

**CARPENTERS DISTRICT COUNCIL OF KANSAS CITY & VICINITY WELFARE FUND
3100 BROADWAY, SUITE 805, KANSAS CITY, MISSOURI 64111
(816) 756-3313 TOLL FREE 1-866-756-3313**

MARCH 13, 2013

**IMPORTANT INFORMATION REGARDING THE CARPENTERS
DISTRICT COUNCIL OF KANSAS CITY AND VICINITY WELFARE FUND**

After careful consideration, the Board of Trustees of the Carpenters District Council of Kansas City and Vicinity Welfare Fund (the "KC Fund") have determined that it is in the best interest of KC Fund participants to merge the KC Fund into the Carpenters Health and Welfare Trust Fund of St. Louis ("St. Louis Fund") effective May 1, 2013. This announcement explains why the Funds are merging, how your benefits are affected, and what you need to know.

Reasons for the Merger

As you've likely read or heard, health care costs have increased significantly over the last decade, and continue to climb. There are several reasons healthcare costs are on the rise, including:

- **Lifestyle choices** such as tobacco use, alcohol use, and physical inactivity, which are linked to chronic diseases.
- **Increase in the number of Americans with chronic diseases** such as diabetes, heart disease, cancer, and obesity.
- **Decrease in the number of employers providing** healthcare insurance resulting in increases in uninsured care.
- **Rising prescription drug expenses** due to more disease-specific and effective medications that are more expensive due to increased research and development costs. Additionally, drug manufacturers are spending millions of dollars to advertise medications to consumers, which drive costs up.
- **New legislation** (such as the Affordable Care Act) that requires plans and providers to change the way benefits are administered, increasing administrative costs.

Both the KC Fund and the St. Louis Fund have been impacted by healthcare cost increases, and action must be taken to ensure current and future participants continue to have access to comprehensive health care benefits. After evaluating several alternatives, it was decided that it is in the best interest of all participants to merge the KC Fund into the St. Louis Fund. By forming a larger Fund, we all benefit from strength in numbers. We are able to better negotiate discounts with healthcare providers, consolidate administrative costs, and spread costs over a larger number of participants. We realize that benefit changes may be disruptive initially, but we want to ensure you that this merger is ultimately for the good of current and future Fund participants.

Plan A and Plan B Participants

The KC Fund has 2 benefit schedules that are based on contribution rates, a “Plan A” and a “Plan B”. Most participants are in Plan A. The primary group of participants in Plan B reside in Topeka, Manhattan and Wichita, Kansas. Throughout this announcement letter we will reference differences between Plan A and Plan B benefits.

Plan A participants (Active, COBRA and all Retirees) will begin participation in the St. Louis Fund’s schedule of benefits beginning May 1, 2013.

Plan B participants will maintain their current KC Fund schedule of benefits (medical, prescription drugs, dental and vision), PPO providers (CIGNA and Express Scripts), and claims administrator (Wilson-McShane) through December 31, 2013. For Plan B participants, please watch for additional information as the end of the year approaches.

How Benefits are affected during Transition

Eligibility Requirements for Active Participants—Both Plan A and Plan B

Between May 1, 2013 and April 30, 2014, you are eligible for benefits under the St. Louis Fund if you meet the eligibility provisions of the St. Louis Fund *or* the KC Fund (including contributions received prior to May 1, 2013). To continue to be eligible for coverage after April 30, 2014, you must meet the eligibility provisions of the St. Louis Fund. You will receive additional information from the St. Louis Fund regarding these provisions and St. Louis Fund eligibility requirements.

PPO and In-Network Benefits—Plan A Only

Beginning May 1, 2013, you will have access to the Coventry PPO network. To assist in the transition from your current PPO Network (CIGNA) to a Coventry provider, any claims incurred from May 1, 2013 through December 31, 2013 will be considered in-network if the provider is in either the CIGNA or Coventry Network. You will receive additional information from the St. Louis Fund regarding this benefit.

2013 Deductibles

In preparation for the merger, the KC Fund’s Board of Trustees elected to waive the 2013 medical plan deductible. If you should have any questions, please contact Wilson McShane for assistance.

COBRA Participants—Both Plan A and Plan B

For those receiving COBRA continuation coverage on April 30, 2013, your rate will be subject to the KC Fund’s rate structure for the duration of your COBRA coverage.

Beginning May 1, 2013, please make check payable to: Carpenters Health & Welfare Trust Fund of St. Louis

Send payment to:

Carpenters Benefit Office
3100 Broadway Suite 805
Kansas City, MO 64111

For those losing coverage on and after May 1, 2013 because of a qualifying event, you will receive notification from the St. Louis Fund of your coverage options and COBRA rates.

Current Retirees

Those currently participating in the Retiree Plan will be eligible for the lower of KC Fund retiree rates and St. Louis Fund retiree rates. Both offices are in the process of reviewing your status and you will receive additional information by mail in the near future. However, there are two certainties:

- If you are a Plan B retiree, you will continue to pay the current rate
- If you are in Plan A, are under age 62, and no one in your family is on Medicare, you will continue to pay the current rate.

If KC Fund rates are the most beneficial, your rates will not change for the remainder of 2013, but will gradually increase to be equal to the St. Louis Fund rates effective January 1, 2020.

If your payment is deducted from your pension check, we will continue to do so and there is nothing you need to do.

If you are paying by check beginning May 1, 2013, please make your check payable to:
Carpenters Health & Welfare Trust Fund of St. Louis

Send payment to:

Carpenters Benefit Office
3100 Broadway Suite 805
Kansas City, MO 64111

Future Retirees and Eligibility

For those applying for the Retiree Plan with an effective date on and after May 1, 2013, you will be eligible to participate in the Retiree Plan if you satisfy either the KC Fund or the St. Louis Fund's eligibility requirements. You will be eligible for the lower of KC Fund retiree rates and St. Louis retiree rates if you satisfy the KC Fund's eligibility requirements. If you do not satisfy the KC Fund requirements, but you do satisfy the St. Louis Fund requirements, you will be eligible for the retiree plan at the St. Louis Fund's rate structure.

If you satisfy the KC Fund's eligibility requirements and the KC Fund's rates are the most beneficial, please note that over time rates will gradually increase until they are equal to the St. Louis Fund rates effective January 1, 2020.

What to Expect Going Forward

The St. Louis Fund will send:

- Welcome Packet including Summary Plan Document and Summary of Benefit Coverage
- Information about your new health benefits, including coverage and carrier information
- New Benefit Packets, including your new ID cards from Coventry, Express Scripts, Delta Dental

After May 1, 2013, your current Fund Administrator, Wilson McShane Corporation, will continue to handle the following day-to-day responsibilities:

- Process and handle all claims (and claim inquiries) incurred prior to May 1, 2013 for Plan A;
- Process and handle all claims (and claim inquiries) incurred in calendar year 2013 for Plan B;
- Assist with pregnant or ill participants who need to arrange continuation of care;
- Continue to receive and process COBRA payments;
- Continue to receive and process Retiree premiums. If your retiree premium is deducted from your monthly check, we will continue do so unless instructed otherwise.

The Board of Trustees is committed to ensuring this merger is as seamless as possible for all participants, and appreciates your cooperation during this transitional period. We understand you will have questions about how this change affects you and your family. The information you receive in the coming weeks will give you the details and directions you need to transition your benefits. However, if you have an immediate question, do not hesitate to contact the KC Fund Office at (816) 756-3313, or toll free at 1-866-756-3313.

Sincerely,

Board of Trustees