

**REFRIGERATION, AIR CONDITIONING & SERVICE
DIVISION (UA-NJ)**

WELFARE, PENSION AND ANNUITY FUNDS

Quick Reference Guide

Effective March 1, 2014

Important Notice: This is an outline of the principal plan provisions of the Refrigeration, Air Conditioning & Service Division (UA-NJ) Welfare, Pension and Annuity Plans and is not intended to completely describe the Plan provisions. In the event of any discrepancy between this outline and the Plans, the Plan Documents shall govern. For further information, please review your Summary Plan Description or contact the office of the Administrator, I. E. Shaffer & Co., at P. O. Box 1028, Trenton, NJ 08628. Telephone 1-800-792-3666.

REFRIGERATION, AIR CONDITIONING & SERVICE DIVISION (UA-NJ)
WELFARE FUND

Effective March 1, 2014

Eligibility Rules:

All employees become initially eligible on the first day of the third calendar month following the commencement of their covered employment. Your eligibility will continue until the last day of the third month following a period of two months with no covered employment.

If you become disabled while eligible, your eligibility will be maintained while you are disabled for up to a maximum of 9 additional months.

Should your eligibility terminate, it will be reinstated on the first day of the month following your return to covered employment provided you were not out of covered employment for more than 12 consecutive months.

If you or your dependent loses eligibility, self-pay continuation of coverage is available under COBRA for up to 36 months. The current monthly self-pay rates under COBRA are:

Single	\$674
Parent/Child(ren)	\$1,010
Family	\$1,347

Dependent Coverage in the Event of your Death:

Following your death your dependents will remain eligible for health benefits until the earliest of the following dates:

1. The last day of a period of six (6) months following your death.
2. The date your spouse remarries.
3. The date your dependent becomes eligible for similar benefits under other group coverage.
4. The date your dependent children attaining the maximum eligible age

Once the 6 month period of “free” coverage expires, continuation of coverage is available for an indefinite period of time at the current COBRA rates. Upon attainment of age 65 the required contribution is \$100 per month. Also, for both active and retired employees, should the surviving spouse remarry, the self-pay privilege ends upon the end of the 36 month period or the date of marriage, if later.

Retiree Coverage:

Following your retirement, you will be eligible for retiree benefits provided all the following requirements are satisfied:

- ◆ You retire after attaining age 62 or age 60 if totally and permanently disabled.
- ◆ You have been eligible as an active employee for at least 12 of the 15 years prior to your retirement.
- ◆ You are receiving a normal or disability retirement benefit from the Refrigeration & Air Conditioning Division (UA-NJ) Pension Fund and have earned at least 20 years of credited service under the Pension Plan.
- ◆ You make the required contributions in the amount established by the Trustees. The current required contribution for retirees age 65 and over, or totally and permanently disabled, is \$100 per month. The current required contribution for retirees under age 65 is \$300 per month. These amounts are subject to change by the Trustees from time to time.

The Welfare Fund will provide similar coverage to your spouse at the time of your retirement. If your spouse is not Medicare eligible, the normal plan of medical benefits will be provided until your spouse attains Medicare eligibility.

Plan Benefits

- ◆ Life Insurance
- ◆ Accidental Death & Dismemberment
- ◆ Temporary Disability
- ◆ Medical
- ◆ Dental (including orthodontia)
- ◆ Vision
- ◆ Employee Assistance Program – pre-certification requirement for all treatment associated with mental/nervous and substance abuse treatment

Overview of HORIZON BLUE CROSS BLUE SHIELD of NJ Network Benefits

	<u>In-Network</u>	<u>Out-of-Network</u>
In-patient Hospital	100%	no coverage
Out-patient Hospital	100%	no coverage
Emergency treatment (in or out-of-network) – 100% coverage, no deductible after \$50 co-payment (co-pay waived if admitted)		
Out-patient Surgical Facilities	100%	no coverage
Physician Services		
In-hospital services	100%	no coverage
Office or home services	100% after \$10 co-pay	no coverage
Diagnostic X-ray and Lab	100%*	no coverage

*\$10 co-pay if test performed in doctor’s office. NJ-based participants must use Lab Corp. Out-of-network tests are not covered except for services rendered by hospital-based pathologists and radiologists at in-network hospitals.

How To Find a HORIZON BLUE CROSS BLUE SHIELD Provider

- ◆ HORIZON Provider Directory
- ◆ Call HORIZON at 1-800-810-2583
- ◆ HORIZON's website at www.horizonblue.com
- ◆ Call I. E. Shaffer & Co. at 1-800-792-3666
- ◆ Ask your physician, hospital, lab or other provider

REFRIGERATION, AIR CONDITIONING & SERVICE DIVISION (UA-NJ)
WELFARE FUND

Schedule of Benefits
Effective March 1, 2014

HORIZON BLUE CROSS BLUE SHIELD PPO NETWORK

Life Insurance - \$50,000 (except retired employees over age 65)

Accidental Death and Dismemberment - \$50,000 (except retired employees over age 65)

Temporary Disability Benefits (except retired employees)

Weekly Benefit - \$100
Waiting Period - 7 Days if due to illness, none if due to injury
Maximum Benefit Period - 26 Weeks

Basic Medicare Supplement Benefits (retired employees over age 65)

Medicare Part A and B deductibles
Medicare Part B Coinsurance

Major Medical Benefits

Medical Deductible - \$0
Medical Out-of-Pocket Limit - \$6,350 person/\$12,700 family
(Co-pays, deductibles and co-insurance count towards this out-of-pocket limit)

Medicare eligible plan participants- Fund pays as a supplement to Medicare at 100% with no deductible/no out-of-pocket maximum

Inpatient Hospital – semiprivate rate
In-Network - 100% coverage, no deductible
Out-of-Network - no coverage provided

Outpatient Hospital Services:
In-Network - 100% coverage after deductible
Out-of-Network – no coverage provided
Emergency Treatment – 100% coverage after \$50 co-payment for both in-network and out-of-network hospitals (\$50 co-payment waived if admitted)

Major Medical Benefits - Continued

Physician Surgical and In-hospital Services:

- In-Network - 100% coverage, no deductible
- Out-of-Network - no coverage provided

Physician Office or Home Visits:

- In-Network - 100% coverage after \$10 co-payment
- Out-of-Network - no coverage provided

Laboratory and Radiology Services:

- In-Network - 100% coverage or \$10 co-pay if test performed in doctor's office.
NJ-based participants must use Lab Corporation of America
- Out-of-Network - no coverage provided (except for services rendered by hospital based pathologists and radiologists at in-network hospitals)

Preventative Care Services (as defined by the Patient Protection and Affordable Care Act):

- In-Network - 100% coverage, no co-payment
- Out-of-Network - no coverage provided

Mammograms:

- In-Network - 100% coverage, no co-payment
- Out-of-Network - no coverage provided

Chiropractic Care:

- In-Network – 100% coverage after \$10 co-payment (up to 30 visits per person/year)
- Out-of-Network – no coverage provided

Ambulance/Emergency Medical Transportation:

- In-Network – 100% coverage, no co-payment (covers transport from point where stricken to nearest hospital that can provide treatment)
- Out-of-Network – no coverage provided

Home Health Care:

- In-Network–100% coverage, no deductible, no co-payment (120 visits/year, 4 hours = 1 visit, no custodial care covered)
- Out-of-Network – no coverage provided

Skilled Nursing Care:

- In-Network-100% coverage, no deductible for inpatient and 100% coverage, no deductible after \$10 co-payment per out-patient visit.
- Out-of- Network-no coverage provided

Hospice Service:

- In-Network-100% coverage, no deductible for in-patient and 100% coverage, no deductible, no co-payment for out-patient care (120 visits/year, 4 hours = 1 visit, no custodial care covered)
- Out-of-Network-no coverage provided

Prescription Card Program (Actives and Non-Medicare Eligible Retirees)

(mandatory generic substitution) – up to 30 day supply

- Generic Drugs – 20% co-payment, min. \$5, max. \$50
- Preferred Brand Name Drugs – 20% co-payment, min. \$20, max. \$50
- Non-Preferred Brand Name Drugs – 20% co-payment, min. \$35, max. \$50
- Specialty Drugs – 20% co-payment, maximum \$100, annual co-pay limit \$1,500 after which the co-pay becomes 20% with a \$50 maximum

If a name brand drug with a FDA approved generic is requested, the total co-pay will be the generic co-pay plus the difference in cost between the brand and generic medications.

There is a separate out-of-pocket limit for prescriptions of \$6,350 per person \$12,700 per family, after which there will be no co-payments required for the remainder of the year.

Mail Order Prescriptions (Actives and Non-Medicare Eligible Retirees)

(mandatory generic substitution) – up to 90 day supply

- Generic Drugs – 20% co-payment, min. \$10, max. \$100
- Preferred Brand Name Drugs – 20% co-payment, min. \$20, max. \$100
- Non-Preferred Brand Name Drugs – 20% co-payment, min. \$35, max. \$100
- Specialty Drugs – 20% co-payment, maximum \$100, annual co-pay limit \$1,500 after which the co-pay becomes 20% with a \$50 maximum

If a name brand drug with a FDA approved generic is requested, the total co-pay will be the generic co-pay plus the difference in cost between the brand and generic medications.

There is a separate out-of-pocket limit for prescriptions of \$6,350 per person \$12,700 per family, after which there will be no co-payments required for the remainder of the year.

Prescription Card Program (Medicare Eligible Retirees) - up to a 34 day supply

- Generic Drugs - \$3 co-payment
- Preferred Brand Name Drugs – 20% co-payment, max. \$150
- Non-Preferred Brand Name Drugs – 50% co-payment
- Specialty Drugs – 20% co-payment, maximum \$200 for preferred, \$250 non-preferred

Mail Order Prescriptions (Medicare Eligible Retirees) - up to 90 day supply

- Generic Drugs – 20% co-payment, min. \$10, max. \$100
- Preferred Brand Name Drugs – 20% co-payment, min. \$40, max. \$100
- Non-Preferred Brand Name Drugs – 20% co-payment, min. \$70, max. \$100

Note that once a Medicare eligible participant's total out of pocket expense for prescription drugs exceeds \$4,550 in a calendar year; co-pays at both retail or mail will be as follows:

- Generic: \$2.55 or 5% (whichever is greater)
- Preferred Brand Name: \$6.35 or 5% (whichever is greater)
- Non-Preferred Brand Name: \$6.35 or 5% (whichever is greater)
- Preferred Specialty Medications: \$6.35 or 5% (whichever is greater)
- Non-Preferred Specialty Medications: \$6.35 or 5% (whichever is greater)

Dental Benefits (Two options):

Dental Services (your choice of provider):

Deductible - \$ 50/person for dental expenses

80% after deductible (50% for fixed bridgework, crowns, gold fillings and orthodontia)

Up to \$2,000 per person/year

OR

Dental Services Organization (DSO) dental plan under which all treatment is be provided at Eastern Dental offices located in New Jersey. Features of the DSO dental plan include:

- ◆ No annual benefit maximum
- ◆ No patient paid expenses with the exception of a 24 month maximum for orthodontics of:
 - \$500 for children
 - \$1,250 for adults
- ◆ No need to submit claim forms

Vision Benefit (maximum benefit every 12 months)

Examination - \$50

Lens: Single - \$35

Bifocal - \$55

Trifocal or Contact - \$70

Frames - \$50

Benefit Maximums:

Annual Medical Out-of-Pocket Limit-\$6,350 person/\$12,700 family

(Co-pays, deductibles and co-insurance count towards this out-of-pocket limit)

Annual Prescription Out-of-Pocket Limit - \$6,350 person/\$12,700 family

For active employees and non-Medicare eligible retired employees only.

(Prescription co-pays count towards this limit)

Home Health Care - 120 visits per calendar year, 4 hours =1 visit, no custodial care covered

Supplemental Speech Therapy – 50 visits per year, up to \$50 per visit (\$100 to age 2)

Chiropractic Care -maximum covered visits per year – 30 per person

Benefit Maximums- Continued

Lifetime Maximum for surgical procedures performed to correct myopia (near sightedness) or hyperopia (far sightedness) - \$2,000 (active employees only)

Annual Dental Maximum - \$2,000/person

Lifetime Dental Orthodontia Maximum - \$2,000/person

Optional Dental Service Organization (Eastern Dental) available annually

Pre-Certification Requirements:

All inpatient hospital stays must be pre-certified by **Horizon Blue Cross Blue Shield 1-800-664-2583**. Emergency admissions must be certified within 72 hours after hospital admission. There is a \$200 penalty for failure to pre-certify.

All treatment relative to mental/nervous and substance abuse conditions must be pre-certified by the **Employee Assistance Program at 1-800-527-0035** rather than Horizon Blue Cross. No benefits will be paid for treatment that is not pre-certified.

In-Network Only

The medical coverage provided under the Plan is **in-network only**. The Plan does not provide out-of-network coverage for providers who do not participate in the HORIZON PPO network. The only exception is “**emergency**” treatment rendered by an out-of-network provider with “**emergency**” defined as the sudden onset of an illness or injury where the symptoms are of such severity that the absence of immediate medical attention could reasonably result in:

- Placing the covered person's life in jeopardy, or
- Causing other serious medical consequences, or
- Causing serious impairment to bodily functions, or
- Causing serious dysfunction of any bodily organ or part.

REFRIGERATION, AIR CONDITIONING & SERVICE DIVISION (UA-NJ)
PENSION FUND

Effective March 1, 2014

Important Terms

- ◆ Plan Year - March 1st to February 28th
- ◆ Credited Service - 1 year of credit for each plan year during which 1,800 hours are worked. Partial credit is earned as follows:

<u>Hours</u>	<u>Credit</u>
200	.2
400	.3
600	.4
800	.5
1,000	.6
1,200	.7
1,400	.8
1,600	.9

- ◆ Reserve Hours – hours in excess of 1,800 during a plan year accumulate in a reserve up to a maximum of 1,800 hours. Reserve may be drawn upon to earn additional credited service for a subsequent plan year during which at least 360 hours, but less than 1,800 hours, are worked.
- ◆ Vested Service - 1 year for 1,000 hours during plan year, no partial credit.
- ◆ Vesting - 100% after 5 years vested service
- ◆ Forfeiture - occurs if prior to becoming vested you incur a period of at least 5 consecutive one-year breaks in service.
- ◆ Break in Service - any plan year during which you receive credit for less than 500 hours of service.

Types of Pension Benefits

- ◆ Normal Retirement - age 62 and five years of participation.
- ◆ Early Retirement - age 55 and 10 years of credited service.
- ◆ Disability Retirement - any age, Social Security Disability, and 10 years of credited service.

Normal Retirement Benefits

\$80.00 per month for each year of credited service payable for life starting at normal retirement age (62).

Early Retirement Benefits

Same as Normal Retirement amount reduced by 1/2% for each month that you retire prior to age 62. For example, at age 60 your benefit would be reduced by 12%. At age 55 your benefit would be reduced by 42%.

Disability Retirement Benefits

Same as Normal Retirement amount with no reduction for early retirement.

Forms of Payment

- ◆ Life Annuity with 60 payments guaranteed
- ◆ Life Annuity with 120 payments guaranteed
- ◆ Life Annuity with 180 payments guaranteed
- ◆ Spouse's Joint and 50%, 75% or 100% to Survivor

Pre-Retirement Death Benefits

Non-Vested Employee With at Least 1 Year of Credited Service

\$500 times years of credited service, payable in a lump sum.

Vested Employee Under Age 55

Lifetime benefit payable to your spouse, beginning when you would have reached age 55, equal to ½ the amount you would have received at age 55 under the joint and 50% survivor form, or

\$500 times years of credited service payable in a lump sum.

Vested Employee Over Age 55

Lifetime benefit payable to your spouse, equal to ½ the amount you would have received at age 55 under the joint and 50% survivor form, or

Monthly benefit that would have been paid had you retired, payable for 60 months.

Post Retirement Death Benefits

- ◆ Continuation of monthly benefit based upon form of payment elected at retirement.

REFRIGERATION, AIR CONDITIONING & SERVICE DIVISION (UA-NJ)
ANNUITY FUND

Effective March 1, 2014

Your Account Balance is Equal to:

- ◆ Employer Contributions, plus
- ◆ Investment Earnings, less
- ◆ Withdrawals, less
- ◆ Expenses

Types of Annuity Benefits

- ◆ Retirement - receiving a retirement benefit from the R&AC Pension Plan.
- ◆ Disability - totally and permanently disabled.
- ◆ Termination - no covered employment over 2 consecutive months.
- ◆ Death - payable upon death
- ◆ Loans - available to participants who have at least 5 years of participation not to exceed 50% of account balance or \$50,000, whichever is less. The interest rate charged on a loan is equal to the prime rate plus 1½%. Loans are available for the following purposes:
 - Unreimbursed Medical Expenses - up to 5 year term
 - College Educational Expenses - up to 5 year term
 - Foreclosure or Eviction – up to a 5 year term
 - Repair to Principal Residence from Natural Disaster – up to a 5 year term
 - Purchase of Principal Residence - up to 10 year term

Forms of Payment

- ◆ Lump Sum
- ◆ Monthly installments over a period not to exceed your remaining life expectancy
- ◆ Combination lump sum and monthly installments
- ◆ Joint and survivor annuity

Federal and State Income Taxes

- ◆ Annuity benefits are subject to federal and state income taxes.
- ◆ Mandatory 20% withholding applies to all payments made over less than 10 years.
- ◆ 10% IRS penalty applies if you are not 59½ or 55 and retired.
- ◆ May qualify for rollover treatment.

Investment Choices:

- ◆ Prudential Fixed Income Fund
- ◆ Balanced/Wellington Mgmt Fund (default choice)
- ◆ Vanguard
- ◆ Dryden S&P 500 Stock Index Fund
- ◆ Fidelity Contrafund
- ◆ Large Cap Growth American Century Fund
- ◆ T Rowe Price Growth Stock Fund
- ◆ Vanguard Mid Cap Index Signal Fund
- ◆ Vanguard Small Cap Index Signal Fund
- ◆ American Funds EuroPacific Fund

Investment earnings credited daily. Investment elections may be changed daily.

Participants may take an asset allocation course provided by Prudential Retirement at www.prudential.com/signature/th The password is “ac”.

Access to your account with your PIN 24 hours a day, 7 days a week – www.ieshaffer.com or (877) 742-3373 (toll-free).

Please visit <http://www3.prudential.com/signature/taft/ref&ac.htm> for quarterly investment updates.