

# A New Look at SASMI



## CHANGES TO ASSIST THE INDUSTRY

JUNE 7<sup>TH</sup>, 2016

KEN COLOMBO, ADMINISTRATOR

# What is SASMI?



- SASMI was created in 1973 and has always been financed by employer contributions.
- SASMI is a Trust Fund that was designed to assist employees during times of unemployment or underemployment during their careers in the Sheet Metal Industry.
- SASMI was a single Plan (until 2014) however, it is now two (2) Plans. One for Active Employees and one for Retired Employees.

# SASMI Benefits



## Active Benefits Include

- Supplemental Un/Underemployment Benefits,
- Health Benefits
- Travel Benefits
- Severance
- **Death Benefit**

## Retiree Benefits Include

- ~~Retiree Health Premium Reimbursement~~
- **Service Based HCRA** and
- HCRA – Health Care Reimbursement Account
- HCRA B on an a la carte basis

# How has SASMI assisted the Sheet Metal Industry?



CONTRIBUTION RATES

ENHANCED TRAVEL BENEFITS

ADDITION OF HCRA

CONVERSION OF RETIREE HEALTH TO  
SERVICE BASED HCRA

ADDITION OF HCRA-B ONLY BENEFIT

# Contribution Rates



- 3% of Wages and Fringes
  - Employers could have a separate rate for every employee. This was an hours paid model.
- June 2012 - 3% of wages and Fringes by classification
  - Employers had less rates than the prior contribution rate model however it was still a "cents per hour *paid*."
- January 2014 - 3% based on Journeyperson class
  - Contributions continue to be remitted in an amount equivalent to 3% of gross taxable wages plus all amounts contributed to health and welfare funds and any retirement plans; however, the cents per hour equivalent will now be on an *hours worked* basis. Further, the rate shall be remitted at the Journeymen job class. Individuals receiving wage in excess of the Journeyman wage rate shall be reported as Journeymen. All other non journeyperson classifications (apprentices, classified, pre apprentices, ect.) shall be remitted in an amount equivalent to 3% **calculation based on their CBA's classification.**

# Enhanced Travel Benefits

Because the ability to man work is important to  
the Unionized Sheet Metal Industry

- Why are we called Journeymen?
- How can SASMI assist in facilitating the Portability of **“Man Power”**?
  - International Reciprocity Agreement-not SASMI related
  - Increased the SASMI Travel benefit from \$750 to \$1,125
- How do we attract talent to low wage areas?
  - Trustee Resolutions
    - ✦ Local 110 Ford Truck Plant
      - Over 100 Sheet Metal Workers traveled to this project
    - ✦ Local 399 (South Carolina ) and Local 85 (North Georgia)
      - **Increased the benefit to \$2,000 for members with “Specialized Talent.”**
      - Hours worked are not recognized when applying for benefits.

# HCRA – Health Care Reimbursement Accounts Are Retiree Health Benefits becoming Extinct?



- If offered, Pre 65 health care for Retirees is the single most expensive part of any health care program.
- Health Plans that have continued retiree health benefits have done so in one of two ways: or a combination of the two
  - Increasing the cost to Actives or
  - Shifted the cost to the Retiree
    - ✦ Large premium co-payments, reduced or limited benefit coverage (ie. Dental and vision)

# “Facing Extinction”



- Gone are the days of a paternalistic employer/plan absorbing all retiree health-care costs.
  - “If you want to know who’ll be paying for retiree health care,” “look in the mirror.”
- If you have retiree **medical benefits**, **don’t count on them continuing** in their current form, or even at all.
- Its estimated people considering retiring in their 50s should save an additional \$180,000 to \$200,000 just to cover medical expenses before age 65.
  - And that’s if you purchase subsidized coverage thru the Affordable Care Act.  
\*Persons with HRA’s are not eligible for these subsidies.
- “Twenty or 30 years from now, people won’t know what you mean when you say ‘retiree medical.’”



# A New Method is the use of HSA's



- Traditionalists use Hour Banks and/or Years of Service. This has left the Plans with a financial burden.
  - Hour Banks worked for the unemployed active as well as for Retirees in the months immediately following retirement.
  - Years of Service was traditionally used to evaluate your eligibility for subsidized retiree health coverage.
- Reformist **are starting to use HSA's and MAY BE** shifting the Plans burden to the individual.
  - Credits or dollars over and above the actual costs are accumulated as contributions come in on an individuals behalf.
  - These credits can purchase coverage when minimum eligibility is not met in a given coverage period.
  - Credits can accumulate (or deplete totally) over time and can then be used to purchase health care at retirement (sometime subsidized sometime not).

# SASMI's Retiree HCRA



- IRC Section 105 has been around for a long time. Employers **established these “stand alone” plans to provide tax-free reimbursement of employees’ qualified medical expenses.** This is also the IRS code section that governs the favorable tax treatment of self-insured plans.
- **What’s** new is formal guidance from the IRS that allows the carryover of unused amounts to later years and that an HRA can reimburse employees for the purchase of health insurance. In addition, the guidance provides that **HRA’s** may allow former employees (*including retirees*) continued access to unused dollars.
- An HRA is just like a health HSA **without the “use-it-or-lose-it” rule.** **Although fully employer funded, HRA’s enable employees to have** more choice and greater control over their healthcare coverage.

# There is a difference



- Health Savings Accounts (HSA)
  - Can be used in conjunction with an existing Health Plan
  - Pay for premiums and copayments while still Active
  - Unused amounts may be carried over annual until retirement if allowed by the Plan.
  
- Retiree Health Care Reimbursement Accounts (RHCRA)
  - Stand Alone Plans
  - Can not be used while an Active Participant

# What is a Stand-alone HRA?



- A stand-alone HRA is not paired with a group health insurance plan. Instead, the HRA is offered as a stand-alone health benefit - often as an alternative to group health insurance. Employers use stand-alone HRAs to reimburse employees for individual health insurance premiums and/or other out-of-pocket medical expenses.
- That being said, because of healthcare reforms, stand-alone HRAs are limited for some employers.  
**We'll talk about this next.**

# What is a Retiree Health Care Reimbursement Arrangement?



- A Retiree Health Care Reimbursement Arrangement (**R**HCRA) **is a reimbursement account that's set up** and funded by employers. The account may be used to reimburse retired members eligible out-of-pocket medical expenses that they may have during retirement, and if allowed by your plan, eligible expenses for your spouse and qualified dependents.

# How does a HCRA work?



- This is how a HCRA works:
  - Your employer sets up a **R**HCRA for each retiree.
  - The **R**HCRA account is funded entirely by employers; employees can not contribute any money.
  - As long as there is money in your account, you can use the funds toward eligible expenses (IRS Publication 502) at retirement.

Department of the Treasury  
Internal Revenue Service

**Publication 502**  
Oct. 10, 2015

**Medical and  
Dental  
Expenses**  
(Including the Health  
Coverage Tax Credit)

For use in preparing  
**2015** Returns

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**What's New**

**Health coverage tax credit (HCTC).** The HCTC, which expired at the end of 2013, has been reinstated retroactively to January 1, 2014. See [Health Coverage Tax Credit](#) and Form 8885 and its instructions.

**Standard mileage rate.** The standard mileage rate allowed for operating expenses for a car when you use it for medical reasons is 23 cents per mile. See [Transportation](#) under [What Medical Expenses Are Includible](#).

**Reminders**

**Future developments.** For the latest information about developments related to Pub. 502, such as legislation enacted after it was published, go to [www.irs.gov/pub502](#).

Photographs of missing children. The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can

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Jan 11, 2016

# What expenses are covered under an RHCRA?



- Only eligible expenses can be reimbursed under a RHCRA. These expenses are defined by IRS rules (Publication 502) and can be limited by the Plan. For example SASMI excludes services such as capital expenses, legal fees, lodging and meals.
- Eligible expenses are those that the member pays for out of pocket for medical care **that's provided to the member, his spouse, and eligible dependents** (SASMI, up to age 27).
- Generally, IRS rules state that medical care includes items and services that are meant to diagnose, cure, mitigate, treat, or prevent illness or disease. Transportation that is primarily for medical care is also included. Here are some examples:
  - Health plan deductible (the amount you pay before your plan starts paying a share of your costs)
  - **The members share of the cost for doctor's office visits and prescription drugs**
  - The members of the cost for eligible dental care, including exams, X-rays, and cleanings
  - The members share of the cost for eligible vision care, including exams, eyeglasses, contact lenses, and laser eye surgery

# Important IRS rules you should know about:



- No double-dipping – Expenses reimbursed under your HCRA cannot be reimbursed under any other plan or program.
- Only out-of-pocket health care expenses are eligible for reimbursement. Plus, expenses reimbursed under a HCRA may not be deducted when you file your tax return.
- You are not eligible for subsidy under the Affordable Care Act while covered under an HCRA.



# What about over the counter medications?



- In certain situations.
  - OTC medicines require a prescription to be an eligible HCRA expense. Any claim submitted must include the following types of supporting documentation:
    - ✦ A written or electronic OTC prescription along with an itemized cash register receipt that includes the merchant name, name of the OTC medicine or drug, purchase date, and amount.
    - ✦ A printed pharmacy statement or receipt from a pharmacy that **includes the patient's name, the Rx number, the date the prescription was filled, and the amount.**
    - ✦ Allergy medication, aspirin and pain relievers, as well as first aid creams and ointments are examples of OTC medicines that require a prescription.

# What expenses are not covered under an HCRA?



- Cosmetic surgery and procedures, including teeth whitening
- Herbs, vitamins, and supplements used for general health
- **OTC medicines that you don't have a prescription for (except insulin)**
- Family or marriage counseling
- Personal use items such as toothpaste, shaving cream, and makeup
- Prescription drugs imported from another country
- Expenses that are reimbursed by another plan or program, including a health care plan
- **Any other item or service that isn't used for medical care as defined by IRS rules**

How much does an employer put into a HCRA?

- The employer in a single employer plan or a CBA in a multi, designates the contribution rate for your plan.

How often are reimbursements made?

- The Plan chooses the reimbursement schedule.

What is the maximum amount that can be reimbursed by an HCRA?

- The maximum reimbursement amount you can receive is equal to your account balance at the time your reimbursement request is processed. If your reimbursement request is more than the amount you have in your account, the unreimbursed portion will pend.

# Are there coverage periods?



- Generally, HCRA funds are not forfeited at the end of a coverage period and may be rolled over into future years. However, the rollover feature is not available for all plans. If unavailable, most often you forfeit the funds in your account after the plan year.
- A HCRA balance cannot be cashed out, rolled over into another plan, or used for any purpose other than reimbursement of eligible medical expenses.

# SASMI and the HCRA Benefit



# Health Care Reimbursement Account (HCRA)



After the Trustees were forced to discontinue the Severance Benefit, there was an attempt to start a **“Vacation” Benefit, whereby a participant may have** received a small Benefit related to his/her work record.

The **“Vacation” announcement was poorly received by** SASMI participants and Local Union officials, so the Trustees therefore replaced it with a much more generous and well-received HCRA Benefit.

# Qualify for the HCRA Benefit



- Cease work with all SASMI Employers after January 1, 2010, including total and permanent disability; and
- Must be at least age 55 or older with ten (10) years of service at the time of retirement, or at least age 65 with five (5) years of service at the time of retirement, or have been found eligible for Social Security Disability at any age with ten (10) years of service; and
- Be eligible for and receiving a pension from the Sheet Metal **Workers'** National Pension Fund or another SMART Local Union Pension Fund.

# Qualify for the HCRA Benefit (continued)



Past Service Credit is given for each year of SMWIA membership before gaining initial SASMI eligibility. Each year of Past Service returns 1% (or ½% per Stabilization Period).

Future Service Credit is given for each Stabilization Period, after the Stabilization Period in which you gained initial eligibility, and remained a SASMI participant and SMWIA member in good standing.

- Future Service is credited at 4% per year.
- The maximum combined number of years (Past and Future) is 37. The maximum number of years of Past Service is 23.

Calculation: Total contributions multiplied by the applicable percentage, less: all prior Benefits and your anticipated Severance amount.

Please note that no HCRA Benefits will be issued until your account is credited. Generally six (6) months from your pension effective date.



# What is the amount a member will receive in their SASMI HCRA?



- That Depends
  - Contribution Rate, Hours Worked, Years of Service and Amount of Active Benefits used during their Active career.
- What's the Formula?
  - Total Contributions Received (x) 4% for each Year of Service.
  - (-) the amount of Active Benefits paid during an employees career (Including any Severance benefit due).

Estimated SASMI Severance Benefit Calculation (Accrual through 12/31/09)

Participant:

Michael

Local Union

058

|      |                                |   |       |               |   |                    |
|------|--------------------------------|---|-------|---------------|---|--------------------|
| 20.0 | Years of Future Service Credit | @ | 4.00% | 80.00%        |   |                    |
| 3.5  | Years of Future Service Credit | @ | 4.50% | 15.75%        |   |                    |
| 0.0  | Years of Future Service Credit | @ | 5.00% | 0.00%         |   |                    |
| 0.0  | Years of Past Service Credit   | @ | 1.00% | 0.00%         |   |                    |
|      | <b>Total Service Credit</b>    |   |       | <b>95.75%</b> | <b>Multiplied by SASMI Contributions:</b>                     | <b>\$38,932.58</b> |
|      |                                |   |       |               |   | <b>\$37,277.95</b> |
|      |                                |   |       |               | <b>Less: Total Benefits Issued (including Retiree Health)</b> | <b>\$4,158.39</b>  |
|      |                                |   |       |               | <b>Amount Remaining</b>                                       | <b>\$33,119.56</b> |
|      |                                |   |       |               | <b>Estimated Severance Benefit:</b>                           | <b>\$33,119.56</b> |

SASMI is required to withhold Federal Tax, FICA and Medicare from Severance checks.

Estimated SASMI HCRA Benefit Calculation

|      |                                |   |       |                |   |                                  |
|------|--------------------------------|---|-------|----------------|---|----------------------------------|
| 29.5 | Years of Future Service Credit | @ | 4.00% | 118.00%        | <b>Final Contribution Amount</b>                              | <b>\$51,188.04</b>               |
| 0.0  | Years of Past Service Credit   | @ | 0.00% | 0.00%          |   |                                  |
|      | <b>Total Service Credit</b>    |   |       | <b>118.00%</b> | <b>Contributions (after 2009):</b>                            | <b>\$12,255.46</b>               |
|      |                                |   |       |                | <b>Multiplied by Total Contributions</b>                      | <b>\$51,188.04 = \$60,401.89</b> |
|      |                                |   |       |                | <b>Less: Estimated Severance Benefit:</b>                     | <b>\$33,119.56</b>               |
|      |                                |   |       |                | <b>Less: Total Benefits Issued (excluding Retiree Health)</b> | <b>\$4,158.39</b>                |
|      |                                |   |       |                | <b>Estimated HCRA Benefit:</b>                                | <b>\$23,123.94</b>               |

SASMI is not required to withhold any taxes from HCRA checks because it is a direct reimbursement of actual expenses.



## Stabilization Agreement of the Sheet Metal Industry

8403 Arlington Boulevard, Suite 310  
Fairfax, Virginia 22031

Phone: (800) 858-0354 • Fax: (703) 549-9613

To: All SASMI Participants with SASMI Contribution's after January 1, 2010

SASMI is pleased to announce a new, improved benefit for eligible SASMI participants. As you know, SASMI provides a variety of important *active benefits* designed to protect our members during times of involuntary underemployment or unemployment. These important benefits include Supplemental Unemployment and Underemployment (SUB) Benefits, the advance payment Health Benefit to help maintain your health and welfare coverage, Travel Benefits and the inactive Severance Benefit. SASMI also offers *retiree benefits* including the existing Retiree Health Premium Benefit and now a new Retiree Health Care Reimbursement Account ("HCRA") benefit, which will be combined in a new separate retiree plan and benefit summary.

The purpose of this announcement is to explain how the new HCRA benefit will replace the Vacation Benefit (effective 1/1/2010 and terminated 12/31/2013) and give a brief explanation of how the HCRA benefit will work.

The new Retiree Health Care Reimbursement Account will become effective January 1, 2014. The HCRA benefit calculation will reach back for anyone who retires after 2009, who has not otherwise received payment of their Vacation Benefit, and eliminate the prior Vacation Benefit. Thus, if you are active in SASMI as of January 1, 2014, your old credits in the Vacation Benefit will be converted to the new HCRA Benefit. Those participants who were eligible for payment of Vacation Benefits before 1/1/2014 (but were not paid those benefits) will be entitled to a transitional option to receive the Vacation Benefit in lieu of having a HCRA. <sup>1</sup>

The Trustees are happy to announce the new HCRA, in place of Vacation, as it is a more in line with the benefit level of the former Severance Benefits as participants will earn credits in a similar way to the former Severance Benefit calculation.

### HCRA:

The HCRA calculation will be done at each participant's actual retirement date. The HCRA account is based on and includes all contributions made on your behalf over your career, multiplied by all Service Credit (equal to 4% for each year of Future Service and 1% for each year of Past service), less all SASMI Benefits previously paid.

Participants who had contributions made after 2009 and received the maximum percentage of 150% for the 2009 calculated Severance would have a larger calculated HCRA (based on the actual separation date) because the amount of contributions has increased.

#### Example:

|  |   |                    |
|--|---|--------------------|
| Total contributions of \$100,000 at 12/31/2009 |   |                    |
| Severance calculation at 150%                  | = | \$150,000.00       |
| Total Contributions of \$125,000 at 12/31/2015 |   |                    |
| HCRA calculation of 150%                       | = | \$187,500.00       |
| Less Severance Payable                         | = | \$150,000.00       |
| Equals HCRA Account Balance                    | = | <u>\$37,500.00</u> |



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The *new* Retiree Health Care Reimbursement Account will become **effective January 1, 2014**. The HCRA benefit calculation will **reach back for anyone who retires after 2009**, who has not otherwise received payment of their Vacation Benefit, and eliminate the prior Vacation Benefit. Thus, if you are active in SASMI as of January 1, 2014, your old credits in the Vacation Benefit will be converted to the new HCRA Benefit. Those participants who were eligible for payment of Vacation Benefits before 1/1/2014 (but were not paid those benefits) will be entitled to a transitional option to receive the Vacation Benefit in lieu of having a HCRA. As of December 31, 2009, the Fund was required to discontinue the prior Severance Benefit. The Trustees, therefore created a Vacation Benefit to provide a benefit that would provide periodic payments to participants that worked regularly, whether or not they received other SASMI benefits. After a period in which the Trustees received feedback and comment from Local Unions and participants, it was determined that the Vacation Benefit was too complex and misunderstood. Accordingly, the Trustees have replaced the Vacation Benefit with a new Retiree Healthcare Reimbursement Account that is **designed to provide credits, in amounts similar to the amounts that were provided under the prior Severance Benefit that may be used by eligible participants after retirement to reimburse medical, hospital and other eligible expenses.**

Example:

|  |   |                    |
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The eligible “HCRA Medical Expenses” are expenses incurred on or after January 1, 2014, which are not otherwise the responsibility of an insurance carrier, a group health plan or other third party, and which would be deductible under Section 213 of the Internal Revenue Code (IRC) (without regard to any percentage of income limitation), with certain exceptions. These expenses are summarized in IRS Publication 502 (2012), Medical and Dental Expenses, which you can find on the Internet at [www.irs.gov/publications/p502/index.html](http://www.irs.gov/publications/p502/index.html). HCRA medical expenses include medical home services which satisfy the other rules with adequate documentation of the medical expense under IRC rules and regulations or, in lay terms, items not covered 100% by your insurance provider as well as the premiums you pay for coverage to an insurance carrier, deductibles, and copayments.

To All SASMI Participants with SASMI Contributions after January 1, 2010

SASMI is pleased to announce a new, improved benefit for eligible SASMI participants. As you know, SASMI provides participants with many important benefits designed to protect them in the event of unemployment, underemployment or unemployment. These important benefits include Supplemental Unemployment and Underemployment (SUIB) Benefits, the advance payment of a Benefit to help maintain your health and welfare coverage, Grave Benefits and the Inactive Severance Benefit. SASMI also offers benefits including the existing Retiree Health Premium Benefit and now a new Retiree Health Care Reimbursement Account (“HCRA”) benefit which will be calculated as a new separate retirement and benefit account.

The purpose of this announcement is to explain how the new HCRA benefit will replace the Vacation Benefit (effective 1/1/2010) and the Inactive Benefit (effective 1/1/2011) and give a brief description of how the HCRA benefit will work.

The new HCRA Medical Expense Benefit will be effective January 1, 2014. The HCRA benefit calculation will reach back for anyone who retires after 2009, who has not otherwise received payment of their Vacation Benefit, and eliminate the prior Vacation Benefit. Thus if you are active in SASMI as of January 1, 2014, you did not cash in the Vacation Benefit, you will be eligible for the HCRA Benefit. Those participants who were eligible for payment of Vacation Benefits before 1/1/2014 (but were not paid those benefits) will be eligible for transition to the new HCRA benefit calculation starting in 2014.

The Trustees are happy to announce the new HCRA in place of Vacation, as it is a more in line with the benefit level of the former Severance Benefits as participants will earn credit in a similar way to the former Severance Benefit calculation.

### HCRA:

The HCRA calculation will be done at each participant’s actual retirement date. The HCRA account is based on and includes all contributions made on your behalf over your career, multiplied by all Service Credit (equal to 4% for each year of Future Service and 1% for each year of Past service), less all SASMI Benefits previously paid.

Participants who had contributions made after 2009 and received the maximum percentage of 150% for the 2009 calculated Severance would have a larger calculated HCRA (based on the actual separation date) because the amount of contributions has increased.

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Payment will only be made on application and submission of documentation of an HCRA Medical Expense that is sufficient to satisfy Internal Revenue Service requirements for payment of an unreimbursed medical expense that is not subject to federal income tax under the IRC. The reason for this is that the payment from the HCRA account is a reimbursement and therefore not subject to taxes. Yes, **reimbursement's are made tax free under current law.**

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Claim for reimbursement of HCRA Medical Expenses with SASMI within two (2) years of the date that the expense was incurred (or a shorter period, if required by IRS rules). Claims may only be submitted for HCRA Medical Expenses incurred for an eligible Retiree and his or her Spouse or Dependents at the end of the year (December 31) for which claims are filed.

Due to other legal requirements, you cannot submit a claim for expenses incurred while you are actively at work even if your pension is not suspended and there is no option to cash out the account.

The purpose of this announcement is to explain how the new HCRA benefit will replace the Vacation Benefit (effective 1/1/2010 and terminated 12/31/2013) and give a brief explanation of how the HCRA benefit will work.

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| HCRA calculation of 150%                       | = | \$187,500.00       |
| Less Severance Payable                         | = | \$150,000.00       |
| Equals HCRA Account Balance                    | = | <u>\$37,500.00</u> |

# SASMI Short List of IRC 213 Expenses

- Abdominal supports
- Abortion
- Acupuncture
- Alcoholism treatment
- Ambulance
- Anesthetist
- Arch supports
- Artificial limbs
- Autoette (when used for relief of sickness/disability)
- Birth Control Pills (by prescription)
- Blood tests
- Blood transfusions
- Braces
- Cardiographs
- Chiropractor
- Contact Lenses
- Contraceptive devices (by prescription)
- Convalescent home (for medical treatment only)
- Crutches
- Dental Treatment
- Dental X-rays
- Dentures
- Dermatologist
- Diagnostic fees
- Diathermy
- Drug addiction therapy
- Drugs (prescription)
- Elastic hosiery (prescription)
- Eyeglasses
- Gum treatment
- Gynecologist
- Hearing aids and batteries
- Hospital bills
- Insulin treatment
- Lab tests
- Metabolism tests
- Neurologist
- Nursing (including board and meals)
- Obstetrician
- Operating room costs
- Ophthalmologist
- Optician
- Optometrist
- Oral surgery
- Organ transplant
- Orthopedic shoes
- Orthopedist
- Osteopath
- Oxygen and oxygen equipment
- Pediatrician
- Physician
- Physiotherapist
- Podiatrist
- Postnatal treatments
- Practical nurse for medical services
- Prenatal care
- Prescription medicines
- Psychiatrist
- Psychoanalyst
- Psychologist
- Psychotherapy
- Radium Therapy
- Registered nurse
- Special school costs for the handicapped
- Spinal fluid test
- Splints
- Sterilization
- Surgeon
- Therapy equipment
- Transportation expenses (relative to health care)
- Ultra-violet ray treatment
- Vaccines
- Vasectomy
- Vitamins (if prescribed)
- Wheelchair
- X-rays

Excluded expenses include lodging expenses; transportation or travel; meals; construction, repair, alternation or renovation of residential or other premises; or legal fees even if deductible in whole or in part under Internal Revenue Code Section 213.



# HCRA-B



- Concept approved by the Trustees that allows Bargaining Parties to make contributions on an a la carte basis.
- Bargaining Parties can now participate in a single benefit of SASMI in only the Retiree Plan.
- Members can participate in ONLY the HCRA benefit.
- Value of the benefit would be based on contributions remitted and interest credits based on years of service.

# HRCA-B

## QUALIFICATION REQUIREMENTS



A Retiree qualifies for benefits under this Article if all of the following conditions are met.

- The Retiree is eligible for Benefits under Article II, Sections 1 and 2, and does not forfeit his participation nor qualification for Benefits under Article II, Section 3 or Article VII.
- The Retiree retires from work in the Sheet Metal Industry with an Employer on or after January 1, 2017.
- At the time of retirement, the Retiree is age 50.
- The Retiree has at least one (1) year of Future Service Credit as defined for this Plan B HCRA.
- An application is filed in accordance with procedures established by the Trustees before April 1 after a Retiree attains age 70 1/2 or, if the individual is still working at age 70 1/2, then within a reasonable time frame after retirement.
- If a Retiree begins receiving benefits and dies prior to using all his or her benefits then his surviving **spouse may continue to use the benefit for the remainder of the surviving spouse's life. In the event an individual who would have met the requirements of this Article VI, Section 1, dies before retirement or before first applying for this benefit, then the surviving spouse may apply when the individual, had he or she lived, would have been eligible.**

# HCRA-B

## AMOUNT OF BENEFIT



- The total of contributions made on the **Participant's** behalf to the Plan B HCRA plus interest.
- Interest is applied to the accumulated Plan B HCRA balance of contributions and prior interest on an annual basis.
- The interest rate credited is expected to be 3% for each year of Future Service in Plan B HCRA.
- A Year of Future Service in Plan –B HCRA is credited upon working 435 hours in a calendar year under a Contract requiring HCRA –B Contributions.
- \* Upon retirement and application for benefits, amounts from this HCRA B account will be combined with amounts credited under Article V (Retiree Health Care Reimbursement Account (HCRA) Benefits).

# Projected Account Balance

*Scenario 1 – Hired at Age 30, 25-year Employment, Retires at Age 55*



- Contribution Rate: \$0.50 per hour, increasing with 3% annual inflation
- Interest Credit rate: 3.0%, applied to the account balance at the end of the year

| Year | Hours | Contribution Rate | Contribution (EOY) | Interest Crediting Rate | Account Balance |
|------|-------|-------------------|--------------------|-------------------------|-----------------|
| 2016 | 1,700 | \$0.50            | \$850.00           | 3.0%                    | \$875.50        |
| 2017 | 1,700 | \$0.52            | \$884.00           | 3.0%                    | \$1,812.29      |
| 2018 | 1,700 | \$0.54            | \$918.00           | 3.0%                    | \$2,812.19      |
| 2019 | 1,700 | \$0.56            | \$952.00           | 3.0%                    | \$3,877.12      |
| 2020 | 1,700 | \$0.58            | \$986.00           | 3.0%                    | \$5,009.01      |
| 2021 | 1,700 | \$0.60            | \$1,020.00         | 3.0%                    | \$6,209.88      |
| 2022 | 1,700 | \$0.62            | \$1,054.00         | 3.0%                    | \$7,481.80      |
| 2023 | 1,700 | \$0.64            | \$1,088.00         | 3.0%                    | \$8,826.89      |
| 2024 | 1,700 | \$0.66            | \$1,122.00         | 3.0%                    | \$10,247.36     |
| 2025 | 1,700 | \$0.68            | \$1,156.00         | 3.0%                    | \$11,745.46     |
| 2026 | 1,700 | \$0.70            | \$1,190.00         | 3.0%                    | \$13,323.53     |
| 2027 | 1,700 | \$0.72            | \$1,224.00         | 3.0%                    | \$14,983.95     |
| 2028 | 1,700 | \$0.74            | \$1,258.00         | 3.0%                    | \$16,729.21     |
| 2029 | 1,700 | \$0.76            | \$1,292.00         | 3.0%                    | \$18,561.85     |
| 2030 | 1,700 | \$0.78            | \$1,326.00         | 3.0%                    | \$20,484.48     |
| 2031 | 1,700 | \$0.80            | \$1,360.00         | 3.0%                    | \$22,499.82     |
| 2032 | 1,700 | \$0.82            | \$1,394.00         | 3.0%                    | \$24,610.63     |
| 2033 | 1,700 | \$0.84            | \$1,428.00         | 3.0%                    | \$26,819.79     |
| 2034 | 1,700 | \$0.87            | \$1,479.00         | 3.0%                    | \$29,147.75     |
| 2035 | 1,700 | \$0.90            | \$1,530.00         | 3.0%                    | \$31,598.09     |
| 2036 | 1,700 | \$0.93            | \$1,581.00         | 3.0%                    | \$34,174.46     |
| 2037 | 1,700 | \$0.96            | \$1,632.00         | 3.0%                    | \$36,880.65     |
| 2038 | 1,700 | \$0.99            | \$1,683.00         | 3.0%                    | \$39,720.56     |
| 2039 | 1,700 | \$1.02            | \$1,734.00         | 3.0%                    | \$42,698.20     |
| 2040 | 1,700 | \$1.05            | \$1,785.00         | 3.0%                    | \$45,817.69     |

Account Balance after 25 year

\$45,817.69

Sum of Contributions after 25 years

\$31,926.00



- If an otherwise eligible individual accepts employment in the Industry that is not covered by a collective bargaining agreement with SMART, no interest will be applied to any Plan B HCRA contributions that were received prior to that disqualifying employment.
- Trustees may increase or decrease the interest credit amounts in the future. Increases will be prospective and only apply to contributions received after the interest rate is increased.
- Trustees may increase or decrease the interest credit amounts in the future. Increases will be prospective and only apply to contributions received after the interest rate is increased.

SASMI TRUST FUND 8403 ARLINGTON BLVD, 3<sup>rd</sup> FLOOR FAIRFAX, VA 22031



**HEALTH CARE REIMBURSEMENT ACCOUNT APPLICATION**

**PERSONAL DATA:** (Please Print All Answers)

IA No.: \_\_\_\_\_

Name: \_\_\_\_\_  
Last First Middle

Home Local Union No.: \_\_\_\_\_

Address: \_\_\_\_\_  
Street Address

Social Security No.: \_\_\_\_\_

\_\_\_\_\_ City State Zip Code

Date of Birth: \_\_\_\_\_

Initiation Date: \_\_\_\_\_

Last Month/Year Worked: \_\_\_\_\_ Retirement Date: \_\_\_\_\_

**Please attach a copy of your Pension approval from your Local Pension Fund and/or the National Pension Fund.**

HCRA benefits may be payable to, or on behalf of, a participant's spouse or dependent children. Please provide:

**Spouse:** Name: \_\_\_\_\_ Social Security No.: \_\_\_\_\_ Birthdate: \_\_\_\_\_

**Child 1:** Name: \_\_\_\_\_ Social Security No.: \_\_\_\_\_ Birthdate: \_\_\_\_\_

**Child 2:** Name: \_\_\_\_\_ Social Security No.: \_\_\_\_\_ Birthdate: \_\_\_\_\_

**Child 3:** Name: \_\_\_\_\_ Social Security No.: \_\_\_\_\_ Birthdate: \_\_\_\_\_

**Child 4:** Name: \_\_\_\_\_ Social Security No.: \_\_\_\_\_ Birthdate: \_\_\_\_\_

If applicable, indicate all dates, after your initiation, when you were not a member of the Sheet Metal Workers' International Association (Withdrew, Suspended, etc).

Retiree Health Insurance Provider (please check all that apply):

\_\_\_\_ Private Insurance Carrier

Name of Carrier: \_\_\_\_\_

Address of Carrier: \_\_\_\_\_

\_\_\_\_ SMWIA Local Union \_\_\_\_ Welfare Fund

Name of Local Union Welfare Fund: \_\_\_\_\_

Address of Local Union Welfare Fund: \_\_\_\_\_

### SASMI HCRA REIMBURSEMENT REQUEST



#### This Signed Form and Bank Information Must Accompany All Requests

\*Reimbursements will only be made electronically thru an ACH directly to your bank. Paper checks will not be issued. Your specific claim information will be available on our website [www.sasmi.org](http://www.sasmi.org)

#### SECTION 1: PERSONAL DATA: (Please Print All Answers)

Name: \_\_\_\_\_  
Last First Middle  
Address: \_\_\_\_\_  
City State Zip Code

IA No: \_\_\_\_\_  
Home Local Union No: \_\_\_\_\_  
Social Security No: \_\_\_\_\_  
Date of Birth: \_\_\_\_\_  
Retirement Date: \_\_\_\_\_  
Email Address: \_\_\_\_\_

Are you currently employed in any capacity  YES  NO

If requesting reimbursement of Health Insurance Premium(s), please complete the following and attach proof of payment:

Private Insurance Carrier Name of Carrier: \_\_\_\_\_  
Month(s): \_\_\_\_\_  
SMWA Local Union Welfare Fund Name of Local Union Welfare Fund: \_\_\_\_\_  
Month(s): \_\_\_\_\_

#### SECTION 2: This section must be completed for all claims incurred by you, your spouse, or other eligible dependents.

You must provide proper supporting documentation so that your claim can be approved. This includes copies of receipts or other documentation, such as an Explanation of Benefits (EOB) from your health plan.

List expenses in the table below and attach a statement or itemized invoice from the individual or entity to which payment for medical expenses were made and for whom they were rendered. Please review the Notice of SASMI HCRA Covered Expenses. **Cancelled checks or undocumented receipts are not acceptable documentation per IRS regulations. Balance due statements will only be accepted if they include the above listed information.** Reimbursable expenses should total at least \$200 before being submitted for reimbursement.

| Date of Expense | Name of Service Provider | Name of Covered Participant | Service Provided (Doctor, RX, Dental etc.) | Amount Requested for Reimbursement/Payment |
|-----------------|--------------------------|-----------------------------|--|--|
|                 |                          |                             |  |  |
|                 |                          |                             |  |  |
|                 |                          |                             |  |  |

TOTAL: \_\_\_\_\_

#### SECTION 3: Medical expenses of a deceased Participant (no death benefit is paid)

If this distribution is for expenses of a deceased Participant, you must provide a copy of the death certificate.

#### SECTION 4: SIGNED CERTIFICATION AND INFORMATION - REQUIRED TO PROCESS CLAIMS

I request payment from the HCRA of the National Stabilization Agreement of the Sheet Metal Industry Trust Fund and its Retiree Plan of benefits ("SASMI") for the healthcare expenses listed above. I state that the HCRA covered expenses for which I am requesting reimbursement have been paid and have not been reimbursed by any other Insurance company, Local Union Health Fund or any other entity. I understand that a false statement or the withholding of pertinent information may disqualify me from benefits. I understand that I am responsible for providing SASMI with the required proof of payment(s) and/or receipt(s) and that SASMI will not issue HCRA Benefits for claim not received within two (2) calendar years after goods or services were received. If any of the above information changes I agree to notify the SASMI office in writing within fifteen (15) days. I hereby authorize SASMI to obtain protected health information (including medical and billing records) and Social Security, unemployment, Health and Welfare, Health Insurance, and other records for the sole purpose of processing my claim for

# Questions?



SASMI TRUST FUND OFFICE

703-739-7250

[WWW.SASMI.ORG](http://WWW.SASMI.ORG)



# Projected Account Balance

Scenario 2 – Hired at Age 30, 15-year Employment (Leaves Industry), Retires at Age 55

- Contribution Rate: \$0.50 per hour, increasing with 3% annual inflation
- Interest Credit rate: 3.0%, applied to the account balance at the end of the year

| Year | Hours | Contribution Rate | Contribution (EOY) | Interest Crediting Rate | Account Balance |
|------|-------|-------------------|--------------------|-------------------------|-----------------|
| 2016 | 1,700 | \$0.50            | \$850.00           | 3.0%                    | \$875.50        |
| 2017 | 1,700 | \$0.52            | \$884.00           | 3.0%                    | \$1,812.29      |
| 2018 | 1,700 | \$0.54            | \$918.00           | 3.0%                    | \$2,812.19      |
| 2019 | 1,700 | \$0.56            | \$952.00           | 3.0%                    | \$3,877.12      |
| 2020 | 1,700 | \$0.58            | \$986.00           | 3.0%                    | \$5,009.01      |
| 2021 | 1,700 | \$0.60            | \$1,020.00         | 3.0%                    | \$6,209.88      |
| 2022 | 1,700 | \$0.62            | \$1,054.00         | 3.0%                    | \$7,481.80      |
| 2023 | 1,700 | \$0.64            | \$1,088.00         | 3.0%                    | \$8,826.89      |
| 2024 | 1,700 | \$0.66            | \$1,122.00         | 3.0%                    | \$10,247.36     |
| 2025 | 1,700 | \$0.68            | \$1,156.00         | 3.0%                    | \$11,745.46     |
| 2026 | 1,700 | \$0.70            | \$1,190.00         | 3.0%                    | \$13,323.53     |
| 2027 | 1,700 | \$0.72            | \$1,224.00         | 3.0%                    | \$14,983.95     |
| 2028 | 1,700 | \$0.74            | \$1,258.00         | 3.0%                    | \$16,729.21     |
| 2029 | 1,700 | \$0.76            | \$1,292.00         | 3.0%                    | \$18,561.85     |
| 2030 | 1,700 | \$0.78            | \$1,326.00         | 3.0%                    | \$20,484.48     |
| 2031 | -     | -                 | -                  | 3.0%                    | \$21,099.02     |
| 2032 | -     | -                 | -                  | 3.0%                    | \$21,731.99     |
| 2033 | -     | -                 | -                  | 3.0%                    | \$22,383.95     |
| 2034 | -     | -                 | -                  | 3.0%                    | \$23,055.46     |
| 2035 | -     | -                 | -                  | 3.0%                    | \$23,747.13     |
| 2036 | -     | -                 | -                  | 3.0%                    | \$24,459.54     |
| 2037 | -     | -                 | -                  | 3.0%                    | \$25,193.33     |
| 2038 | -     | -                 | -                  | 3.0%                    | \$25,949.13     |
| 2039 | -     | -                 | -                  | 3.0%                    | \$26,727.60     |
| 2040 | -     | -                 | -                  | 3.0%                    | \$27,529.43     |

|                                     |             |
|-------------------------------------|-------------|
| Account Balance after 25 year       | \$27,529.43 |
| Sum of Contributions after 25 years | \$16,320.00 |

# Projected Account Balance

*Scenario 3 – Hired at Age 30, 15-year Employment (Non-Union), Retires at Age 55*

- Contribution Rate: \$0.50 per hour, increasing with 3% annual inflation
- Interest Credit rate: 3.0%, applied to the account balance at the end of the year until the participant terminates employment

| Year | Hours | Contribution Rate | Contribution (EOY) | Interest Crediting Rate | Account Balance |
|------|-------|-------------------|--------------------|-------------------------|-----------------|
| 2016 | 1,700 | \$0.50            | \$850.00           | 3.0%                    | \$875.50        |
| 2017 | 1,700 | \$0.52            | \$884.00           | 3.0%                    | \$1,812.29      |
| 2018 | 1,700 | \$0.54            | \$918.00           | 3.0%                    | \$2,812.19      |
| 2019 | 1,700 | \$0.56            | \$952.00           | 3.0%                    | \$3,877.12      |
| 2020 | 1,700 | \$0.58            | \$986.00           | 3.0%                    | \$5,009.01      |
| 2021 | 1,700 | \$0.60            | \$1,020.00         | 3.0%                    | \$6,209.88      |
| 2022 | 1,700 | \$0.62            | \$1,054.00         | 3.0%                    | \$7,481.80      |
| 2023 | 1,700 | \$0.64            | \$1,088.00         | 3.0%                    | \$8,826.89      |
| 2024 | 1,700 | \$0.66            | \$1,122.00         | 3.0%                    | \$10,247.36     |
| 2025 | 1,700 | \$0.68            | \$1,156.00         | 3.0%                    | \$11,745.46     |
| 2026 | 1,700 | \$0.70            | \$1,190.00         | 3.0%                    | \$13,323.53     |
| 2027 | 1,700 | \$0.72            | \$1,224.00         | 3.0%                    | \$14,983.95     |
| 2028 | 1,700 | \$0.74            | \$1,258.00         | 3.0%                    | \$16,729.21     |
| 2029 | 1,700 | \$0.76            | \$1,292.00         | 3.0%                    | \$18,561.85     |
| 2030 | 1,700 | \$0.78            | \$1,326.00         | 3.0%                    | \$20,484.48     |
| 2031 | -     | -                 | -                  |                         | \$20,484.48     |
| 2032 | -     | -                 | -                  |                         | \$20,484.48     |
| 2033 | -     | -                 | -                  |                         | \$20,484.48     |
| 2034 | -     | -                 | -                  |                         | \$20,484.48     |
| 2035 | -     | -                 | -                  |                         | \$20,484.48     |
| 2036 | -     | -                 | -                  |                         | \$20,484.48     |
| 2037 | -     | -                 | -                  |                         | \$20,484.48     |
| 2038 | -     | -                 | -                  |                         | \$20,484.48     |
| 2039 | -     | -                 | -                  |                         | \$20,484.48     |
| 2040 | -     | -                 | -                  |                         | \$20,484.48     |

|                                     |             |
|-------------------------------------|-------------|
| Account Balance after 25 year       | \$20,484.48 |
| Sum of Contributions after 25 years | \$16,320.00 |

# Projected Account Balance

Scenario 3a – Hired at Age 30, 15-year Employment (Non-Union), Retires at Age 55

- Contribution Rate: \$0.50 per hour, increasing with 3% annual inflation
- Interest Credit rate: None

| Year | Hours | Contribution Rate | Contribution (EOY) | Interest Crediting Rate | Account Balance |
|------|-------|-------------------|--------------------|-------------------------|-----------------|
| 2016 | 1,700 | \$0.50            | \$850.00           |                         | \$850.00        |
| 2017 | 1,700 | \$0.52            | \$884.00           |                         | \$1,734.00      |
| 2018 | 1,700 | \$0.54            | \$918.00           |                         | \$2,652.00      |
| 2019 | 1,700 | \$0.56            | \$952.00           |                         | \$3,604.00      |
| 2020 | 1,700 | \$0.58            | \$986.00           |                         | \$4,590.00      |
| 2021 | 1,700 | \$0.60            | \$1,020.00         |                         | \$5,610.00      |
| 2022 | 1,700 | \$0.62            | \$1,054.00         |                         | \$6,664.00      |
| 2023 | 1,700 | \$0.64            | \$1,088.00         |                         | \$7,752.00      |
| 2024 | 1,700 | \$0.66            | \$1,122.00         |                         | \$8,874.00      |
| 2025 | 1,700 | \$0.68            | \$1,156.00         |                         | \$10,030.00     |
| 2026 | 1,700 | \$0.70            | \$1,190.00         |                         | \$11,220.00     |
| 2027 | 1,700 | \$0.72            | \$1,224.00         |                         | \$12,444.00     |
| 2028 | 1,700 | \$0.74            | \$1,258.00         |                         | \$13,702.00     |
| 2029 | 1,700 | \$0.76            | \$1,292.00         |                         | \$14,994.00     |
| 2030 | 1,700 | \$0.78            | \$1,326.00         |                         | \$16,320.00     |
| 2031 | -     | -                 | -                  |                         | \$16,320.00     |
| 2032 | -     | -                 | -                  |                         | \$16,320.00     |
| 2033 | -     | -                 | -                  |                         | \$16,320.00     |
| 2034 | -     | -                 | -                  |                         | \$16,320.00     |
| 2035 | -     | -                 | -                  |                         | \$16,320.00     |
| 2036 | -     | -                 | -                  |                         | \$16,320.00     |
| 2037 | -     | -                 | -                  |                         | \$16,320.00     |
| 2038 | -     | -                 | -                  |                         | \$16,320.00     |
| 2039 | -     | -                 | -                  |                         | \$16,320.00     |
| 2040 | -     | -                 | -                  |                         | \$16,320.00     |

|                                     |             |
|-------------------------------------|-------------|
| Account Balance after 25 year       | \$16,320.00 |
| Sum of Contributions after 25 years | \$16,320.00 |