May 2017

The Board of Trustees is pleased to announce the following new benefit, which will be available for you to use beginning January 1, 2018.

A new Health Reimbursement Account ("HRA") is being established starting with contributions for hours worked starting June 2017. $0.50 per hour you work will go into an HRA account. Starting January 1, 2018, you will be able to use your HRA account to obtain reimbursement for IRS approved medical expenses not paid by the Plan, such as your deductible or prescription drug copays. You can also choose to let this account grow over the years to use for medical expenses and self-payments when you retire.

A formal Summary of Material Modification ("SMM") that explains the new benefit in detail will be sent to you later this year. Please note, reimbursements received under the HRA benefit are not taxable, meaning that when you submit a claim and receive reimbursements from the Plan, the money is not subject to any tax. Thus, your HRA dollars will go further than your after-tax pay.

Sincerely,

The Board of Trustees

Notice Regarding Grandfathered Status

The Trustees of the Pipe Fitters’ Welfare Fund, Local 597 believe this is a “grandfathered health plan” under the Patient Protection and Affordable Care Act (the Affordable Care Act). As permitted by the Affordable Care Act, a grandfathered health plan can preserve certain basic health coverage that was already in effect when that law was enacted. Being a grandfathered health plan means that your Plan may not include certain consumer protections of the Affordable Care Act that apply to other plans, for example, the requirement for the provision of preventive health services without any cost sharing. However, grandfathered health plans must comply with certain other consumer protections in the Affordable Care Act, for example, the elimination of lifetime limits on benefits. Questions regarding which protections apply and which protections do not apply to a grandfathered health plan and what might cause a plan to change from grandfathered health plan status can be directed to the Fund Office, 45 North Ogden, Chicago, IL 60607, telephone 312-633-0597. You may also contact the Employee Benefits Security Administration, U.S. Department of Labor at 1 (866) 444-3272 or www.dol.gov/ebsa/healthreform. This website has a table summarizing which protections do and do not apply to grandfathered health plans.

1 The HRA benefit is subject to limitations and exclusions that will be described in detail in the forthcoming SMM.
Health Reimbursement Arrangement for Active Employees

Effective June 1, 2017, a Health Reimbursement Arrangement ("HRA") was established for you if you were eligible for Active Employee Benefits under the Plan. You may only utilize you HRA if you are otherwise eligible for coverage under the Plan. If you lose your coverage under the Plan, then your HRA will be frozen. Your HRA will remain frozen until (1) you reestablish your eligibility for coverage under the Plan, or (2) your HRA is forfeited as described below.

Effective January 1, 2018, you may utilize your HRA and withdraw amounts from your HRA to cover specified medical expenses that are related to, but not payable under the regular provisions of the Plan (e.g., deductible, coinsurance or prescription drug copays).

Description of HRA

An HRA is a notional account established on your behalf when contributions are received under a Collective Bargaining Agreement or participation agreement that provides for an HRA contribution. An HRA contribution will not be made for any amounts received as COBRA self-payments or retiree self-payments, and no contributions will be made to your HRA if you are not performing work covered under a Collective Bargaining Agreement or participation agreement.

The Fund Office keeps track of your HRA as a bookkeeping entry. The HRA bookkeeping entry is adjusted at the discretion of the Trustees. The Trustees have determined to make adjustments to the HRAs based on assets in which the HRA balances are invested ("HRA Investment Fund").

The HRA Investment Fund is valued at fair market value once a year. As of the valuation date, each HRA will be adjusted for the net earnings, losses, appreciation, depreciation and forfeitures since the immediately preceding valuation date. The adjustments allocated to your HRA will be in the same ratio as the ratio of the value of your HRA balance to the total value of all assets of the HRA Investment Fund as of the valuation date.

Your account balance will be carried over from year to year, unless your HRA account balance is forfeited as described below.

No Vesting of HRAs

HRAs are not saving accounts from which you can withdraw money at will. You and your Dependents are not vested in your HRA balances. Amounts accumulated in your HRA can only be used for Eligible Expenses, subject to the rules and provisions set forth under the Plan.

Benefits payable under the HRA shall not be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment or encumbrance of any kind, except as required under applicable law.
Maintaining Coverage

In the event you are going to lose eligibility under the Plan and you elect COBRA Continuation Coverage, the Fund Office will automatically deduct the amount of the applicable COBRA premium from any available balance in your HRA. The Fund Office will continue to automatically deduct the applicable COBRA premium from your HRA to continue your eligibility until your HRA is exhausted. Once your HRA is exhausted, you must pay the applicable COBRA premium to continue your COBRA Continuation Coverage.

Additionally, if you have a balance in your HRA at the time you retire, the Fund Office will automatically deduct the amount of the applicable retiree self-payment or premium from your HRA each month to continue your coverage until your HRA is exhausted. Once your HRA is exhausted, your eligibility for Retired Employee Coverage is conditioned on you authorizing any applicable retiree self-payment or premium to be deducted from your monthly benefit received from the Pipe Fitters' Retirement Fund, Local 597.

If you do not wish to have your HRA deducted automatically to continue your coverage under the Plan, you must notify the Fund Office in writing.

Eligible Expenses and Reimbursements

Your entitlement to reimbursement from your HRA and the amount of any such reimbursement will be based on your HRA balance at the time the reimbursement is requested. You may receive reimbursement from your HRA only for Eligible Expenses. An expense is an Eligible Expense if it satisfies the following requirements:

1. The expense incurred on or after June 1, 2017;

2. The expense is incurred by an eligible individual while covered under the Plan, including any periods during which coverage is extended because of any applicable self-payments;

3. The expense is not payable under any other benefit provisions of the Plan; and

4. The expense is a “qualified medical expense” under Section 231(d) of the Internal Revenue Code (“IRC”).

No reimbursement will be made from your HRA for expenses that are not listed as “qualified medical expenses” in Section 213(d) of the IRC. Examples of “qualified medical expenses” and exclusions are listed below:
<table>
<thead>
<tr>
<th>Eligible Expenses</th>
<th>Exclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Self-payments, including retiree and COBRA self-payments;</td>
<td>• Athletic club, health and/or spa or gym memberships;</td>
</tr>
<tr>
<td>• Deductibles and co-payments under the Plan;</td>
<td>• School fees for boarding schools or school fees not related to a medical necessity;</td>
</tr>
<tr>
<td>• Medical Expenses not covered by or in excess of the benefits provided under the Major Medical Benefit;</td>
<td>• Cosmetic surgery, procedures and supplies;</td>
</tr>
<tr>
<td>• Expenses for dental treatment, including orthodontia;</td>
<td>• Child and elder care;</td>
</tr>
<tr>
<td>• Guide dogs for blind or deaf persons;</td>
<td>• Funeral expenses;</td>
</tr>
<tr>
<td>• Certain travel expenses of the patient when necessary to receive essential medical care, and the travel and lodging expenses of another family member whose presence is necessary for the treatment. The patient’s Physician must certify that the family member’s presence is necessary for the treatment;</td>
<td>• Hair transplants;</td>
</tr>
<tr>
<td>• Special telephone and television equipment for hearing-impaired persons;</td>
<td>• Household help other than that qualifying as long-term care;</td>
</tr>
<tr>
<td>• Hearing aids and examinations;</td>
<td>• Personal use items;</td>
</tr>
<tr>
<td>• Smoking cessation programs;</td>
<td>• Premiums for coverage through a state or federal Health Insurance Marketplace;</td>
</tr>
<tr>
<td>• Vision expenses, including surgery or laser treatments to correct vision;</td>
<td>• Teeth whitening; and</td>
</tr>
<tr>
<td>• Schooling for the mentally impaired or physically disabled;</td>
<td>• Expenses not identified as Eligible Expenses.</td>
</tr>
<tr>
<td>• Acupuncture;</td>
<td></td>
</tr>
<tr>
<td>• Prescriptions and over-the-counter medications, provided that such items are accompanied by a written prescription and generally accepted as medicine and drugs; and</td>
<td></td>
</tr>
<tr>
<td>• Weight loss programs, but not food or dietary supplements.</td>
<td></td>
</tr>
</tbody>
</table>
Submitting Reimbursement Requests

When submitting a reimbursement request from your HRA, your request is subject to the following requirements:

- HRA reimbursement requests may be submitted at any time; however, such requests are limited to one per calendar quarter.

- HRA reimbursement requests must be at least $100. You may accumulate numerous Eligible Expenses in order to reach the $100 minimum and submit them together.

- HRA reimbursement requests must be submitted with a properly completed request form to the Fund Office (must include a copy of the explanation of benefits, itemized bills or any other documentation as required by the Trustees).

- HRA reimbursement requests can only be submitted by you or by a spouse pursuant to your written authorization on file at the Fund Office or, in the event you are deceased, by your surviving spouse or Dependent.

- HRA reimbursement requests must be submitted no more than 12 months after the date the expense was incurred. No reimbursement will be provided for a request that is submitted more than 12 months after the date the expense was incurred. Note that the expense is incurred on the date you received services or items for which you were charged the expense, not the date of payment or invoicing.

Reimbursement Requests

Upon receipt of an HRA reimbursement request for an Eligible Expense, the Fund Office will issue you a reimbursement check. This check will generally be issued within 30 days of your request for the amount of the Eligible Expense, up to, but not to exceed the amount of your HRA balance. Once the check has been issued, the Fund Office will deduct the amount of such reimbursement from your HRA.

If you submit a request for reimbursement and your HRA balance is insufficient to cover the requested reimbursement, the request will not be processed, and you will be notified by mail of this situation. You will have the option of (1) providing written authorization for partial reimbursement (up to your HRA balance), or (2) resubmitting the reimbursement request at a later date when your HRA balance has increased. If you authorize a partial reimbursement, you cannot submit an HRA reimbursement request for the balance of the expense that was partially reimbursed at a later date.

Your Right to Opt-Out

You may choose to permanently opt-out of your HRA and forfeit your right to reimbursement from your HRA at any time by notifying the Fund Office in writing. Any balance in your HRA as of the date the Fund Office receives notice of such opt-out will be permanently forfeited. Any notice of opt-out received by the Fund Office is irrevocable.
Forfeiture of HRA Balance

Your HRA balance will be forfeited in the following situations:

1. No contributions have been made into your HRA and no reimbursements have been made for a period of two (2) consecutive calendar years.

2. The Fund Office receives at any time written notice that you opt-out of the HRA.

3. You die and you have no surviving spouse or Dependent(s).

Payment of HRA Balance Upon Your Death

If you die and there is a balance in your HRA, your surviving spouse or Dependent(s) may use your HRA balance by submitting reimbursement requests to the Fund Office for reimbursement of Eligible Expenses, so long as your surviving spouse or Dependent(s) are otherwise eligible for coverage under the Plan. Any remaining HRA balance not reimbursed to your surviving spouse or Dependent(s) will be forfeited if the account has no reimbursement activity for a period of two (2) consecutive calendar years.

Former Local 422 Health Reimbursement Accounts

Effective January 1, 2018, all former Local 422 Health Reimbursement Accounts ("Local 422 HRA") will be converted to the HRA for Active Employees under the Pipe Fitters’ Welfare Fund, Local 597 ("Local 597 HRA for Active Employees"), and administered in accordance with the rules and requirements under the Local 597 HRA for Active Employees.

Changes to Eligibility Requirements

Health Reimbursement Arrangement for Retirees Covered under the Plan

Due to the recent establishment of the HRA for Active Employees, the Trustees changed the eligibility requirements for the Health Reimbursement Arrangement ("HRA") for Retirees who are covered under the Plan. Effective June 1, 2017, you are eligible for the HRA for Retirees only if you meet the following requirements:

1. You are receiving a monthly pension benefit from the Pipe Fitters’ Retirement Fund, Local 597;

2. You are eligible for Retired Employee Coverage under the Plan; and

3. Your birth date is before June 1, 1962.

If you meet the above listed requirements, you will continue to be eligible for the HRA. This HRA is separate and distinct from the HRA for Active Employees as described above.