

SMART Local 36 Welfare Fund

**Dollar Bank Educational Meeting
November 28, 2017**

Overview/Background

- **Eligibility has historically been based on the number of hours a member needs to work in a month to maintain coverage under the Fund. This requirement has been 50 hours per month or 150 hours in a quarter since 1952.**
- **A dollar bank is essentially the same thing as an hour bank. However, eligibility is converted from an hours requirement to a premium dollar requirement using the total contributions paid into the Welfare Fund.**

Advantages of a Dollar Bank over an Hour Bank

- **Allows members to have greater ownership of how their contributions are utilized and provides for a method of payment of future benefits.**
- **Provides Trustees more management capability over plan subsidies.**
- **Provides Trustees with enhanced benefit management abilities.**
- **Can reduce or eliminate members abusing the eligibility rules.**

Just like the hour bank the dollar bank is a non-vested benefit and can be forfeited. This is merely a record keeping method for the purpose of keeping track of contributions and eligibility.

How will the Dollar Bank change how the Contractor reports fringes?

- Nothing will change about how fringes are reported to the Benefit Funds. The Contractor will still pay fringes for every hour worked as required by the Collective Bargaining agreement. Once the contributions are received in the benefit fund office the eligibility system will process Welfare contribution dollars instead of hours when calculating eligibility.

Membership Classes

Dollars required for coverage will be based on two new Class categories.

- Class 1- These members are our Journeyman, Residential Journeyman, Foreman, Superintendents and Owner Members.
- Class 1S- These members are our Apprentices, Residential specialist and Gutter Truck participants. They will pay the subsidized rate until they become Journeyman or a category that pays the full journeyman contribution rate.

Eligibility Bank

Contributions are paid into the Eligibility Bank. The dollars needed for Active health insurance coverage (\$1000 or \$650) are applied to the Eligibility Bank, any excess dollars are allocated to the Premium Reserve Bank or to the Health Reimbursement Account.



Eligibility
Bank

Eligibility Rules

Change in Initial Eligibility

Current Initial Eligibility Rules

400 hours in 4 or fewer consecutive months

Eligible 1st of the month following

New Initial Eligibility rules

150 hours in 2 or fewer consecutive months

Eligible 1st of the third month following

Eligibility Rules

Monthly eligibility effective with October contributions received in November.

Current Eligibility Rules-
these rules will determine
coverage through December

150 hours in a 3
month period

50 hours per month

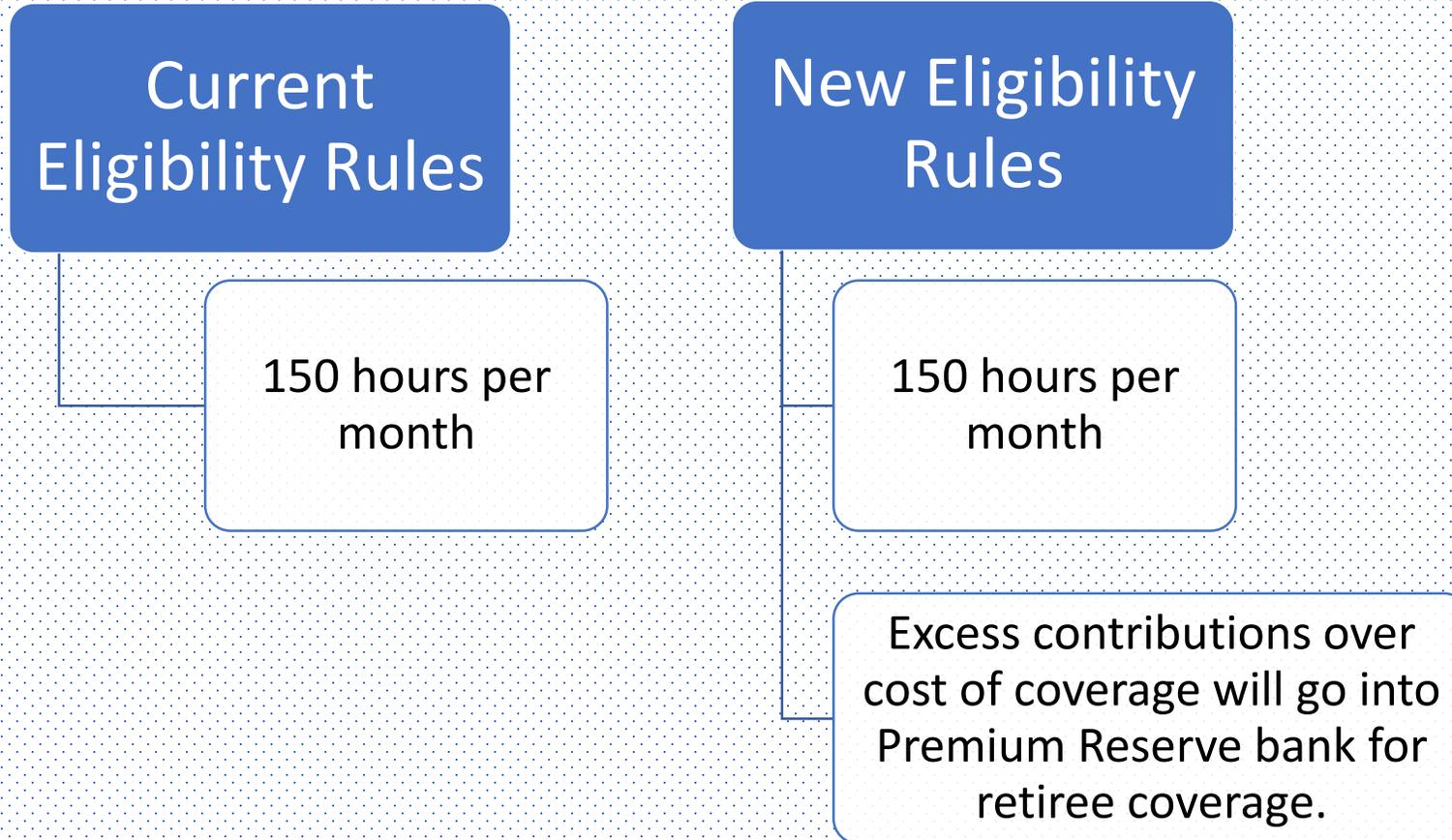
New Eligibility Rules-
October Contributions

Class 1- \$1000
Class 1S- \$650

Average of 107
hours per month

Eligibility Rules

Owner Members



New Eligibility Schedule

Month Worked	Eligibility Month
October	January
November	February
December	March
January	April
February	May
March	June
April	July
May	August
June	September
July	October
August	November
September	December

Dollar Bank System



Eligibility Bank

Dollars needed for Health Insurance coverage
(\$1000 or \$650)



Premium Reserve Bank

Minimum – 3 months of coverage
Max \$60,000



Health Reimbursement Account

Max \$2000



What is the Plan Reserve?

The Welfare Fund is a self-funded and self administered fund. This means that the contributions received in the office are invested and managed by the Board of Trustees to pay medical, dental, Rx, life insurance, disability and vision benefits. The Plan Reserves are the General Assets of the Plan used to cover all of these expenses and any subsidies that are being provided.

Examples of subsidies covered from the Plan Reserve.

- Current average cost of Coverage is \$1075.00 per month. (115hrs X \$9.35)
- Current minimum requirement is 50 hours per month (50 X \$9.35= \$467.50)
- Self pay coverage by Equality Fund and Member \$600 per month.
- Disability/Work comp credits to keep coverage during disability periods are 150 hours per month, which can extend coverage for a member up to 18 months.
- Current Retirement coverage is subsidized by 40% of the average cost per retiree and spouse.

The Premium Reserve Bank will allow the system to track the portion of the reserve (excess contributions) that can be attributed to each member. The reserve allocation is not a guaranteed benefit, but will allow the Trustees to allocate the subsidies more fairly.

Premium Reserve Bank (PRB)

After contributions are applied to your Eligibility bank, any excess contributions roll into your Premium Reserve Bank. This bank requires three months of coverage (\$3000 or \$1950) before any money can be rolled into the Health Reimbursement Account going forward. This bank is the members reserve allocation that can be used for shortage of contributions during underemployment periods and periods of disability if eligible. Everyone who is out of work even for a short period of time must sign the hiring hall list and cannot turn down work to be eligible for a PRB Allocation.

The PRB may also be used to subsidize Retiree premium payments for Members and Spouses in the future. The maximum allocation at this time is \$60,000. This is not a guaranteed or vested benefit, it is simply an accounting of what the member

has paid into the Plan reserve. The Trustees have the ability and authority to determine how the reserve funds can be used in the PRB- just as they do now with the subsidies.



Premium Reserve Bank
Minimum – 3 months of
coverage
Max \$60,000

Step 1: Initial Funding of the Premium Reserve Bank

An Initial Allocation of the Plan Reserves has been allocated to Individual Premium Reserve Banks on 11/01/2017. The Allocation was 5% of the contributions paid into the Welfare Fund by individual for work from 01/1987-08/2017.

In order to receive the initial allocation in the Premium Reserve Bank, the following criteria must have been met:

- Member must have been eligible for benefits in 10/2017 based on hours worked or self payment.
- Member must be enrolled in Active coverage (not COBRA).

Most members had the minimum of 3 months of coverage in their Premium Reserve Bank after the initial allocation. If the minimum amount (\$3000/\$1950) was in the Premium Reserve Bank, then excess contribution dollars will roll into the member's Health Reimbursement Account up to the maximum of \$2000 for the 2018 calendar year.



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Statement Date: 11/28/2017

Participant Dollar Bank Activity Statement
 Statement of Activity for November 01, 2017 thru November 01, 2017

						HRA	Premium Reserve
Prior Bank Balances as of October 31, 2017						\$2,000.00	\$9,046.75
Work Month	Premium Month	Transaction Date	Activity	Hours Worked	Amount	Net Change To Banks	
New Bank Balances:						\$2,000.00	\$9,046.75

Available HRA Balance for 2017: \$444.35

NOTE: The above information is based on the information known at the time. The information is not yet verified and is subject to change.

NOTE: The Dollar bank is simply a record keeping account established to track contributions and eligibility. The amounts allocated to the Eligibility Bank, HRA and Premium Reserve Bank are not vested. They can be lost or forfeited as set out in the Plan rules. They can also be reduced or eliminated at the discretion of the Trustees if they deem it necessary for the financial stability of the fund.

Dollar Bank System



Eligibility Bank

Dollars needed for Health Insurance coverage
(\$1000 or \$650)



Premium Reserve Bank

Minimum – 3 months of coverage (\$3000/\$1950)
Max \$60,000



Health Reimbursement Account

Max \$2000



Health Reimbursement Account (HRA)



Health Reimbursement
Account
Max \$2000

The Health Reimbursement Account is used to pay eligible out of pocket expenses. The Trustees previously made two allocations of \$1000 each in June of 2016 and June of 2017.

- The maximum allowable benefit in this bank is \$2000.
- Excess contributions will continue to accumulate up to \$2000.
- Member may only spend up to \$2000 per calendar year.

If a member is working, receiving excess contributions, if the PRB has at least 3 months of coverage then excess contributions will be allocated to the HRA, up to the \$2000 max. Once the HRA meets the \$2000 maximum balance then excess contributions will be allocated to the member's Premium Reserve Bank up to a maximum of \$60,000.

Changes to Plan subsidies

Self pay rules

Current self payment rules

Current rate of \$600 per month by member or Equality Fund

Maximum of 12 months of member payment, unlimited if paid by Equality Fund

New self pay rules

If the member has money in the Premium Reserve Bank, and is short for coverage the system will reallocate money from the Premium Reserve Bank. If not enough dollars in PRB, then member can self pay the full amount of premium or apply for SASMI Welfare Contribution Reimbursement.

Maximum of 12 months of self payment. Coverage due to Employer contributions for 6 consecutive months will reset the 12 month limit.

Changes to Plan Subsidies-Disability

Current Subsidy

Member is given 7.5 hours of credit for every day they are on disability. 150 hours per month up to a maximum of 1275 hours per period of disability.

This is a stress of the reserves for all members because it can result in 18 months of coverage for one period of disability.

New Subsidy

For up to six consecutive months, the member will be treated as though sufficient employer contributions were received for that work month of eligibility.

After the 6 months, the member can continue eligibility by reallocation from the PRB or self pay for up to 12 months. Self pay runs concurrent with COBRA coverage.

Stage 2-Retiree Coverage

Retirees had a couple of changes this year in the structure of premiums and plans with a small increase in premiums. The Trustees have delayed moving any Retirees into the dollar bank until 01/01/2019.

We will start educating all retirees and members on that process in the late summer of next year.

Dollar Bank System



Eligibility Bank

Dollars needed for Health Insurance coverage
(\$1000 or \$650)



Premium Reserve Bank

Minimum – 3 months of coverage
Max \$60,000



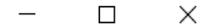
Health Reimbursement Account

Max \$2000



Sample of Dollar Bank System

Health & Welfare Bank Activity



Transaction Date	Journal ID	Journal Number	Work Month	Premium Month	Transaction Description	Amount	----- Net Change Dollar Banks -----				----- Running Dollar Bank Balances -----			
							Eligibility	HRA	Premium Reserve	Plan Reserve	Eligibility	HRA	Premium Reserve	Plan Reserve
09/05/2017	IA	00000001		01/2018	Initial Funding	12,500.00	.00	2,000.00	10,500.00	.00	.00	2,000.00	10,500.00	.00
11/30/2017	DC	00000001	10/2017	01/2018	Monthly Contribution	1,200.00	1,200.00	.00	.00	.00	1,200.00	2,000.00	10,500.00	.00
11/30/2017	ME	00000001		01/2018	Reduction for Premium (Active)	1,000.00-	1,200.00-	.00	200.00	.00	.00	2,000.00	10,700.00	.00
12/30/2017	DC	00000002	11/2017	02/2018	Monthly Contribution	1,150.00	1,150.00	.00	.00	.00	1,150.00	2,000.00	10,700.00	.00
12/30/2017	ME	00000002		02/2018	Reduction for Premium (Active)	1,000.00-	1,150.00-	.00	150.00	.00	.00	2,000.00	10,850.00	.00
01/15/2018	PY	00000001		02/2018	HRA Payment (Active)	550.00-	.00	550.00-	.00	.00	.00	1,450.00	10,850.00	.00
01/30/2018	DC	00000003	12/2017	03/2018	Monthly Contribution	1,200.00	1,200.00	.00	.00	.00	1,200.00	1,450.00	10,850.00	.00
01/30/2018	ME	00000003		03/2018	Reduction for Premium (Active)	1,000.00-	1,200.00-	200.00	.00	.00	.00	1,650.00	10,850.00	.00
02/28/2018	DC	00000004	01/2018	04/2018	Monthly Contribution	1,500.00	1,500.00	.00	.00	.00	1,500.00	1,650.00	10,850.00	.00
02/28/2018	ME	00000004		04/2018	Reduction for Premium (Active)	1,000.00-	1,500.00-	350.00	150.00	.00	.00	2,000.00	11,000.00	.00
03/30/2018	DC	00000005	02/2018	05/2018	Monthly Contribution	900.00	900.00	.00	.00	.00	900.00	2,000.00	11,000.00	.00
03/30/2018	ME	00000005		05/2018	Reduction for Premium (Active)	1,000.00-	900.00-	.00	100.00-	.00	.00	2,000.00	10,900.00	.00
04/30/2018	DC	00000005	03/2018	06/2018	Monthly Contribution	1,250.00	1,250.00	.00	.00	.00	1,250.00	2,000.00	10,900.00	.00
04/30/2018	ME	00000005		06/2018	Reduction for Premium (Active)	1,000.00-	1,250.00-	.00	250.00	.00	.00	2,000.00	11,150.00	.00
05/30/2018	DC	00000006	04/2018	07/2018	Monthly Contribution	1,350.00	1,350.00	.00	.00	.00	1,350.00	2,000.00	11,150.00	.00
05/30/2018	ME	00000006		07/2018	Reduction for Premium (Active)	1,000.00-	1,350.00-	.00	350.00	.00	.00	2,000.00	11,500.00	.00

OK

Questions?

Upcoming mailings/events

- Effective 12/22/2017-Changing Network pricing providers from Coventry to Meritain Health. We are still with the same network-Care Management Resources.
- You should have gotten your new id cards for you and your eligible dependents when you came in. If you don't have all of your cards or see a problem with them please talk to one of the ladies tonight or call us at the benefit office as soon as possible.
- LDI PBM services- Diplomat Specialty
- Summary Annual Reports, annual claim forms, dollar bank statements and SBC's mailed last week. ACF on line.
- Additional Summary Annual Reports will be mailed this week.
- Vacation Fund checks- 30% payout on December 8th from 7:30-4:00.
- If you sign up for direct deposit you will get your deposit on December 7th- forms on the table as you came in.