

Retiree Opt-Out Program

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

The \$5,000 is available each year, and is prorated for partial years. 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). \$3,800 would then be available, through the end of that first year. The following January 1 another \$5,000 would be available.

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

You are only allowed to opt-out if you have, at a minimum, medical coverage through another Group Health Plan, such as your spouse's employers Plan. Proof of other coverage is required.

You will remain covered with the Fund for your death benefit.



What is a Change in Family Status?

A change in family status includes:

- You or your spouse losing or obtaining eligibility for group health insurance coverage.
- Your marriage or divorce (or legal separation).
- Birth or adoption of a child (or placement for adoption).
- Significant change in the cost or benefits of the other group health insurance coverage.



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



Toledo Electrical
Welfare Fund
P.O. Box 60408
Rossford, OH 43460
Phone: 419-666-4450
Fax: 419-666-5410
www.electricalfunds.org

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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's opt-out program is intended to provide a benefit to retirees who may have access to other group health insurance.

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 Fund if you have a change in family status, and then you must elect to come back in within 31 days of the family status change.

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 elect to opt-out, you can be reimbursed up to \$5,000 for health care expenses not covered under another plan. The money received for reimbursement of these health care expenses is tax-free.

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 detailed receipt or an Explanation of Benefits (EOB) with a claim form to be reimbursed from the Fund, up to \$5,000, per calendar year.

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 and 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 opt-out of medical and keep dental and vision coverage?

No. Partial opt-out is not permitted.

6. 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 Fund at the time you elected to opt-out, and as long as you would be entitled to deduct the expenses on your federal income tax return.

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

You may submit expenses for reimbursement which are incurred during the year, up until December 31 of the following year. In other words, expenses incurred in 2022 must be submitted no later than December 31, 2023.

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

Current tax law states that any unused reimbursements **do not** carry over and **are forfeited**.

9. 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.

10. My spouse can cover me under his/her plan but 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 pays for participation in his/her employer's health care plan, and that contribution is made on a pre-tax basis, then the contribution is not eligible for reimbursement. However, if the contribution is made on an after-tax basis, then the contribution is reimbursable. If you're not sure how the contributions to your spouse's plan is being handled, check with your spouse's employer.

11. If I elect to opt-out, do I still have to pay monthly contributions to the fund?

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

12. 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 TEWF?

No, once you elect to opt-out this decision is irrevocable unless you experience a change in family status, as explained herein.

13. 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 have been reimbursed through other insurance coverage or this opt-out plan.

