

Retiree Opt Out Program

The Toledo Electrical Welfare Fund (TEWF) permits retirees to opt out of the medical and prescription drug benefit programs. Should you elect to opt out of the medical and prescription drug benefit programs, the Fund will place \$5,000 (prorated for partial years) in an account for your use to pay medical expenses not covered by another plan, such as co-pays and deductibles.

The \$5,000 is available each year, prorated for each year. The full \$5,000 is available from January 1 through December 31. If you retire, the opt out disbursement is reduced by \$400 for each month past January 1. For example, if you retire on April 1 and opt out, the \$5,000 is reduced by \$1,200 (Jan, Feb, Mar). The first Year \$3,800 would be available, then on January 1 another \$5,000 is available.

IRS guidelines do not permit the Fund to allow a cash option without tax option without tax consequences to members who do not opt out of the Fund.

You are only allowed to opt out of the medical and prescription drug benefit programs if you have at a minimum, medical coverage through another source, such as your spouse's employer. Proof of other coverage must be provided.

You will remain covered with the Fund for your death benefit and accidental death & dismemberment coverage's. Additional benefits include: Vision, EAP, and Retiree Dental Coverage.

Unique Arrangement

If you have circumstances that allow you to have health coverage somewhere else, please contact the Administrative Manager. This opt out program has been changed several times to accommodate our members.



Coming back into the Plan

If you elect to opt out, you may only re-enter the plan for medical and prescription drug coverage at the annual enrollment period during each year unless you have a "change in family status." A change in family status means any of the following:

- You are divorced or legally separated from your legal spouse;
- Your legal spouse, dependent, or beneficiary dies;
- You marry;
- A person who qualifies as your dependent is born or is legally adopted by you;
- Your spouse's employment is terminated;
- Your spouse takes an unpaid leave of absence; or
- There is a significant change in health care coverage for you or your spouse due to your spouse's employment.

If you have any additional questions, please contact the Fund Office at
(419) 666-4450

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RETIREE OPT OUT PROGRAM



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Presented below are some common questions and answers which will help you understand this program.

1. Why is the TEWF offering this program?

The Fund is offering the opt out program to save money. Other Funds and companies offer the same type of program to their employees or members by opting out and being covered under another plan, the Fund expects to save money on health care expenses.

2. If I elect to opt out, can I come back into the plan and be covered?

Once you elect to opt out, you can only come back into the plan during the annual enrollment period. Each year you will be able to make the opt out decision. Other than the annual open enrollment period, you can re-enter the plan only if you have a change in family status.

3. The opt out program allows me to receive \$5,000 each year to be used to pay medical expenses. What does this mean?

If you opt out of the program, you will be permitted to be reimbursed for health care expenses not covered under another plan. The money received for reimbursement of health care expenses is tax free. **The \$5,000 is not a cash payment.**

4. Explain how the medical expense account operates.

Whenever you incur expenses for items that your other insurance coverage does not pay for, you can submit a receipt or an Explanation of Benefits (EOB) with the attached reimbursement form to be reimbursed from the Fund for these expenses up to \$5,000.

For example, expenses not covered by other insurance, such as a deductible, are eligible for reimbursement. Other expenses you can submit for reimbursement would be: prescription drugs; dental; vision expenses, including the purchase of eye glasses and contact lenses; hearing care, including examinations and hearing aids; excess charges over reasonable and customary fees under another medical benefit plan, etc.

5. Can I submit expenses for my spouse and children?

Expenses can be submitted for yourself and all dependents, as long as they were covered under the plan when you elected to opt out.

6. How long do I have to submit expenses for reimbursement?

You may submit expenses for reimbursement which are incurred during the plan year which runs from January 1 thru December 31. You will have 1 year after the end of the Plan Year (December 31) to submit any expenses for reimbursement of that Plan Year.

7. Suppose I only use \$1,000 of the \$5,000 for medical expense reimbursement. Does the remaining \$4,000 carry over to next year?

According to the IRS guidelines, any remaining amounts **do not** carry over and **are forfeited**.



8. How does this program work with the Supplemental Fringe Benefit Fund? (VEBA)

We will use the opt out benefit first, and then benefits from the Supplement Fringe Benefit Fund. Please use the "opt out" reimbursement form

9. My Spouse can cover me under his/her plan and my spouse's employer requires a \$50 per month contribution to participate. Is this \$50 eligible for reimbursement from the medical expense account?

If your spouse contributes money for participation in another employer's health care plan, and that contribution is done on a pretax basis, then the contribution is not eligible for reimbursement. However, if the monthly contribution is done on an after-tax basis, then the monthly contribution is reimbursable. If you're not sure how the monthly contributions to your spouse's plan is being handled, check with your spouse's employer.

10. If I elect to opt out, do I still have to pay monthly contributions?

No. The monthly contribution will be required only for those months in which coverage is provided by the Fund.

11. If I opt out and then later decide that my alternative coverage was not as good as the coverage I received under the TEWF, can I change my mind and come back into the TEWF plan?

No, once you elect to opt out this decision is irrevocable until the next annual open enrollment period or unless you incur a change in family status as explained above.

12. Can I still claim medical expenses on my income tax returns?

You are not permitted to claim medical expenses as a deduction on your income tax return if you are reimbursed through insurance coverage or this reimbursement plan.

