

Local 12 Trust Funds Newsletter
November 2008

Trustees

Paul J. Harrington, Chairman
John C. Cannistraro
Hugh Kelleher
Paul K. Kennedy
Harry Brett
Kevin L. Cotter
Timothy G. Fandel, Treasurer
Roger B. Gill, Administrator



Welfare Plan Wellness Initiative

Health insurance costs continue to rise with no end in sight. Based on a recent report from the Milken Institute, 109 million Americans have at least one chronic illness, such as diabetes, heart disease, or high blood pressure.

Our Health & Welfare Fund is working to provide excellent benefits at a reasonable price. To maintain a "healthy" Fund, we need to not only negotiate good rates from our providers, but also look at what is driving our costs. We are also looking to find ways that our health care plan can keep us and our families healthy, rather than only helping us when we get sick.

Since placing the Plan with Harvard Pilgrim Health Care in September of 2004 we have seen an overall increase of 2.4% in premium renewals over this 4 year period. That's a remarkable figure in comparison to average insurance plan renewals which are around 32% for the same time period. Although the last few years have been good

ones in terms of renewals we have to keep in mind that our claim and financial experience will ebb and flow over time. We need only look back to 2003 and 2004 when we were hit with devastating claim experience for proof of this cycle. The Trustees with aid from their Health Care Consultants Boston Benefit Partners are in constant search of ways to use your contributions effectively.

As we studied our overall utilization data for 2006 and 2007, we found that over \$4,000,000 in claims were paid for illnesses that are directly affected by life-style choices, such as nutrition, smoking and inactivity. In addition, we believe there are many wellness and preventive care benefits being offered today that more of our members could utilize so as to stay healthy and potentially keep our health care costs down.

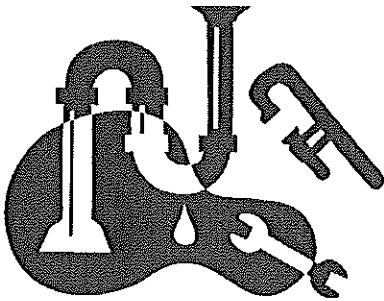
(Over)

LOCAL 12 TRUST FUNDS NEWSLETTER

November 2008

Did you know that chronic disease accounts for roughly 75% of health care costs every year? Although chronic disease is the most common, it is also the most preventable. Here are some statistics:

- 90% of middle-aged Americans will develop high blood pressure, and nearly 70% do NOT have it under control.



- Regular colorectal cancer screening can reduce the number of people who die from this disease by 30%

- A mammogram every 1-2 years can reduce the risk for breast cancer by about 16% for women over 40.

- Preventive efforts can benefit the 17 million Americans with type 1 or type 2 diabetes.

- 70% of the more than 46.5 million American adults who smoke cigarettes want to quit, but few are able to quit permanently without help.

- Three modifiable health-damaging behaviors - tobacco use, lack of physical activity and poor

eating habits - are responsible for much of the inordinate suffering and early death of millions of Americans. In fact, about 33% (800,000 deaths) can be attributed to these behaviors. Heavy drinking is associated with 5% of these deaths.

- Lower obesity rates alone could avoid \$60 billion in treatment expenditures a year.

- 435,000 Americans who smoke die prematurely on average 15 years earlier than nonsmokers (New England Journal of Medicine, Nov. 6, 2007).

- More than 109 million Americans report to have at least one of the seven chronic diseases (cancer, diabetes, hypertension, stroke, heart disease, pulmonary conditions, and mental disorders).

These examples demonstrate the importance of staying ahead of health care risks. Collectively we need to consider the effect on the future of our Health and Welfare Benefits. Unlike the corporate world we here at Local12 typically enter the industry and start participating in Union benefits at a young age, most in our twenties. The majority of Local12 members in construction make a career of it. With that career come the benefits. In general our Welfare Plan will cover an active member, his spouse and dependents through a career then cover the member and spouse through retirement.

LOCAL 12 TRUST FUNDS NEWSLETTER

November 2008

To the outside world this is referred to as cradle to grave coverage and we see that this type of benefit has been eliminated outside of the union sector. Even state and governmental agencies are now eliminating these benefits for new employees. Local 12 members expect good health care coverage. Health Care Coverage that they have worked and paid for throughout their demanding careers. The hard work and commitment to the trade that Local 12 Plumbers demonstrate every day however does not mean that we are superhuman or insulated from rising costs. Disease or illness can strike any of us. It is the Trustees hope that we can help educate members on how to reduce these risks.



Why do this?

Why look at health risks? Local 12 members know that our Plan of benefits and coverage is expensive. The \$9.32 per hour in contributions pays today's premium, funds your hour bank, prescription drug benefits and lends a significant subsidy to eligible retiree healthcare expenses. The design of our funding and plan system demonstrates that we are in control of our health care expense future and that we as individuals should try

to do as much as possible to help control future costs by being proactive with our health today.

Our Wellness Plan

What can the Trustees do to affect future costs? The answer start's with education. The Trustees will be mailing to you a "Health Risk Assessment" form or "HRA". The purpose of the HRA is to help members in understanding their individual health risks and inform them of their potential for disease. The particular HRA we will use was developed by the University of Michigan and is world renowned for its usefulness. The key to the HRA is that once the form is completed and returned you will receive back a **personalized assessment** describing risks and your potential for disease. This will allow you to make informed decisions regarding your health. As members paying the bills we should take this seriously. Addressing health concerns early will translate into healthier lives and collectively it should help control future medical costs.

All of the data collected in the HRA survey will be kept confidential and in fact individual information will not be reported back to the Trustees. We will however receive generalized reporting on where we stand as a group. We will report back to the membership those findings. If we see that we as a group suffer from high rates of certain disease or illness we can craft benefits that address the needs of our group. Understanding

LOCAL 12 TRUST FUNDS NEWSLETTER

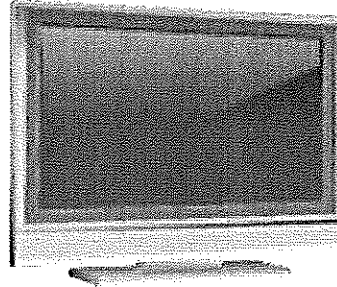
November 2008

our needs is an important factor in planning for costs in the future.

Our Incentive

What's in it for you? Along with the potential for a healthier lives and cost savings for future expenses we have an incentive tied to the Wellness Program. Any active member that is eligible for Welfare "A" Plan coverage that returns the HRA between **January 1, 2009** and **April 30, 2009** will receive \$200 in health care Credits that may be used for any number of health care related expenses. Things like Prescription co-pays, deductibles, office visit co-pays, dental bills or premiums and many other IRS qualified health expenses. The Trustees will publish a list of reimbursable medical expenses in the next mailing.

In order to be eligible for the incentive or for a dependent to be eligible for reimbursement under your \$200 incentive eligibility an HRA must be returned. Dependents do not have their own \$200 eligibility, only the member will have this eligibility. That means the **member must fill out the HRA**, not a wife or child **but the member**. Spouses and dependents are welcomed to fill out the HRA but the **incentive is only activated by the return of the HRA by the covered member**.



How about a Big screen TV?

The LMCT Trustees have also agreed to sponsor a raffle with large screen HD televisions as prizes for this incentive program. To be eligible for one of these prizes a **member must complete and return the HRA**. Dependents are not eligible for the prizes. **Eligibility for a prize is only activated by the return of the HRA by the covered member**.

How Do I fill out the HRA?

If you haven't seen doctors in a while don't worry. We will be setting up satellite sites to perform biometric screenings. These screenings will give you the results needed to correctly fill out the HRA. Biometric screenings will be done on the North Shore, South Shore as well as in Metro West. All you will need for the biometric screening is the location closest to your home. These testing locations will be announced in the near future. **Like the HRA data your personal screening results are confidential**.

The Trustees look forward to working with the membership to use this program to educate ourselves while positively impacting future

LOCAL 12 TRUST FUNDS NEWSLETTER

November 2008

health care costs. Look for more detail on this innovative program in the upcoming weeks.

Annuity Plan News

The Board of Trustees of the Plumbers Union Local No. 12 Annuity Plan would like to invite you to attend an investment education meeting for the Plan. A representative from New York Life Retirement Plan Services will be conducting the presentation. Members are encouraged to attend and spouses are welcome.

The schedule of meeting dates is as follows:

Tuesday, December 2, 2008
Thursday, December 4, 2008
Thursday, December 11, 2008

All meetings will be held here at
Local 12 from 6 p.m. to 8 p.m.

1240 Massachusetts Avenue,
Boston, MA 02125

The purpose of the meeting will be to discuss market volatility, review the performance and strategy of all the investment options, and answer any questions that you have. We hope that you take this opportunity to learn more about investing in your future.



Pension Plan News

Our Plan investments like other pension plan investments nationally are suffering in this volatile market. Although the Pension Plan was funded at 97% as of August 31, 2007 we know that recent investment losses have significantly impacted that figure. The Trustees want you to know that they are working with their investment consultant to monitor our Plan. The Trustees also want you to know that they will be requesting contribution funding effective March 1, 2009 to help keep the Plan stable and secure. The Trustees will report to the members their needs in the near future.

New Retirement Option

Effective October 1 2008 members will have an additional Spousal Benefit Option from which to elect when retiring. The Plan will now have 4 retirement options:

LOCAL 12 TRUST FUNDS NEWSLETTER

November 2008

1. The Regular Form which has no spousal benefit.
2. The 50% Spousal Option where the surviving spouse of the member collects 50% of what the member collected in monthly Pension while alive.
3. The 75% Spousal Option where a surviving spouse of the member collects 75% of what the member collected in monthly Pension while alive.
4. The 100% Spousal Option where a surviving spouse of the member collects 100% of what the member collected in monthly Pension while alive.

Local 12 and AFL-CIO scholarships will be awarded to a **son or daughter** of a member of Plumbers Union Local No. 12 who is a **high school senior**. Please be aware that the award amounts may be subject to income and withholding taxes.

Scholarship information and an application may be found on the web at the Massachusetts AFL-CIO's site:

<http://www.massaficio.org/scholarship-program>

or at Local 12's website:

<http://www.plumbersandgasfitterslocal12.org/>.

Funds Office Notes

The Trustees are in the process of developing an online portal which will allow members to access their work and benefit eligibility information. This electronic portal will also allow employers to electronically remit your contribution data. We hope to have this program up and running in the spring of 2009.

Scholarship Time Again

The Board of Trustees and Scholarship Committee would like to remind you that this is the time of year to apply for the Massachusetts AFL/CIO scholarship examination. Through this exam Local No. 12 has available several scholarship opportunities.

Due to the time constraints, we urge those interested to get their scholarship application form back to Ms. Jackie Bergantino at the Massachusetts AFL/CIO, 389 Main Street, Suite 101, Malden, MA 02148 by **Friday December 19, 2008**. You may fax it to Ms. Bergantino's attention at (781) 324-8225.

It is imperative that students contact their guidance counselors or high school principals immediately to inform them of their interest in taking the exam. By participating in the exam your son/daughter is also eligible for a number of other AFL-CIO scholarships. The Committee on Education of the Massachusetts AFL/CIO will oversee the selection process.