

The Fund Office Report

OCTOBER 2006

Steamfitters & Metal Trades

IMPORTANT LETTER TO MEMBERS FROM FUND ADMINISTRATOR REGARDING THE NEW FEDERAL PENSION PLAN LEGISLATION

Late this past summer, Congress passed the most radical reform to pension regulation since the 1974 enactment of ERISA. The Pension Protection Act of 2006 has been hailed by the AFL-CIO as a sweeping success for pension reform. Yet, I feel, for a well constructed, multi-employer, building trades pension plan, it will not be the resounding assurance and safety net that it is advertised to be.

Recently, Steamfitters have received a newly mandated notice regarding the funding status of their pension plan. The Metal Trades members will receive theirs in the spring of 2007. This notice is not written in the way that I have tried to communicate important information to you in past years, but was written in government mandated "legalese". The proscribed language could not be modified, added to or clarified in any way. I could not even add a cover letter to explain what this notice was meant to accomplish.

I want everyone to understand that I am very concerned with the funding ratio presented in the notice. However, I do need everyone to understand that this number is a picture at a given point in time reflecting the effects of the rate of return of the Plan's investments, the man-hours being worked in the industry and the benefit design.

While the intent of this notice was to provide information on the financial stability of the Pension Plan, I feel that the mandated language does not tell the complete story. The Trustees of the Steamfitters' Industry Pension Plan are continually working to improve the benefits that are provided under the plan while carefully monitoring the plan's fiscal status. Together, we will continue to do that.

My remarks at the Union Quarterly meeting will speak directly to this legislation and how this plan will go forward dealing with the new and extremely confusing governmental requirements. As always, if you have any questions before the quarterly meeting with this notice or any of your other benefit plans, please call me at the Fund Office.

Thank You,

Kevin J. Driscoll

Kevin J. Driscoll

Executive Administrator

Metal Trades

WELFARE FUND INCREASES SUPPLEMENTAL BENEFITS PROGRAM

The per diem benefit from the Welfare Fund for those members receiving Disability or Workers Compensation benefits will increase to \$30 for those portions of benefit periods that extend or commence after January 1, 2007. All other rules and regulations remain in place.

Steamfitters

NEW YORK STATE INTRODUCES DEBIT CARDS FOR UNEMPLOYMENT INSURANCE BENEFIT PAYMENTS -- SECURITY BENEFIT FUND MODIFIES BENEFIT DOCUMENTATION

As of September 10, 2006 the New York State Department of Labor began issuing unemployment benefits via a Chase Bank debit card. The State is no longer issuing checks. In the past, a member had to file a copy of a unemployment check with the Security Benefit Fund in order to receive a benefit. With the introduction of the debit card it became impossible to do so.

Thus, if you become unemployed, you must complete and have notarized the yellow-colored *Application For Replacement Wages*. Thereafter, each week that you remain unemployed simply call the Fund Office Help Desk at Ext. 244 and report your continued unemployment. A check from your account balance will be promptly issued.

The Fund Office will audit your unemployment requests to be sure all benefits are appropriate. We will vigorously scrutinize all contractor remittance reports and payroll audits. On a random basis, participants will be required to produce copies of their Chase Bank debit card monthly account statements to verify unemployment and, in rare cases if deemed necessary, copies of their federal income tax filings.

It is important to keep in mind that if you are found falsely applying for benefits you will be suspended from participation in the Fund for a period of at least one year in accordance with the Fraudulent Claims provision of the Fund. In addition, depending upon the situation, the Fund may notify the federal attorney's office for criminal prosecution under ERISA and federal tax laws.

Please note that there is no change in the necessary documentation you must submit to access Workers' Compensation, Disability or Jury Duty replacement wages from the Security Benefit Fund.

Steamfitters & Metal Trades

WELFARE FUNDS INTRODUCE UTILIZATION MANAGEMENT PROGRAMS WITH MEDCO PRESCRIPTION DRUG COVERAGE AIMS TO PREVENT MISUSE & IMPROPER COSTS

~ ~ ~ ~ ~ METAL TRADES BRANCH CO-PAYS TO INCREASE

Both the Metal Trades Branch and Steamfitters' Industry Welfare Funds will commence on January 1, 2007 using a number of utilization management programs with Medco. The goal of these programs is to alleviate the inappropriate (and, potentially harmful) use of prescription drugs while simultaneously assuring the proper use of benefit dollars. Member health, safety and satisfaction remain the primary objectives of the prescription drug coverage.

Medco will be sending all participants a detailed notice about these utilization management programs in December with specific information as to the exact drugs involved. In general, the program will include a coverage review process [a few selected drugs will require approval to obtain], a step therapy program [appropriateness of certain prescriptions is analyzed], a quantity duration program [the quantity and length of a some prescriptions is assessed], and a retrospective review of drug usage [conducted by letter between Medco and providers].

In addition, the co-payments in the Metal Trades Branch Welfare Fund will change on January 1, 2007. The revised co-payments will be as follows:

- generic drugs at retail pharmacies - \$5 for a 21 day supply
- brand name drugs at retail pharmacies - \$15 for a 21 day supply
- all drugs by mail order - \$30 for a 90 day supply