free of charge) from the Trust Office.*

Contact the Trust Office:

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