

NEW YORK CITY DISTRICT COUNCIL OF CARPENTERS

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SUMMARY OF MATERIAL MODIFICATIONS

NEW YORK CITY DISTRICT COUNCIL OF CARPENTERS WELFARE FUND

To: Active and Retired Permanent Employees¹ and Their Eligible Dependents
From: Board of Trustees
Date: April 29, 2016
Re: **Eligibility Changes for Welfare Fund Disability Coverage**

This Summary of Material Modifications (“SMM”) is intended to notify you of important changes to the eligibility requirements for disability coverage under the New York City District Council of Carpenters Welfare Fund (the “Welfare Fund”). Please read this SMM carefully and share it with your family. You should keep it with your Welfare Fund Summary Plan Description for Employees of the District Council, Local Unions, Fund Office and Related Organizations (“SPD”) and other SMMs.

Last year, the Fund issued a restated SPD, dated March 1, 2015, to all Active Employees Working in Outside Construction and Shop Employment (the “Active SPD”). The Active SPD described a change to the eligibility requirements for the continuation of Welfare Fund coverage during periods of disability that went into effect for Active Employees on September 1, 2015.

The Board of Trustees has decided to make this change effective for Active and Retired Permanent Employees and their dependents as well. This SMM describes the changes and how they apply to Active and Retired Permanent Employees and their dependents, effective July 1, 2016. How the requirements apply depends on whether you are an Active or Retired Participant. This SMM

¹ This includes active and retired employees of the District Council of New York City and Vicinity of the United Brotherhood of Carpenters and Joiners of America, the New York City District Council of Carpenters Benefit Funds, the Local Unions, and the New York City and Vicinity Carpenters Labor Management Corporation.

sometimes refers to the first 24 months following the onset of disability as “Phase I,” and the period of Welfare Fund coverage after the first 24 months of disability as “Phase II.”

Changes for Active Employees and New Retirees effective July 1, 2016

The following changes apply to Active Permanent Employees, new Permanent Retirees, and their dependents, effective July 1, 2016.

Phase I: Continuation Coverage During the First 24 Months of Total Disability

If you become Totally Disabled while you are an eligible Active Employee, your Fund coverage will remain in effect throughout the first 24 months of disability. You are considered Totally Disabled during the first 24 months of disability if you meet *all* of the following requirements:

1. You are unable to work in Covered Employment due to an Illness or Injury; *and*
2. You have at least five Vesting Credits¹ in the Retirement and Pension Plan for Officers and Employees of The New York City District Council of Carpenters and Related Organizations (“Officers’ Pension Plan”) and/or the New York City District Council of Carpenters Pension Plan (“NYCDCC Pension Plan”) as of the date of your disability.

Phase II: Continuation Coverage Beyond 24 Months of Total Disability

In order to continue coverage after 24 months, you must meet all of the following requirements:

1. You are unable to work in any occupation due to an Illness or Injury, as evidenced by receipt of a Social Security Disability Award²; *and*
2. You have at least 20 Vesting Credits¹ in the Officers’ Pension Plan and/or the NYCDCC Pension Plan as of the date of your disability.

If you recover from your Disability or you do not have enough Vesting Credits¹ to continue your Retiree Welfare Fund coverage beyond Phase I, your Retiree Welfare Fund coverage will automatically continue for up to three months.

Changes for Existing Retirees effective July 1, 2016

The following changes apply to Retired Permanent Employees and their dependents, effective July 1, 2016. How the requirements apply depends on whether you are in the first 24 months of your disability or whether you have been disabled for more than 24 months.

Disabled Retirees Currently in Phase I: Continuation Coverage During the First 24 Months of Total Disability

If you are currently covered under the Welfare Fund and you are still within the first 24 months of your disability (Phase I), you will remain covered under the Welfare Fund for the balance of your first 24 months, provided you continue to meet the necessary requirements for Phase I eligibility.

² Annual proof of continuing disability in the form of a Social Security Disability Award is required.

Effective July 1, 2016, in order to continue coverage after 24 months, you must meet **both** of the following requirements:

1. You must have at least 15 Vesting Credits¹ in the Officers' Pension Plan and/or the NYCDCC Pension Plan as of the date of your disability; **and**
2. You must be unable to work in any occupation due to an Illness or Injury, as evidenced by receipt of a Social Security Disability Award.³

Note: Under the new eligibility rules, a participant must have at least 20 Vesting Credits¹ in the Officers' Pension Plan and/or the NYCDCC Pension Plan as of the date of disability to continue coverage beyond 24 months. The Welfare Fund is "grandfathering" current Disabled Retirees as of July 1, 2016 who do not have 20 Vesting Credits¹ but who do have at least 15 Vesting Credits¹, and allowing those current Disabled Retirees with at least 15 Vesting Credits¹ to maintain their Welfare Fund coverage beyond Phase I.

If you do not satisfy **both** of the above conditions, you will not be eligible to continue your Retiree Welfare Fund disability coverage for Phase II. Your Phase I coverage will automatically continue for up to three months following the end of the 24-month period, and then it will terminate.

Example 1

- You had 12 Vesting Credits¹ in the Officers' Pension Plan and/or the NYCDCC Pension Plan when you became disabled on September 1, 2014.
- You will still be in Phase I on July 1, 2016.
- Your coverage will continue for the full 24-month Phase I period (through August 31, 2016).
- Since you have fewer than 15 Vesting Credits¹, you will not be eligible for Phase II continuation coverage.
- Your Phase I continuation coverage will continue for up to three months after the 24-month period ends (from September through November 2016).
- Your coverage under the Welfare Fund will terminate on December 1, 2016 (the first day of the 28th month following your disability).

Example 2

- You had 17 Vesting Credits¹ in the Officers' Pension Plan and/or the NYCDCC Pension Plan when you became disabled on September 1, 2014.
- You will still be in Phase I on July 1, 2016.
- You are in receipt of a Social Security Disability Award.
- Your coverage will continue for the full 24-month Phase I period (through August 31, 2016).

³ Annual proof of continuing disability in the form of a Social Security Disability Award is required.

- Since you have more than 15 Vesting Creditsⁱ and you have been awarded a Social Security Disability Award, you will be eligible for Phase II continuation coverage.
- Your Phase II coverage will continue for as long as you satisfy the Phase II eligibility requirements. *Your coverage is not affected by the changes explained in this SMM.*

Disabled Retirees Currently in Phase II: Continuation Coverage Beyond 24 Months of Total Disability

Effective July 1, 2016, in order to be covered under the Welfare Fund as a Disabled Retiree beyond the first 24 months of disability, you must have at least 15 Vesting Creditsⁱ in the Officers' Pension Plan and/or the NYCDCC Pension Plan as of the date of your disability *and* you must be unable to work in any occupation due to an Illness or Injury, as evidenced by receipt of a Social Security Disability Award. If you do not satisfy both of these conditions, you will not be eligible to continue your Retiree Welfare Fund coverage, and your coverage will terminate on July 1, 2016. *There is no three-month extension of coverage following the end of Phase II continuation coverage.*

Example 3

- You had 12 Vesting Creditsⁱ in the Officers' Pension Plan and/or the NYCDCC Pension Plan when you became disabled on March 1, 2013.
- You have been disabled for more than 24 months.
- You are in receipt of a Social Security Disability Award.
- Your coverage under the Welfare Fund will terminate effective July 1, 2016 because you have fewer than 15 Vesting Creditsⁱ.

Example 4

- You had 18 Vesting Creditsⁱ in the Officers' Pension Plan and/or the NYCDCC Pension Plan when you became disabled on December 1, 2011.
- You have been disabled for more than 24 months.
- You are **not** in receipt of a Social Security Disability Award.
- Your coverage under the Welfare Fund will terminate effective July 1, 2016 because you have not been awarded a Social Security Disability Award.

Example 5

- You had 18 Vesting Creditsⁱ in the Officers' Pension Plan and/or the NYCDCC Pension Plan when you became disabled on January 1, 2010.
- You have been disabled for more than 24 months.
- You are in receipt of a Social Security Disability Award.
- Your coverage under the Welfare Fund will continue unaffected. *Your coverage is not affected by the changes explained in this SMM.*

Questions?

If you have questions for the Fund Office, you can call the Member Services Department at (212) 366-7399, Monday through Thursday from 8:00 a.m. to 5:30 p.m. and Friday from 8:00 a.m. to 5:00 p.m.

The Board of Trustees reserves the right to terminate, suspend, reduce or otherwise modify benefits at any time.

i **Important Information about Counting of Vesting Credits**

Since January 1, 2011, Permanent Employees have not participated in the Officers’ Pension Plan. For that reason, for the period beginning January 1, 2011, certain Permanent Employees’ eligibility for Welfare Fund coverage during periods of disability will be based on total “Months Worked” in a calendar year. For each “Month Worked” in a calendar year, a Permanent Employee will earn **.0834** vesting credits toward his/her year of service (unless such employees have earned credit in the NYCDCC Pension Fund). The chart below provides examples of how the system will work (**Please note that these final numbers will be rounded to the nearest hundredth for fractional purposes and you cannot earn more than 1 vesting credit in a calendar year*):

<u>Months Worked⁺ During a Calendar Year</u>	<u>Years of Service Earned</u>
3	.2502 (1/4)
6	.5004 (1/2)
9	.7506 (3/4)
12	1.0008 (1)

⁺ For purposes of this SMM, “Months Worked” encompasses: All months in which an employee is employed by his/her employer, is being paid for his/her employment, and works at least 1 hour in a calendar month. This includes vacation, holiday, sick, and personal time. “Months Worked” will also be granted during periods of “qualified military service” recognized under Section 414(u) of the Internal Revenue Code, or as otherwise required by law. Generally, to receive service credit for a military absence, you must be a Participant when you enter the military and you must return to Covered Employment within 90 days following discharge.