

For Your Benefit

Operating Engineers Local No. 77

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Hearing Aids Are Covered

The following is a Summary of Material Modification (change) to your Summary Plan Description booklet. Please keep this notice with your booklet so you will have it when you need to refer to it.

Effective November 8, 2011, the Board of Trustees approved coverage for hearing aids. The Fund will pay for hearing aids up to \$2,500 every five years when medically necessary. You must satisfy the \$300 annual deductible before the Fund will begin paying benefits.



You Can Enroll In the 401(k) Option During January

If you have not enrolled in the 401(k) Option and are interested in doing so, **now is the time!** This Option is a provision of the Individual Account Plan (Annuity Fund). It allows your savings to go further because the money is saved on a **pre-tax** basis.

How does a 401(k) work?

Saving in a 401(k) Option is easy through payroll deduction. Because your contribution is taken before your check is taxed, it's worth more to you in the 401(k) than it would be in your paycheck, where it would be reduced by income taxes.

How do I enroll in the 401(k) Option?

Call the Fund office at (877) 850-0977 and request a Participant New Deferral form. Once you have completed the form, return it to your employer, not the Fund office.

How much can I put into the 401(k)?

You can contribute up to a maximum of \$3.00 per hour worked, in 50-cent

increments. For example, you may choose to save \$.50 an hour, \$1.00, \$1.50, \$2.00, \$2.50, or even \$3.00 per hour worked. And, very importantly, your contribution is pre-tax.

As an example, let's say Jim earns \$25,000 a year. His federal income tax rate is 28%, and his state and local taxes add up to another 4% for a total 32% tax rate. Jim contributes \$1,000 a year to the 401(k) Plan. That reduces his taxable salary to \$24,000. But it also cuts his income taxes by \$320 (32% of \$1,000).

Jim has saved \$1,000 but his take-home pay isn't reduced by \$1,000 a year. It's only reduced by \$680.

How do I know how well my investments are doing?

You'll receive a financial statement of your 401(k) account on a quarterly basis from MassMutual Financial Group that shows the amounts you've contributed and how all your investments have performed. You can also review your account online by going to www.massmutual.com. Make a selection at Login Access by clicking

on "The Journey" and entering your PIN and Social Security Number.

Participation in the 401(k)

Participation in this Option is **totally voluntary**. You may stop making contributions or change the amount every six months (January 1st and July 1st) by completing a Participant Deferral Change form.

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The purpose of this newsletter is to explain your benefits in easy, uncomplicated language. It is not as specific or detailed as the formal Plan documents. Nothing in this newsletter is intended to be specific medical, financial, tax, or personal guidance for you to follow. If for any reason, the information in this newsletter conflicts with the formal Plan documents, the formal Plan documents always govern.

For more information

You can receive answers to questions about the 401(k) Plan, investment options, or account information by calling Mass Mutual at (800) 743-5274 or logging onto www.massmutual.com.

Oral Contraceptives Covered Only If Medically Necessary

Prescriptions for oral contraceptives are covered under your prescription drug benefits through Caremark **only if they are medically necessary**. Medically necessary prescriptions are covered for participants, as well as for eligible spouses and dependent daughters. The prescription must be prescribed for a medical problem only. **Oral contraceptives for the prevention of pregnancy are not covered.**

How is medical necessity determined?

In order to determine medical necessity, the physician must write a letter describing the medical necessity of the medication and **also describe other treatments which could possibly be necessary if oral contraceptives are not used**. This information is necessary for the Fund office to review for determination. Your physician should fax the letter to (410) 683-7778 or mail to the Fund office at the following address:



Operating Engineers
Union Local No. 77
Health and Welfare Fund
911 Ridgebrook Road
Sparks, Maryland 21152-9451

If you have any questions, call the Fund office at (877) 850-0977.

Identify Payments Sent To the Fund Office

When you send a check or money order to the Fund office, write on the check what it is for. Why? Because the Fund office handles a variety of benefits, such as Health and Welfare, Pension, Legal and others for a number of clients. We process checks for:

- Retiree co-payments,
- COBRA payments,
- Dependent coverage co-payments,
- Returned pension checks,
- Accident and Sickness payments, and more.

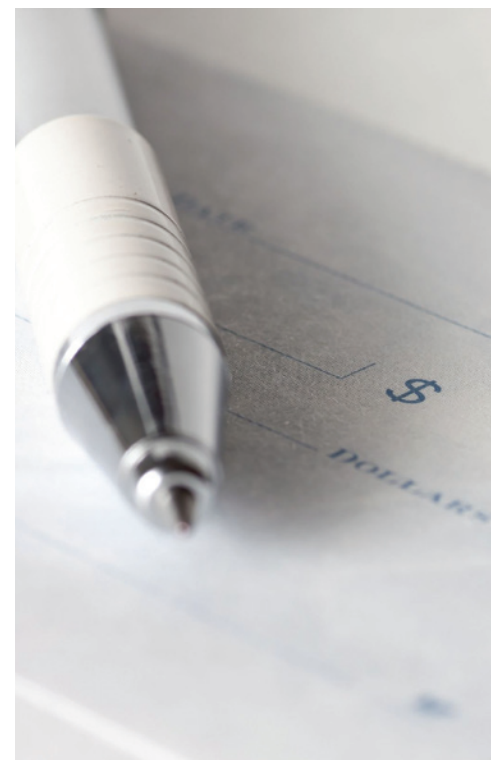
Sometimes, the Fund office receives envelopes containing nothing but a check. We then must determine where the payment should be applied. With the number of people making

payments, and the variety of reasons, this can be a difficult and time-consuming task.

Worst of all, if we cannot identify a check, the time it takes us to track down the correct department could cause the payment's deadline to pass. It's possible that you could lose coverage while we try to identify the check. Although coverage would be re-established once the mystery is solved, you don't want this to happen to you.

To keep it from happening, please indicate the reason for your payment and the participant's Social Security Number right on the check.

The more specific information you can provide, the more easily and quickly your benefits can be updated.





Weekly Disability Payments Are Taxable

Most people know that Weekly Disability benefits are paid to eligible participants who become disabled and are unable to work. What is not so well known is that the money received under this benefit is taxable income. Furthermore, income tax is not withheld automatically from your payment unless it was requested.

To have income tax withheld from a weekly benefit check, you need to send the Fund office a signed IRS Form W-4S for federal income tax withholding.

Follow IRS rules

Withholding amounts must:

- be in whole dollars (for example, \$35, not \$34.50).
- be at least \$4 per day, \$20 per week, or \$88 per month based on your payroll period, and
- not reduce the net amount of each sick pay payment that you receive to less than \$10.

Obtaining IRS Form W-4S

You can print a copy of the W-4S form by logging on to www.associated-admin.com. Click on "Local 77" located at the left side of the screen. Under the heading "Downloads," select and print the form entitled "Request for Federal Income Tax Withholding From Sick Pay." You can also call the Fund office at (877) 850-0977 and we will be glad to mail one to you.

What Is "UCR" And How Does It Work?

The Fund office pays Major Medical Benefits based on the "Usual, Customary, and Reasonable" or "UCR" fee schedule. The UCR is based on the average fee charged for a specific procedure by a provider in a specific geographic area. For example, the average charge for an appendectomy performed in Alexandria, Virginia may be higher than the fee charged for one performed in a more rural area. The Fund subscribes to receive data from HIAA (Health Insurance Association of America) which compiles the fees for thousands of procedures in thousands of zip codes

and from that, generates a "usual, customary, and reasonable" or "UCR" charge for a given procedure in a given zip code.

Your Benefit Amount

Covered medical expenses under Major Medical are paid at 80% up to the UCR amount. You must satisfy a \$300 annual deductible before the Fund will begin paying benefits.

After you have reach the out-of-pocket maximum of \$4,000 per person, per calendar year, expenses for the remainder of that year for that

individual will be covered at 100% of covered expenses up to the UCR, up to \$200,000 per calendar year and at 50% above that amount, up to any annual maximum.

If your physician charges more than the UCR, the amount over the UCR will not be considered for payment by the Fund.

If you have questions about the UCR or how it is applied, please contact the Fund office at (877) 850-0977.



Social Security Number Needed for Newborn Before the 7th Month

When you enroll your newborn for medical coverage, you must complete an enrollment form and send it along with the birth certificate to the Fund office. The Fund office **must** have a Social Security Number (“SSN”) on record for you and your eligible dependent(s) to continue coverage. Failure to provide us with the SSN will result in suspension of benefits.

Newborns will have coverage from date of birth through six (6) months of age without a SSN. If a SSN has not been received by the end of the 6th month, coverage will terminate the first of the 7th month.

Q&A: Lost Pension Check

Q: What would I do if I don't receive my pension check?

A: If your monthly pension check does not arrive on time, always wait ten working days before calling the Fund office. Checks are mailed on the last working day of the month and normal postal service takes a few days. The Fund office will not issue a “Stop Payment” on a check until at least ten working days have passed since the check was issued.

The Electronic Fund Transfer (“EFT”) option allows your pension to be deposited right into your bank account – either savings or checking. You do not have to wait for the mail. To enroll for this convenient option, log on to www.associated-admin.com, and select “Local 77” located at the left side of screen. A list of various forms will appear. Choose and print the “Electronic Fund Transfer” form. Complete the form and return it to the Fund office.

Retirees: You Must Enroll in Medicare Part B at the Earliest Date It Becomes Available to You

As you know, Medicare is the federal health insurance program for people age 65 and over and certain disabled persons. Medicare has two parts: Part A (Hospital Insurance) and Part B (Medical Insurance). Medicare is available at the beginning of the month in which you turn 65, whether you are retired or still working. It is also available after you have been entitled to Social Security disability benefits for two years, and generally if you have end-stage renal disease (kidney failure).

Enrolling in Medicare

If you are eligible for Retiree Health and Welfare coverage through the Fund

and you – or any covered dependent – become Medicare eligible at any age, for any reason, the eligible person must enroll in Medicare Part B at the earliest date the person becomes eligible for it. Regardless of whether you or your eligible dependent enroll in the Medicare Part B program, the Health and Welfare Fund will not pay any benefits that are available under the Medicare program.

Send copy of Medicare Card when enrolled in Medicare

Once you (or any covered dependent) are enrolled in Medicare, send the Fund office a copy of the Medicare card.





Newborns' & Mothers' Health Protection Act Provides Minimum Hospital Stay

In accordance with the Mothers' and Newborns' Health Protection Act of 1998 (the "Newborns' Act"), the Fund provides coverage for mothers and newborns to remain in the hospital after birth for a minimum of 48 hours for a normal, vaginal delivery, and a minimum of 96 hours for a cesarean delivery. The Fund cannot and does not require that providers obtain authorization for prescribing a length of stay not in excess of the above period of time.

When does the 48-hour (or 96-hour) period start?

If a woman delivers her baby in the hospital, the 48-hour period (or 96-hour period) starts at the time of

delivery. As an example, if a woman goes into labor and is admitted to the hospital at 10 p.m. on June 11, but gives birth by vaginal delivery at 6 a.m. on June 12, the 48-hour period begins at 6 a.m. on June 12.

However, if the woman delivers outside the hospital and is later admitted to the hospital in connection with childbirth (as determined by the attending provider), the period begins at the time of the hospital admission. For example, if a woman gives birth at home by vaginal delivery, but experiences problems related to childbirth and is admitted to the hospital, the 48-hour period starts at the time of admission.

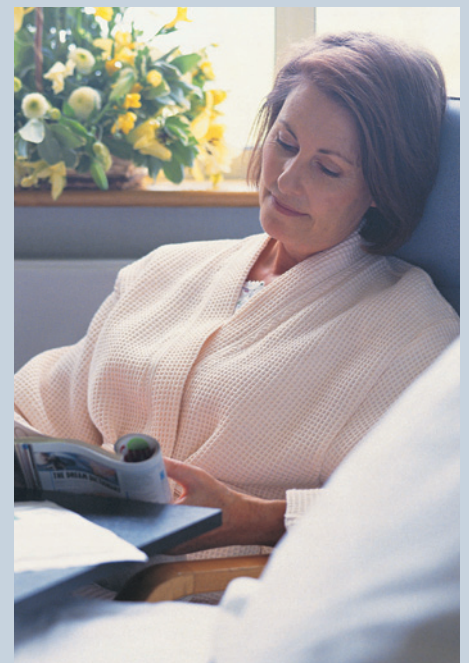
Reconstructive Surgery Covered Following Mastectomy

The Women's Health and Cancer Rights Act ("WHCRA") provides protections for individuals who elect breast reconstruction after a mastectomy. Under federal law related to mastectomy benefits, the Plan is required to provide coverage for the following:

- Reconstruction of the breast on which a mastectomy is performed;
- Surgery on the other breast to produce a symmetrical appearance;

- Prostheses; and
- Physical complications of all stages of mastectomy including lymph edemas.

Such benefits are subject to the Plan's annual deductibles and co-insurance provisions. Federal law requires that all participants be notified of this coverage annually.



OPERATING ENGINEERS LOCAL No. 77 FUNDS

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