

NEW YORK DISTRICT COUNCIL OF CARPENTERS BENEFIT FUNDS

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SUMMARY OF MATERIAL MODIFICATIONS TO THE NEW YORK CITY DISTRICT COUNCIL OF CARPENTERS WELFARE FUND SUMMARY PLAN DESCRIPTION

To: All Active and Retired Welfare Fund Participants

From: Board of Trustees

Date: September 2014

Re: Retiree Welfare Coverage and Disqualifying Employment Rules
Effective December 1, 2014

This Summary of Material Modification (“SMM”) is intended to notify you of changes to the Summary Plan Description (“SPD”) for the New York City District Council of Carpenters Welfare Fund (the “Welfare Fund”). Please read this summary carefully and keep it with the SPD and SMMs that were previously provided to you.

As you probably know, the New York City District Council of Carpenters **Pension Fund** (the “Pension Fund”) restricts the types of work you can perform while receiving a pension, and, depending on the type of work that you perform, your monthly pension may be suspended. The Pension Fund’s suspension of benefits rules are described in the Pension Fund’s SPD and the Pension Plan document.

The purpose of this SMM is to notify you of new rules that will become effective for the **Welfare Fund** effective **December 1, 2014**. The new rules require you to notify the Welfare Fund in advance if you intend to engage in certain work while you are covered under the Welfare Fund as a Retiree. As explained in this SMM, your performance of certain work while you are covered under the Welfare Fund as a Retiree will result in the loss of your Welfare Fund Retiree coverage temporarily and, in some cases, permanently. These rules are referred to as the “Welfare Fund’s Disqualifying Employment Rules.”



Any references to “your” coverage in this SMM also refers to the coverage of your spouse and all eligible dependents.

The Welfare Fund’s Disqualifying Employment Rules are significantly different from the Pension Fund’s suspension of benefit rules, referred to above. It is very important that you carefully review this SMM and the accompanying “Frequently Asked Questions about Working after Retirement.”

Definition of Disqualifying Employment under the Welfare Fund

Effective December 1, 2014, Disqualifying Employment under the Welfare Fund means any work in the states of **New York and New Jersey** that falls under the trade jurisdiction of the New York City and Vicinity District Council of the United Brotherhood of Carpenters and Joiners of America for an employer who is **not** required to contribute to the Welfare Fund on your behalf.

No Minimum Number of Hours Allowed in Disqualifying Employment under the Welfare Fund

There is no minimum number of hours that you are permitted to work in Disqualifying Employment before you are subject to the Welfare Fund’s Disqualifying Employment Rules. For example, under the Pension Fund, as long as you do not work 40 hours or more per month in Disqualifying Employment as defined by the Pension Fund, your monthly pension benefit is not affected. In contrast, if you work *even one hour* per month in Disqualifying Employment under the Welfare Fund, you are subject to the Welfare Fund’s Disqualifying Employment Rules.

Notification Requirements

You must notify the Welfare Fund in writing if you intend to work in Disqualifying Employment in advance of such Disqualifying Employment. If possible, notice shall be provided 30 days in advance of such Disqualifying Employment; otherwise, notice must be given by no later than the first day of your commencement of Disqualifying Employment.

So that unnecessary problems and future loss of Retiree eligibility can be avoided, please notify the Welfare Fund of any job you are considering accepting. If you would like the Welfare Fund to review any potential employment you are considering to determine its impact on your Retiree coverage, please complete and submit the Reemployment Questionnaire which can be obtained by contacting the Fund Office. From time to time, we may contact you and ask you to provide information about your post-retirement employment. We may also check with the Social Security Administration or request income tax documents from you to verify the accuracy of the information you give us. Failure to provide the requested information will result in your Retiree Welfare eligibility being suspended pending your provision of such information.

You may work an unlimited number of hours in any employment that is not Disqualifying Employment.

The Welfare Fund will notify you in writing if your Retiree coverage has terminated due to your Disqualifying Employment.

Termination of Retiree Welfare Coverage During Disqualifying Employment – Temporary and Permanent Terminations When Advance Notice is Given

Your Retiree coverage under the Welfare Fund will terminate effective on the first day you work in Disqualifying Employment. It will remain terminated for any month in which you work in Disqualifying Employment regardless of how many or how few hours you work that month in Disqualifying Employment. You must notify the Welfare Fund in writing when your Disqualifying Employment ends and you must include a letter from your Employer advising that your employment has terminated.

If you comply with your notice obligations and you do not work more than three (3) months in Disqualifying Employment, your coverage will resume on the first day of the next coverage quarter – January 1, April 1, July 1, or October 1 – following the month in which your Disqualifying Employment ends.

However, if you work in Disqualifying Employment for more than three (3) months in any period after your Retiree Welfare coverage has commenced – *whether consecutive or intermittent months* – and even if you do not work a full three (3) months – you shall permanently lose your eligibility for Welfare Retiree coverage. So, for example, let's say you work 1 day in Disqualifying Employment in **January**, ½ day in **July**, and 2 days in **September**, you will have permanently forfeited your eligibility for Retiree Welfare coverage as of **October** because you worked in Disqualifying Employment over a three-month period even though you only worked a combined total of 3½ days. This same rule would apply even if you worked one hour in Disqualifying Employment per year over three years.

Termination of Retiree Welfare Coverage During Disqualifying Employment – Temporary and Permanent Terminations When Advance Notice is NOT Given

If you fail to notify the Welfare Fund of your Disqualifying Employment, you will be required to reimburse the Welfare Fund the greater of (a) the cost of your coverage as determined by the then-applicable COBRA rate, or (b) the cost of any benefits paid between the first day of Disqualifying Employment and the end of such Disqualifying Employment.

The penalty for a first-time failure to notify the Welfare Fund of your Disqualifying Employment is that you will have to first reimburse the Welfare Fund and **wait one quarter** following the end of the month in you which you cease to work in Disqualifying Employment to resume coverage as a Retiree under the Welfare Fund.

If you fail to notify the Welfare Fund of your Disqualifying Employment on a second occasion, you will have to first reimburse the Welfare Fund and **wait two quarters** following the end of the month in you which you cease to work in Disqualifying Employment to resume coverage as a Retiree under the Welfare Fund.

If you fail to provide notice of your Disqualifying Employment on a third occasion, you shall have permanently forfeited your eligibility for Welfare Retiree coverage.

You are not eligible for *any* opportunity to resume coverage as a Retiree if you worked in Disqualifying Employment for three (3) or more months, as explained above.

Eligibility for Retiree Coverage after a Permanent Forfeiture

If you permanently forfeit your eligibility for Welfare Retiree coverage, in order to become eligible again for Retiree coverage, you must return to Covered Employment and subsequently satisfy the eligibility requirements for Retiree coverage based solely on your work in Covered Employment following your Disqualifying Employment. Please refer to the section in the SPD entitled “Eligibility for Retirees” for additional information regarding Retiree eligibility.

Appeal Procedures

If you dispute that your post-retirement work is Disqualifying Employment under the Welfare Fund’s Disqualifying Employment Rules, please advise us immediately in writing and include with your submission a dated and signed authorization that will allow us to obtain information from your Employer. A copy of an authorization form for you to complete in these circumstances can be obtained by contacting the Fund Office. If you decide to appeal the Welfare Fund’s determination that you engaged in Disqualifying Employment, you must submit a written appeal to the Fund Office within 180 days from the date of the notice you receive from the Welfare Fund advising of the loss of your Retiree Welfare coverage. Your letter should state your reasons for the appeal and include any documentation you have in support of your appeal. Your appeal will be decided at the next meeting of the Administrative Committee of the Board of Trustees, unless your appeal is received by the Fund Office less than 30 days prior to the next regularly scheduled meeting. If such appeal is received by the Fund Office less than 30 days prior to the next regularly scheduled meeting, no decision shall be made on such appeal until the second regularly scheduled meeting of the Administrative Committee following receipt of such appeal.

Work in Covered Employment Following Retirement

The SPD currently has rules regarding what happens to your Retiree coverage if you return to Covered Employment after you retire. Those rules remain in effect and are not changed by this SMM.

Questions

If you have any questions, please contact the Fund Office at (800) 529-FUND (3863).

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FREQUENTLY ASKED QUESTIONS ABOUT POST-RETIREMENT EMPLOYMENT AND NYCDCC PENSION AND WELFARE BENEFITS

September 2014

If you perform certain types of employment while you are receiving a pension from the New York City District Council of Carpenters Pension Fund (the “Pension Fund”) or while receiving retiree health coverage from the New York City District Council of Carpenters Welfare Fund (the “Welfare Fund”), your pension and health benefits may be suspended or forfeited. The purpose of these Frequently Asked Questions (“FAQs”) is to explain the effect of post-retirement employment on your benefits and to highlight the differences in the rules applicable to the Pension Fund and the rules applicable to the Welfare Fund.

If you have any questions concerning the rules for working after retirement, please contact the Member Services Department at 800-529-FUND (3863) or 212-366-7373.

PENSION FUND RE-EMPLOYMENT RULES

Q-1. I am currently receiving a monthly pension from the Pension Fund. Is my pension affected if I return to work?

A-1. It depends on your age and the type of work that you perform.

Q-2. What are the rules regarding age?

A-2. The Pension Fund’s Suspension of Benefits rules apply before you reach **age 70**. After you reach age 70, these rules do not apply and you can engage in any type of work without having your pension benefit affected.



Q-3. What are the rules regarding the type of work that may affect my monthly pension benefit?

A-3. If you have not yet reached age 70, your monthly pension benefit will be suspended for each month in which you work **40 or more hours** in “**Disqualifying Employment**.”

Disqualifying Employment means Covered Employment - i.e., work performed under a collective bargaining or other agreement between your employer and the New York City and Vicinity District Council of the United Brotherhood of Carpenters and Joiners of America (the ‘District Council’). Thus, for example, if you perform 40 or more hours of work per month that is covered by a collective bargaining agreement (“CBA”) with the District Council, such work is considered Disqualifying Employment and will result in the suspension of your pension benefit for that month. Disqualifying Employment also means any employment or self-employment within the collective bargaining jurisdiction of the District Council, even though there is no CBA in effect. For example, if you engage in the construction of concrete formwork or core drilling for a non-union employer, this would be considered Disqualifying Employment since such work falls within the collective bargaining jurisdiction of the District Council. To recap, *any* work that falls within the collective bargaining jurisdiction of the District Council, regardless of whether the employer has a CBA with the District Council, is considered Disqualifying Employment under the Pension Fund.

If you work fewer than 40 hours per month in Disqualifying Employment, your pension is not affected, unless you are on a Disability Pension.

Q-4. What is the Pension Fund’s Suspension of Benefits Rule for Disability Pensioners?

A-4. If you are receiving a Disability Pension, your benefit will be suspended if you perform *any* work in Disqualifying Employment, as defined above. In other words, a Disability Pensioner cannot perform *any* Disqualifying Employment while at the same time collecting a Disability Pension. This prohibition applies even if a Disability Pensioner works fewer than 40 hours per month.

Q-5. What should I do if I intend to work in Disqualifying Employment?

A-5. If you intend to work 40 hours or more of Disqualifying Employment in a month, please notify the Fund Office in advance in writing so that your monthly benefit can be suspended. If you are receiving a Disability Pension, please provide notification if you intend to perform *any* work in Disqualifying Employment.

Q-6. What if I fail to notify the Fund Office of my Disqualifying Employment?

A-6. If you receive a pension benefit for a month for which it is later determined you were ineligible because of Disqualifying Employment, the overpayment will be deducted from future pension payments until the full amount has been repaid to the Pension Fund. The Pension Fund will withhold 100% of your first pension payment due upon resumption after a suspension. If you received more than one monthly overpayment, subsequent deductions shall not exceed 25% of your pension amount (before deduction). If you die before the Pension Fund has recouped all overpayments, deductions shall be made from the benefits payable to your spouse or beneficiary subject to the 25% limitation on the rate of deduction.

The Pension Fund will waive the penalty for a first-time violation; that is, if you fail to notify the Fund Office of your Disqualifying Employment one time, the penalty will be waived and your benefits will not be suspended. Any subsequent violations will result in a suspension of your benefits.

Q-7. What should I do when I cease Disqualifying Employment?

A-7. You should also notify the Fund Office when your Disqualifying Employment ends. Monthly pension payments will resume starting with the month following the last month for which benefits were suspended, with payments starting no later than the third month following the last month of suspension, as long as you gave the Fund Office timely notice of the end of your Disqualifying Employment.

Q-8. What if I work six or more consecutive months in Disqualifying Employment?

A-8. After working six consecutive months in Disqualifying Employment, you will no longer be considered a pensioner and will need to notify the Fund Office in writing if/when you are returning to retired status.

Q-9. Where can I obtain more information about the Pension Fund's Suspension of Benefits Rules?

A-9. The Pension Fund's Suspension of Benefits Rules are set forth in the Pension Fund's Summary Plan Description ("SPD") and Summary of Material Modifications ("SMM"). These documents are available on the NYCDCC Benefit Funds' website, www.nyccbf.org. The Pension Plan Restatement, and amendments thereto, as well as the Return to Work Rules that are provided upon retirement also set forth these Suspension of Benefits Rules.

Q-10. What is the effective date of the Pension Fund's Suspension of Benefits Rules?

A-10. The Pension Fund's Suspension of Benefits Rules are already in effect and you have previously been advised of these Rules.

Q-11.What are the appeal procedures if I believe my monthly benefit has been improperly suspended?

A-11. If you believe that your monthly pension benefit has been improperly suspended, you may submit a written appeal to the Fund Office within 60 days from the date of the notice you receive from the Pension Fund advising of the suspension of your benefits. Your appeal will be decided at the next meeting of the Administrative Committee of the Board of Trustees, unless your appeal is received by the Fund Office less than 30 days prior to the next regularly scheduled meeting. If such appeal is received by the Fund Office less than 30 days prior to the next regularly scheduled meeting, no decision shall be made on such appeal until the second regularly scheduled meeting of the Administrative Committee following receipt of such appeal.

WELFARE FUND RE-EMPLOYMENT RULES

Q-1. I am currently receiving Retiree health coverage from the Welfare Fund? Is my coverage affected if I return to work?

A-1. Your coverage will be terminated, and is subject to permanent forfeiture, if you perform Disqualifying Employment under the Welfare Fund as defined in Q&A-5 below.

Q-2. Does my age matter?

A-2. No. Unlike the Pension Fund's Suspension of Benefit rules, the Welfare Fund's Disqualifying Employment rules apply regardless of your age, even if you have reached age 70.

Q-3. Does the Welfare Fund have the same Disqualifying Employment Rules as the Pension Fund?

A-3. No. Although there are some similarities in the Pension Fund's Rules and the Welfare Fund's Rules, there are very important differences. Generally speaking, the Welfare Fund's Rules are stricter than the Pension Fund's Rules. Please read these FAQs carefully for more information about these differences.

Q-4. Does the Welfare Fund's Disqualifying Employment Rules affect coverage for my spouse and eligible dependents?

A-4. Yes. If I lose coverage under the Disqualifying Employment Rules, my spouse and eligible dependents will also lose coverage.

Q-5. What are the rules regarding the type of work that may affect my eligibility for Retiree coverage under the Welfare Fund?

A-5. Disqualifying Employment under the Welfare Fund means any work in the states of New York and New Jersey that falls under the trade jurisdiction of the District Council for an employer who is **not** required to contribute to the Welfare Fund on your behalf.

Q-6. Is there a minimum number of hours that I may work in Disqualifying Employment without affecting my eligibility for Retiree coverage under the Welfare Fund?

A-6. No. There is no minimum number of hours that you are permitted to work in Disqualifying Employment before you are subject to the Welfare Fund's Disqualifying Employment Rules. As described above, under the Pension Fund, as long as you do not work 40 hours or more per month in Disqualifying Employment as defined by the Pension Fund, your monthly pension benefit is not affected. In contrast, if you work *even one hour* per month in Disqualifying Employment under the Welfare Fund, you are subject to the Welfare Fund's Disqualifying Employment Rules.

Q-7. What should I do if I intend to work in Disqualifying Employment?

A-7. You must notify the Welfare Fund in writing if you intend to work in Disqualifying Employment in advance of such Disqualifying Employment. Please provide notice 30 days in advance of such Disqualifying Employment, if possible, and, in all cases, notice must be given by no later than the first day of your commencement of Disqualifying Employment.

If you would like the Welfare Fund to review any potential employment you are considering to determine its impact on your Retiree coverage, please complete and submit the Reemployment Questionnaire which can be obtained by contacting the Fund Office. From time to time, we may contact you and ask you to provide information about your post-retirement employment. We may also check with the Social Security Administration or request income tax documents from you to verify the accuracy of the information you give us. Failure to provide the requested information will result in your Retiree Welfare eligibility being suspended pending your provision of such information.

The Welfare Fund will notify you in writing if your Retiree coverage has terminated due to your Disqualifying Employment.

Q-8. If I provide notice to the Welfare Fund that I am going to work in Disqualifying Employment, how will my Retiree Welfare coverage be affected?

A-8. Your Retiree coverage under the Welfare Fund will terminate effective on the first day you work in Disqualifying Employment. It will remain terminated for any month in which you work in Disqualifying Employment regardless of the number of hours you work per month in Disqualifying Employment. You must notify the Welfare Fund in writing when your Disqualifying Employment ends and you must include a letter from your Employer advising that your employment has terminated.

If you comply with your notice obligations and you do not work more than three (3) months in Disqualifying Employment, your coverage will resume on the first day of the next coverage quarter – January 1, April 1, July 1, or October 1 – following the month in which your Disqualifying Employment ends.

However, if you work in Disqualifying Employment for more than three (3) months in any period after your Retiree Welfare coverage has commenced – *whether consecutive or intermittent months* – and even if you do not work a full three (3) months – you shall permanently lose your eligibility for Welfare Retiree coverage. So, for example, if you work 1 day in Disqualifying Employment in **January**, $\frac{1}{2}$ day in **July**, and 2 days in **September**, you will have permanently forfeited your eligibility for Retiree Welfare coverage as of **October** because you worked in Disqualifying Employment over a three-month period even though you only worked a combined total of $3\frac{1}{2}$ days. This same rule would apply even if you worked one hour in Disqualifying Employment per year over three years.

Q-9. If I fail to provide notice to the Welfare Fund that I am going to work in Disqualifying Employment, how will my Retiree Welfare coverage be affected?

A-9. If you fail to notify the Welfare Fund of your Disqualifying Employment, you will be required to reimburse the Welfare Fund the greater of (a) the cost of your coverage as determined by the then-applicable COBRA rate, or (b) the cost of any benefits paid between the first day of Disqualifying Employment and the end of such Disqualifying Employment.

The penalty for a first-time failure to notify the Welfare Fund of your Disqualifying Employment is that you will have to first reimburse the Welfare Fund and wait one quarter following the end of the month in which you cease to work in Disqualifying Employment to resume coverage as a Retiree under the Welfare Fund. Unlike with the Pension Fund, there is no waiver for a first-time failure to provide notice of Disqualifying Employment.

If you fail to notify the Welfare Fund of your Disqualifying Employment on a second occasion, you will have to first reimburse the Welfare Fund and wait two quarters following the end of the month in which you cease to work in Disqualifying Employment to resume coverage as a Retiree under the Welfare Fund.

If you fail to provide notice of your Disqualifying Employment on a third occasion, you shall have permanently forfeited your eligibility for Welfare Retiree coverage.

You are not eligible for *any* opportunity to resume coverage as a Retiree if you worked in Disqualifying Employment for three (3) or more months, as explained above.

Q-10. If I forfeit my eligibility for Retiree Welfare coverage, can I attain Welfare Retiree eligibility again?

A-10. If you permanently forfeit your eligibility for Welfare Retiree coverage, in order to become eligible again for Retiree coverage, you must return to Covered Employment and subsequently satisfy the eligibility requirements for Retiree coverage based solely on your work in Covered Employment following your Disqualifying Employment. Please refer to the section in the SPD entitled "Eligibility for Retirees" for additional information regarding Retiree eligibility.

Q-11. What are the appeal procedures if I believe my Welfare Retiree coverage has been improperly terminated?

A-11. If you dispute that your post-retirement work is Disqualifying Employment under the Welfare Fund's Disqualifying Employment Rules or otherwise believe that your Welfare Retiree coverage has been improperly suspended, please advise us immediately in writing and include with your submission a dated and signed authorization that will allow us to obtain information from your Employer. A copy of an authorization form for you to complete in these circumstances can be obtained by contacting the Fund Office. If you decide to appeal the Welfare Fund's determination that you engaged in Disqualifying Employment, you must submit a written appeal to the Fund Office within 180 days from the date of the notice you receive from the Welfare Fund advising of the loss of your Retiree Welfare coverage. Your letter should state your reasons for the appeal and include any documentation you have in support of your appeal. Your appeal will be decided at the next meeting of the Administrative Committee of the Board of Trustees, unless your appeal is received by the Fund Office less than 30 days prior to the next regularly scheduled meeting. If such appeal is received by the Fund Office less than 30 days prior to the next regularly scheduled meeting, no decision shall be made on such appeal until the second regularly scheduled meeting of the Administrative Committee following receipt of such appeal.

Q-12. What if I work in Covered Employment while I am receiving coverage as a Retiree from the Welfare Fund?

A-12. If you return to Covered Employment, your Retiree Welfare coverage will continue for up to six months as long as you work at least 40 hours in each month. After six months in Covered Employment, you are no longer considered a Retiree eligible for Welfare coverage. There is a special rule for Disability Pensioners. If your Disability Pension is suspended because you recover or you no longer qualify, your Retiree coverage will automatically continue for up to three months. It will continue for up to six consecutive months after the first three months if you work at least 40 hours in Covered Employment in each of those six months. During such six-month period, you will begin accumulating hours in your bank towards future eligibility. *Please refer to your SPD for more details.

Q-13. What is the effective date of the Welfare Fund's Disqualifying Employment Rules?

A-13. The Welfare Fund's Disqualifying Employment Rules will be effective beginning December 1, 2014.

Q-14. Where can I obtain more information about the Welfare Fund's Disqualifying Employment Rules?

A-14. Please refer to the Welfare Fund SMM dated September 2014. This document is available on the NYCDCC Benefit Funds' website, www.nyccbf.org.