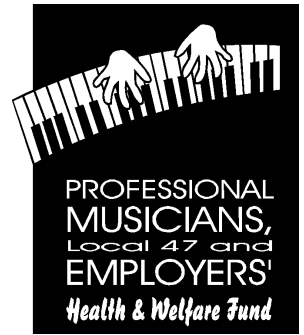


August 27, 2013



## **SUMMARY OF MATERIAL PLAN MODIFICATION IMPORTANT ELIGIBILITY INFORMATION**

1000 North Central Ave.  
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Glendale, CA 91202  
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### **CHANGES TO THE QUALIFICATION PERIOD**

Effective with the qualification period previously scheduled to end on September 30, 2013, and the qualification period scheduled to commence on October 1, 2013 - which, respectively, govern qualification determinations for the coverage years January 1, 2014, through December 31, 2014, and January 1, 2015, through December 31, 2015 - the Professional Musicians, Local 47 and Employers' Health & Welfare Fund (the "Fund"), and in order to comply with certain provisions of the Affordable Care Act (the "ACA") and its implementing regulations, is modifying the length of the qualification period such that it shall commence on October 3<sup>rd</sup> and conclude on October 2<sup>nd</sup> in each year.

Commencing October 3, 2013, the qualification period – with respect to the period of time in which a participant may attain eligibility for enrollment into the Fund's benefit plan(s) based upon employer contributions made during that time to the Fund and on behalf of the participant – shall be October 3 through October 2 annually. Thus, and until further notice, the Fund shall accept and process all timely and proper employer contributions, for the purpose of determining a participant's eligibility to enroll in the Fund's benefit plan(s), for covered employment that occurs between October 3<sup>rd</sup> and October 2<sup>nd</sup> in each qualifying period, instead of October 1 through September 30<sup>th</sup>.

Additionally, and to adjust for the above modification to the Fund's qualifying period that would normally end on September 30, 2013, and that is applicable to qualifying for coverage in the Fund's benefit plan(s) effective January 1, 2014, there will be a special transition period that shall extend to October 2, 2013. Therefore, two additional days – October 1 and October 2, 2013 – shall be added to the qualification year that commenced October 1, 2012, and employer contributions that are properly and timely remitted to the Fund for employment on these dates (i.e., October 1<sup>st</sup> and 2<sup>nd</sup>, 2013) shall be credited towards qualification for the coverage year commencing January 1, 2014, and concluding December 31, 2014.

### **CARRY-FORWARD CONTRIBUTION BANK**

If there are insufficient Employer contributions in the current qualifying period, there will be a look-back period of twelve (12) months. Should a Participant have any unused contributions in the twelve (12) month look-back period (starting October 3, 2013, the previous October 3<sup>rd</sup> through October 2<sup>nd</sup>), a maximum of \$600 in unused employer contributions from the immediately preceding qualifying period (in this case October 1, 2012, through October 2, 2013) will be carried forward to the current period to allow the Participant to achieve eligibility.

***For eligibility to enroll in coverage starting January 1, 2014***, and for the qualification period October 1, 2012 through October 2, 2013, unused Employer contributions, for determining qualification for future coverage periods, shall be defined as either (a) Employer contributions, that were actually contributed on the Participant's behalf and that were accepted by Fund, ***in excess of \$1,500***, up to a maximum of \$600 in unused employer contributions, or (b) the amount of employer contributions in the preceding qualifying period, that were actually contributed on the Participant's behalf and that were accepted by Fund, when a Participant did not qualify, up to a maximum of \$600 in employer contributions. In no circumstance will contributions be carried forward more than one period or will the amount carried forward exceed \$600 in unused employer contributions.

**EXAMPLE NO. 1:**

Joe has \$1,600 contributed by his Employer(s) in the qualifying period October 3, 2013 through October 2, 2014. He will be eligible for Level A benefits January 1 through December 31, 2015. Joe will also have \$100 to carry-forward to the next period should he fall short of the qualifying amount during the October 3, 2014, through October 2, 2015, qualifying year.

**EXAMPLE NO. 2:**

Sally has \$800 contributed by her Employer(s) in the qualifying period October 3, 2013 through October 2, 2014. She had \$600 contributed in the previous qualifying period October 1, 2012 through October 2, 2013. Sally may carry-forward \$400, the amount necessary to qualify for Level B. She will have nothing to carry-forward to the future period. (i.e. \$800 present qualifying period contributions, plus \$400 carry forward from the previous period satisfies the \$1,200 qualifying amount for Level B.)

**SPECIAL ELIGIBILITY PERIOD FOR FULL-TIME EMPLOYEES WORKING FOR A SINGLE LARGE EMPLOYER**

If an eligible Employee works an average of 30 hours or more per week during his or her first 12 months of employment (the Special Eligibility Period) for a single Employer, and that single Employer has 50 or more full-time equivalent employees and is subject to assessable penalties under Section 4980H of the Internal Revenue Service Code, the eligible Employee may elect to begin coverage for a 12-month Coverage period that begins on the first day of the second month that follows the Special Eligibility Period and is no later than 13 months after the eligible Employee's initial employment date plus the time until the beginning of the next month, if the employee's initial employment with the single Employer started after the first day of the month.

Example: Joe starts working for Employer X on October 5, 2013, and Joe works an average of 30 hours a week for Employer X through October 4, 2014. Employer X contributed to the Fund on Joe's behalf during the Special Eligibility Period, has 50 or more full-time employees, and is subject to the Patient Protection and Affordable Care Act. Joe qualifies for coverage starting December 1, 2014, based upon his Employer's contributions to the Fund during the Special Eligibility Period.

## **Special Provision for Compliance with the Patient Protection and Affordable Care Act**

In the event that Section 2708 of the Public Health Service Act applies to the Fund and requires a shorter waiting period for any eligible Employee who qualifies for coverage, the eligible Employee may elect coverage that begins on the first of the month that includes the last day of the waiting period permitted by Section 2708.

## **ENROLLMENT**

To be covered through one of the Fund's benefit plans the eligible Participant must complete and return, to the Fund Administrative Office, an enrollment application prior to December 20, 2013, along with the Participant's proper co-premium, and if applicable, the Participant's Dependent co-premium. Participant and Dependent co-premiums will be posted to the Fund's website prior to November 1, 2013 – [www.pacfed.com/musicians](http://www.pacfed.com/musicians).

All eligible Participants will be enrolled in the Fund's Prudential Life and Accidental Death and Dismemberment coverage. Beneficiary forms may be found on the Fund's website - [www.pacfed.com/musicians](http://www.pacfed.com/musicians).

## **PLAN BENEFIT SUMMARIES**

Plan benefit summaries will be posted to the Funds website prior to November 1, 2013.

## **WHY THE TRUSTEES MADE THESE CHANGES**

The decision to make the changes outlined above was not taken lightly and was implemented so that the Fund can comply with the ACA. The Trustees have devoted considerable effort and careful consideration in trying to maintain our Health and Welfare Trust Fund in a responsible and prudent position and in a manner that complies with the ACA. These changes in the Benefit Plan will be reviewed by the Trustees of the Fund on an ongoing basis as to its impact on the Fund, as well as the Fund's compliance with the ACA in so far as the ACA and/or its implementing regulations may be modified or amended, and may be revised or eliminated at any time.

## **IMPORTANT ADDITIONAL INFORMATION**

**Participants (and/or their Dependents or beneficiaries) have no vested or accrued rights under the Plan and/or any benefits provided through the Fund. Insured benefits are provided to the extent that insurance premiums are paid, and Employer contributions and Participant and/or Dependent co-premium requirements are actually received or collected by the Fund. The Board of Trustees of the Fund expressly reserves the right, in its sole and absolute discretion, at any time and from time to time to make future amendments and modifications to the Plan and/or the Fund to ensure the Fund's continued ability to provide benefits to its Participants and their beneficiaries. We will continue this focus as we review our plan design and co-payment structures in the future.**

**You should note that the Board of Trustees of the Fund, in its sole and absolute discretion, may at any time:**

**\*\*Terminate or amend the amount or conditions of eligibility for any benefit, or terminate or change any benefit even though such action may affect any claims that have already occurred;**

**\*\*Terminate, amend or rescind any other provision of the Plan and/or benefits provided through the Fund; and**

**\*\*Terminate the Plan, the Fund and benefits provided through the Fund even though such action may affect claims that have already been made.**

**Among other things, the existence and continuation of Plan benefits depends on the continuation of Employer contributions being made to the Fund. If Employer contributions are terminated or significantly reduced for any reason, the rights of all Participants with respect to benefits will be determined by the Board of Trustees of the Fund in its sole and absolute discretion.**

**This Notice presents an overview of the Plan's Benefits, Eligibility structure and is not intended to be all-inclusive, nor is it to be used as a Summary Plan Description. In the event there is any conflict between this Notice and the official Plan documents, the official documents will govern. The official Plan Documents will be revised to reflect the above changes adopted by the Board of Trustees. The Board of Trustees reserves the right, in its sole discretion, to change, modify or eliminate any benefits or requirement for benefits at any time, without advance notice.**