



Alaska Electrical Trust Funds

PENSION FUND – HEALTH AND WELFARE FUND – LEGAL FUND
2600 Denali Suite 200 • Anchorage, AK 99503-2782
(907) 276-1246 • (800) 478-1246 • Fax: (907) 278-7576
www.aetf.com



May 2008

Re: Alaska Electrical Health and Welfare Fund
Eligibility and Pricing of Retiree Medical Coverage

To: All Active Participants

As you know, the cost of health care continues to increase at a rate considerably higher than general inflation. Accordingly, over the last year, the Trustees have been evaluating the retiree medical program with the intent on maintaining affordable benefits for current as well as future retirees. After thorough consideration, the Fund has revised the rules defining qualification for retiree health coverage as well as the method for determining the cost for the coverage, as outlined below:

1. Effective for all new retirements on or after January 1, 2008, the following criteria will need to be met to qualify for the Fund's retiree medical program:

A retired employee who has attained age 48 and has had:

1. 60 months of health and welfare eligibility with this Fund, for which retiree funding has been paid, in the 84 months immediately preceding retirement, or
2. 10,400 hours of contributions reported to this Fund, for which retiree funding has been paid, in the 84 months immediately preceding retirement, or
3. 25,000 hours of contributions reported to this Fund, for which retiree funding has been paid, prior to retirement,

(monthly eligibility will be valued at 173.33 hours a month for 2 and 3 above)

or

A retired employee who is under age 48, has satisfied one of the conditions above, and

1. is totally disabled and is receiving a Disability Retirement Benefit from the Alaska Electrical Pension Fund, or
2. is totally disabled as defined by the Alaska Electrical Pension Fund and worked under a Bargaining Unit represented by IBEW Local 1547 or a Special Agreement for 5 years.

2. The amount charged to retirees each month for coverage includes a subsidy from the Fund, which lowers the amount the retiree must pay. Beginning June 1, 2008, the amount the Fund subsidizes will be modified to reward long term participants as well as to account for the age of the retiree. Each year, the Trustees will establish the "Actual Cost" of a month of coverage. The amount of that "Actual Cost" the retiree will actually pay will be determined by the following grid:

Retiree Self-Payment as a Percent of Actual Cost					
Months of Eligibility at Retirement					
Retiree's Attained Age*	0 – 119 Months	120 – 179 Months	180 – 239 Months	240 – 299 Months	300 + Months
48-54	100%	100%	100%	100%	100%
55	100%	100%	100%	100%	85%
56	100%	100%	100%	85%	75%
57	100%	100%	85%	75%	70%
58	100%	85%	75%	70%	50%
59	100%	75%	70%	60%	50%
60+	100%	75%	60%	50%	50%

* Each January 1, the contribution rate is adjusted to reflect the retiree's age as of that date.

As you can see, the length of service (months of eligibility at retirement) and the retiree's age impact the amount of contribution required from retirees.

3. Retiree contribution rates will be established to reflect the number of people covered (single vs married) as well as the Medicare status of each covered person. Accordingly, the cost for a single retiree will be less than that of a married retiree, and the cost for a retired person eligible for Medicare will be less than the cost of a retired person not eligible for Medicare.

With these changes, the Trustees anticipate that the retiree medical program will provide a meaningful benefit for participants retired from a career in our industry.

If you have any questions, please contact our office. Thank you.

The Administrative Office