APRIL 2013

ALASKA TEAMSTER-EMPLOYER WELFARE TRUST

2012 SUMMARY ANNUAL REPORT

This report reflects the financial health of your medical fund.
If you have questions about this report, please call 907-751-9700 or (800) 478-4450, or email us at rosek@959trusts.com.

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SUMMARY ANNUAL REPORT FOR THE ALASKA TEAMSTER-EMPLOYER WELFARE TRUST

This is a summary of the annual report of the Alaska Teamster-Employer Welfare Trust, EIN 91-6034674, a multi-employer Plan, for the year beginning July 1, 2011 and ending June 30, 2012. The annual report has been filed with the Employee Benefit Security Administration, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

SELF-FUNDED BENEFIT INFORMATION

The Plan maintains its medical, dental, drug, vacation, disability, vision benefits, and urgent care under a self-funded program.

INSURANCE INFORMATION

The following brief description of the Plan benefits are provided for general information purposes only. Participants should refer to the Plan document for more complete information.

The Plan has a contract with Standard Insurance Co. to pay certain life insurance and accidental death and dismemberment claims. The Trust also maintains stop loss coverage under a contract with HCC Life Insurance Co. for participants and dependents. The total insurance premiums charged to the Plan for the year ended June 30, 2012 were $1,288,746.

BASIC FINANCIAL STATEMENT

The value of Plan assets, after subtracting liabilities of the Plan, was $(11,834,992) as of June 30, 2012, compared to $(883,978) as of July 1, 2011. During the Plan year the Plan experienced a decrease in its net assets of $10,951,014. This decrease included unrealized appreciation or depreciation in the value of Plan assets; that is, the difference between the value of the Plan's assets at the end of the year and the value of the assets at the beginning of the year or the cost of assets acquired during the year.

During the Plan year the Plan had total income of $36,106,408 including employer contributions of $28,545,170, participant contributions of $3,868,143, earnings from investments of $486,269, and other income of $3,206,826.

Plan expenses were $47,057,422. These expenses included $2,704,909 in operating expenses, $14,849 in investment expenses, $42,999,445 in benefits paid directly to participants and beneficiaries and $1,338,912 in insurance premiums charged by insurance companies.

Benefits and eligibility rules will change from time to time. Retiree benefits differ from active employee benefits and also can be changed or eliminated at any time. Be sure to use the most recent plan booklet and to read any special notices about your coverage. Do not rely on outdated information. If you lose your coverage you may be entitled to continue it by making self payments. Consult your booklet or the plan office for details.

YOUR RIGHTS TO ADDITIONAL INFORMATION

You have the right to receive a copy of the full annual report, or any part thereof, on request. The items listed below are included in that report:

1. An accountant's report;
2. Assets held for investments;
3. Insurance information including sales commissions paid by insurance carriers.

To obtain a copy of the full annual report, or any part thereof, write or call Alaska Teamster-Employer Service Corporation, 520 East 34th Avenue, Suite 107, Anchorage, AK 99503, (907) 751-9700 or (800) 478-4450. The charge to cover copying costs will be $.25 per page for any part thereof.

You also have the right to receive from the Contract Administrator, on request and at no charge, a statement of the assets and liabilities of the Plan and accompanying notes, or a statement of income and expenses of the Plan and accompanying notes, or both. If you request a copy of the full annual report from the Contract Administrator, these two statements and accompanying notes will be included as part of that report. The charge to cover copying costs given above does not include a charge for the copying of these portions of the report because these portions are furnished without charge.

You also have the legally protected right to examine the annual report at the main office of the Plan, 520 E. 34th, Suite 107, Anchorage, Alaska 99503 and at the U.S. Department of Labor in Washington, D.C. or to obtain a copy from the U.S. Department of Labor upon payment of copying costs. Requests to the Department should be addressed to: Public Disclosure Room, N-1513, Employee Benefit Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

WOMEN'S HEALTH AND CANCER RIGHTS ACT OF 1998

Did you know that your Plan, as required by the Women's Health and Cancer Rights Act of 1998, provides benefits for mastectomy-related services including reconstruction and surgery to achieve symmetry between the breasts, prostheses, and complications resulting from a mastectomy (including lymphedema)? Call your Plan Administrator at (907) 751-9700 or you may dial (800) 478-4450 (toll free) for more information.

NOTICE OF PRIVACY PRACTICES

The Notice of Privacy Practices describes how medical information about you may be used and disclosed and how you can get access to this information. This notice is available to you in several ways:

1. You may call 1-800-478-4450 outside Anchorage or 751-9700 in Anchorage and request a copy of the Notice,

2. You may go online to www.959trusts.com, click on *Health & Welfare Forms* and then the *Privacy Notice*, or

3. You may write and request a copy.

This is the same notice provided to you in 2006 and again in 2009; or later, if your eligibility began after those dates. We are required to send you the Privacy Practices or the availability of these Practices every three years.

SUMMARY OF PLAN CHANGES

Please read this important notice summarizing changes to your health Plan. Effective May 1, 2013, the Plan has been changed to a new method of eligibility to begin Plan coverage and to continue it. Instead of eligibility being based on covered hours worked, eligibility now depends on the amount of contributions made to the Plan on your behalf and held in your Dollars Bank (which replaces the former Hours Bank), the Level of Plan coverage you select, and any self-payments you may need to make to continue coverage. Effective July 1, 2013, the annual maximum benefit payable on behalf of any participant, dependent, or retiree is $2,000,000, and the penalty that formerly applied to non-preferred provider hospital and surgical facilities in the Anchorage area now generally applies to any non-preferred hospital or surgical facility in Alaska within 75 miles of a preferred provider facility. **Further details of the changed sections of the Plan follow.**

Effective May 1, 2013

Section 1.1 – Introduction to Plan Levels, Dollars Bank Account, and Self-Payment Account

This Plan provides coverage at three Plan Levels: Employee-Only, Employee-Plus, and Family. The Employee-Only level covers only you, as the employee with employer contributions made on your behalf to the Plan. The Employee-Plus level covers either you and your eligible spouse, or you and your eligible children. The Family level covers you, your eligible spouse, and your eligible children.

The cost of each Plan Level is determined by the Trustees. When you begin having employer contributions made for your coverage under the Plan, you will have a choice about which Plan Level to select. If you do not make a selection when required, you will be enrolled in the Employee-Only Plan Level. Plan Level selections can only be changed at yearly Open Enrollment, or when certain changes have occurred in your family.

Employer contributions properly made to the Trust on your behalf are credited to your Dollars Bank account under the Plan. You first become eligible for the Plan based on a sufficient amount of employer contributions being made to the Plan and credited to your Dollars Bank account over a six-month period.

Once you are eligible for the Plan, continued payments for your coverage at your Plan Level are made month by month from your Dollars Bank. If your Dollars Bank reaches a certain level but does not have sufficient funds to pay for the next month of coverage at your Plan Level, you have the option of making self-payments (using approved payment methods) to maintain coverage. To make self-payments automatically, you can deposit up to the amount of the cost of one month of coverage at your Plan Level into a Self-Payment Account. With a Self-Payment Account, a deduction from your Self-Payment Account will automatically be made in the amount needed for you to maintain coverage at your Plan Level.

Section 1.2 – Eligibility for Employees

An Employee becomes a Participant and is eligible as an Active Employee for Health and Welfare benefits described in this Booklet – medical, prescription drug, vision, and dental programs, time loss benefits, life insurance, dependent life insurance, and accidental death and dismemberment benefits – ***if*** the Employee:

- is an Employee of a Contributing Employer working pursuant to a Collective Bargaining Agreement or Written Agreement that requires contributions to the Trust on behalf of the Employee, and
- for a period of six consecutive Payroll Months or less, his Dollars Bank account is credited with employer contributions equal to at least the monthly cost of coverage at the highest Plan Level.

How an Employee Becomes Eligible for Coverage as an Active Employee
An Employee becomes eligible for coverage as an Active Employee on the first day of calendar month after a period of six consecutive months or less in which his Dollars Bank account is credited with employer contributions equal to at least the monthly cost of coverage at the highest Plan Level.

An Active Employee who has met the initial eligibility requirements will be automatically enrolled in Employee-Only coverage. Enrollment of a spouse and/or children under the Employee-Plus or Family coverage levels requires a timely and properly-completed enrollment form. Otherwise, the Eligible Employee will remain enrolled in Employee-Only coverage until a change at the Plan's next Open Enrollment or (if available) a change at Special Enrollment. Enrollment forms are available online and from the Trust Customer Service Office.

Continuation of Eligibility as an Active Employee
An Active Employee will continue to be eligible for benefits as an Active Employee in one of two ways.

First, an Active Employee's coverage will automatically be continued to the next month if, as of the 25th day of a month in which he has coverage as an Active Employee, his Dollars Bank account contains sufficient employer contributions to pay for the following month's coverage at his Plan Level. This payment from your Dollars Bank will be made automatically and is mandatory (except for certain members covered by the Uniformed Service Employment and Reemployment Rights Act).

Second, an Active Employee can continue coverage if, as of the 25th day of a month in which he has coverage as an Active Employee his Dollars Bank account contains at least $300 in properly-credited Employer contributions, and no later than the 10th day of the following month he makes a self-payment of the difference between the amount in his Dollars Bank account and the monthly cost of coverage for his Plan Level. (Please contact the Trust Office for details regarding approved methods of payment.) Any amount in your Self-Payment Account as of the 25th of the month will be automatically applied toward the difference between the cost of coverage at your Plan Level and the amount in your Dollars Bank account at that date.

An Employee who does not qualify for continued eligibility as an Active Employee will be eligible to elect COBRA continuation coverage, as specified in Section 14. The continuation of eligibility rules in this section regarding Active Employees do not apply to Employees or their family members who are eligible based on COBRA continuation coverage.

1.3 – Dollars Bank Account For Employees
Funds properly contributed to the Trust by an Employer pursuant to a Collective Bargaining Agreement or Written Agreement are credited to the Employee's Dollars Bank account. Funds in your Dollars Bank account are used solely to pay the monthly cost for coverage under the Plan at your Plan Level, and cannot be used for any other purpose.

In your Dollars Bank, you can accumulate and retain up to six times the monthly cost of the Plan Level in which you are enrolled. If you change Plan Levels, your maximum Dollars Bank amount will be adjusted at the time of that change.

If no contributions are properly made to your Dollars Bank for a period of 12 consecutive months and in those 12 months you do not have eligibility under the Plan as an Active Employee or under COBRA, your

current Dollars Bank account will be permanently forfeited. However, if you provide proof to the Plan that during such a 12-month period without Dollars Bank contributions you have been on an approved military or disability leave and so have retained your employment status with a contributing Employer to the Trust, your Dollars Bank will not be forfeited so long as you retain your employment status with that employer.

Any Active Employee working under a Collective Bargaining Agreement when the Employees covered by that Collective Bargaining Agreement voluntarily terminate participation in the Trust forfeits all amounts remaining in his Dollars Bank at the end of the calendar month immediately following the month in which the Collective Bargaining Agreement providing for participation in the Trust is no longer in effect. Also, any service as an Employee of that Employer will not be considered in determining eligibility to become a Retired Participant.

1.4 – Self-Payment Account for Employees

An eligible Active Employee may choose to deposit personal funds into a Self-Payment Account, for the purpose of automatically having funds available and automatically credited toward self-payments that may be needed to maintain Plan coverage at the employee's Plan Level. The maximum amount in a Self-Payment Account is the cost of one month of coverage at your Plan Level. If you provide funds to be deposited in your Self-Payment Account in excess of the one-month coverage cost maximum, the Trust will deposit the allowed amount into your Self-Payment Account and refund the excess to you. ***The money pre-paid could only be used in the same circumstances as a Partial payment.***

If you have funds in a Self-Payment Account, you are eligible to make a partial payment, and those funds are sufficient to allow you to continue coverage at your Plan Level, a deduction from your Self-Payment Account will automatically be made in the amount needed to maintain coverage at your Plan Level.

1.5 – Certificate of Creditable Coverage for Health Benefits

If your coverage under this Plan ends and you become eligible for a new health plan, the length of time you were covered under this Plan may be used to reduce the length of any pre-existing condition exclusion period contained in your new plan.

When your coverage ends, the Plan will give you a certificate of creditable coverage. You may also request a certificate of creditable coverage, and one will be provided to you. This certificate provides information your new plan may need. You should check with your new plan's administrator to verify whether your new plan has a limitation for pre-existing conditions and how creditable coverage is applied under that plan. You may present this certificate to your new plan so that your new plan will know to apply your creditable coverage to the preexisting condition exclusion period under your new plan.

1.6 – Initial Enrollment, Open Enrollment, and Special Late Enrollment rules for Medical, Dental, Vision, and Prescription Drug Benefits

Initial Enrollment

When you first have Employer contributions made to a Dollars Bank account containing no Employer contributions or when you first become eligible (or requalify) for Plan coverage based on Employer contributions, the Plan will notify you that you have the option to elect coverage at one of the Plan Levels – Employee-Only, Employee-Plus, or Family, using an approved enrollment form provided by the Plan. This initial coverage election period will end 45 days after you first become eligible (or requalify) for Plan coverage. If you do not properly elect coverage on an approved enrollment form and provide all required documentation during that initial coverage election period, you will automatically have your coverage election set as Employee-Only.

Your initial coverage election can be changed at any time during the initial coverage election period, by providing a new properly-completed enrollment form and all required documentation. After that initial

coverage election period ends, your initial coverage election can only be changed at the next annual Open Enrollment set by the Plan, or if you qualify for Special Enrollment because of one of the changes described below.

Open Enrollment
The Plan will set a period each year during which you may change the Plan Level that you have selected. If you do not provide a properly-completed new election form during the Plan's Open Enrollment period, your previously-selected Plan Level (Employee-Only, Employee-Plus, or Family) will remain in effect and cannot be changed until the next Open Enrollment or Special Enrollment period that applies to you. Active Employees and COBRA participants will be allowed to make election changes during Open Enrollment.

Special Enrollment
Active Employees and COBRA participants may change the election of Plan Level coverage in any of the following 30-day Special Enrollment periods:

1. Within 30 days following marriage or divorce of the Employee.

2. Within 30 days of birth, adoption, or placement for adoption of a child who would qualify as an eligible Dependent of the Employee under the terms of the Plan at the Employee-Plus or Family coverage levels.

3. Within 30 days of the death of a spouse, child, or child placed with the Employee for adoption who is eligible for coverage under this Plan as a Dependent under the Employee-Plus or Family coverage levels.

4. Within 30 days of a loss of coverage to an Employee or, an Employee's Spouse, or an Employee's Dependent where that individual is not enrolled in this Plan but would be eligible for coverage under this Plan at one of the Plan Levels, and the loss of coverage is from another health insurance policy or program (including any COBRA Continuation Coverage, individual insurance, or a public program such as Medicaid), *if the other coverage terminated due to any of the following reasons:* (1) termination of employment or reduction in the number of hours of employment, or death, divorce or legal separation; (2) termination of employer contributions toward the other coverage; or (3) if the other coverage was COBRA coverage, the exhaustion of that coverage. COBRA coverage is "exhausted" if it ceases for any reason other than failure of the individual to pay premiums on a timely basis.

5. Within 30 days of an Employee's Spouse or Dependent newly becoming eligible for coverage under another health insurance policy or program (including any COBRA Continuation Coverage, individual insurance, or a public program such as Medicaid).

If an Active Employee is not in an open enrollment or Special Enrollment period and is enrolled in Employee-Plus coverage but does not have any eligible Dependents, his or her Plan Level will be automatically changed to Employee-Only. If an Active Employee is not in an open enrollment or Special Enrollment period and is enrolled in Family coverage but either does not have any eligible children, or does not have an eligible Spouse, his or her Plan Level will be automatically changed to Employee-Plus.

<u>1.7 – Termination of Active Eligibility for Employees</u>

1. For Employees and their Dependents, the date that the Employee's Dollars Bank contributions and any self-payments are not sufficient to continue coverage;

2. The date the Employee or Dependent enters full-time service (more than 31 days) in the Uniformed Services of the United States, except as provided under the section of this Booklet entitled *Continued Coverage While in Uniformed Service*;

3. The date the Employee or Dependent enters the military service of any country other than the United States;

4. For all Participants, the date the Plan terminates.

5. For an Employee, as of the first day of the calendar year for which the Employee submits a waiver of coverage for himself or herself for that calendar year, in such form as approved by the Plan, and only to the extent that the form is duly signed by such Employee and no claims for such Employee have been submitted to the Plan for such calendar year. Once submitted and approved, such waiver of coverage shall be irrevocable for the calendar year involved, and shall automatically expire at the end of that calendar year.

6. For the Spouse an Employee, as of the first day of the calendar year for which the Employee or Spouse submits a waiver of coverage for himself or herself for that calendar year, in such form as approved by the Plan, and only to the extent that the form is duly signed by such Spouse and no claims for such Spouse have been submitted to the Plan for such calendar year. Once submitted and approved, such waiver of coverage shall be irrevocable for the calendar year involved, and shall automatically expire at the end of that calendar year.

1.8 – Reinstatement of Active Eligibility For Employee

If an Employee's eligibility terminates due to insufficient Dollars Bank funds, non-payment of a self-payment required to continue coverage, or termination of coverage under COBRA or USERRA, coverage as an Active Employee may be reinstated in the following ways:

1. Within 13 months after coverage ends, the Employee is properly credited with sufficient funds in his Dollars Bank account, received over a period of six months or less, to pay for one month of coverage at his Plan Level. Eligibility is reinstated and coverage is provided on the first day of the calendar month following the month in which the Dollars Bank reaches the required level.

2. If more than 13 months elapse after coverage ends, the Employee again meets the initial eligibility requirements described above in Section 1.2.

1.9 – Continued Coverage While in Uniformed Service

If an Eligible Employee performs service in the Uniformed Service of the United States, federal law provides certain rights to continued coverage under this Plan. An Eligible Employee may choose to continue coverage for up to a maximum of 24 months from the date that service commences (unless the Eligible Employee or Dependents have a right to a longer period of continued coverage as described in Section 14).

The term "Uniformed Service" means the Armed Forces (including the Coast Guard), the Army National Guard and the Air National Guard when engaged in active duty for training, inactive duty training, or full-time National Guard duty, the commissioned corps of the Public Health Service, and any other category of persons designated by the President in time of war or emergency. Voluntary and involuntary service are covered, as are various types of duty: active duty, active and inactive duty for training, National Guard duty under Federal statute, absence from employment for fitness-for-duty examination, and performance of funeral honor duty.

If an Employee (and his or her eligible Dependents) is eligible for benefits as of the date of entry into the Uniformed Service, and the Employee's absence is due to a Uniformed Service leave of **31 days or less**, coverage will be continued at no cost to the Employee. The Employee will be credited with Dollars Bank contributions necessary to keep coverage in effect as if the Employee had worked in covered employment with a Contributing Employer during the period of service.

If an Eligible Employee (and his or her eligible Dependents) is eligible for benefits as of the date of entry into the Uniformed Service of the United States, and the Employee's absence is due to a Uniformed Service leave of 31 days or more, the Employee or eligible Dependent(s) may elect to continue coverage

by: (1) using available Dollars Bank funds, or (2) self-payment under the provisions of the Uniformed Service Employment and Reemployment Rights Act of 1994 (USERRA). An Employee electing to continue coverage need not use his/her Dollars Bank and may always pay the required premium and preserve the Dollars Bank account, but if he/she chooses to use his/her Dollars Bank to pay USERRA premiums, the portion of the hour bank that is used will not be recredited to the Employee upon reinstatement.

A premium for continuation coverage under USERRA will be in an amount established by the Trust. Such premium shall be payable in monthly installments. The maximum length of USERRA continuation coverage is the lesser of:

- 24 months beginning on the day that the Uniformed Service leave commences; or
- a period ending on the day after the Eligible Employee fails to return to employment within the time allowed by USERRA.

If health care expenses are incurred by the Employee or Dependents during a period of Uniformed Service leave, and those expenses are submitted to the Plan and benefits are paid by the Plan, the Employee will be deemed to have chosen continued coverage for the month(s) beginning when the Employee entered Uniformed Service leave through the last month in which those health care expenses were incurred. In this case, available funds will be deducted from the Employee's Dollars Bank account to provide eligibility to the extent possible.

Reinstatement of Eligibility following Uniformed Service
If an Employee was eligible for benefits on the date of entry into the Uniformed Service and upon completion of service the Employee notifies the Employer of his or her intent to return to employment as specified in USERRA, the Employee's eligibility will pick up as it was the day before the Employee entered into Uniformed Service.

The Plan pays no benefits for conditions incurred or aggravated during performance of duties in the Uniformed Service.

If there is any conflict between these provisions and USERRA, the minimum requirements of USERRA shall govern.

1.10 – Family and Medical Leave Act

The Family and Medical Leave Act of 1993 (FMLA) generally provides that in certain situations an Eligible Employee is entitled to take up to 12 weeks of unpaid leave during any 12-month period, and that in such situations the Contributing Employer is required to continue coverage for the Employee.

In addition, FMLA provides for up to 26 weeks of caregiver leave for an employee to care for a covered family member who incurred a serious physical or mental illness in the line of duty in covered military service. The total FMLA leave for this military service member care, combined with other FMLA leave, cannot exceed 26 weeks.

FMLA leave also includes up to 12 weeks of "qualifying exigency" leave arising out of the following situations affecting a covered family member in military service: (1) certain short-notice deployments; (2) certain military events, programs, or ceremonies; (3) childcare and school activities; (4) financial or legal appointments; (5) counseling; (6) rest and recuperation; (7) certain post-deployment activities; and (8) other activities as agreed upon by the employee and employer.

Determination as to whether a leave of absence is an FMLA leave shall be made by the Contributing Employer, and is subject to review by the Board of Trustees. If requested, an Employee must submit proof acceptable to the Trust that the leave is in accordance with FMLA provisions.

An Eligible Employee is entitled to continue coverage under FMLA if he or she:

- is employed by a Contributing Employer with 50 or more total employees within 75 miles from the Employee's work site, or the Contributing Employer is a public agency; and
- has worked for his or her Contributing Employer for at least 12 months; and
- has worked at least 1,250 hours during the 12 month period preceding the start of the FMLA leave of absence; and
- is on a FMLA-qualified leave from employment with the Contributing Employer.

In the event that both a husband and wife are covered as Eligible Employees, the FMLA continued coverage may not exceed a combined total of 12 weeks if the FMLA leave is related to the birth or placement of a child or to caring for a parent with a serious health condition. If an Employee is on a FMLA leave on the day coverage is to begin, coverage will nonetheless begin.

If an Employee becomes eligible for both: (a) FMLA coverage due to the Employee's own disability, and (b) this Plan's 29-month *Extended Benefits for Total Disability,* continuation of eligibility will run concurrently until the FMLA leave is exhausted, then the available balance of *Extended Benefits for Total Disability* will be applied. Continuation of eligibility under FMLA is concurrent with all other continuation options except for COBRA; an Employee is eligible to elect COBRA Continuation Coverage as of the day FMLA coverage ceases.

Continuation of coverage under FMLA ends on the earliest of:

- The day the Employee returns to work;
- The day the Employee notifies his or her Employer that he or she is not returning to work;
- The day coverage under the Plan would otherwise end (i.e., Plan maximum has been paid); or
- The day after coverage has been continued under FMLA for 12 weeks.

Employees should contact their Employer to find out more about Family and Medical Leave and the terms on which an Employee may be entitled to it.

If there is any conflict between these provisions and FMLA, the minimum FMLA provisions shall govern.

1.11 – Spouses with Dual Employer Contributions to the Plan

If spouses both become eligible as Active Employees, they will be allowed to make a joint election on a form approved by the Plan to waive one spouse's right to his or her Dollars Bank balance and all Employer contributions otherwise payable into the Dollars Bank account of that spouse, and instead direct all such Dollars Bank funds and Employer contributions into the Dollars Bank account of the other spouse.

Any such election will be effective as of the first day of the month next following the properly-completed election by both spouses, and at that time all Dollars Bank funds held by the waiving spouse shall be transferred to the Dollars Bank of the other spouse. Spouses making this election acknowledge and accept that:

- This election can only be changed during the annual open enrollment or if you divorce, and only on a prospective basis – that is, for new Dollars s Bank contributions received after the change. Previously-transferred and received Dollars s Bank contributions will only be transferred back to the other spouse at death of the originally-designated spouse upon death.
- The spouse whose Dollars Bank account is designated as the sole recipient of both spouses' Dollars Bank funds and contributions

will have sole authority to elect Plan Levels for coverage, including but not limited to elections regarding the Plan coverage of the waiving spouse and any Dependent children

- In the event of divorce, without regard to any agreements of the spouses or ex-spouses, or orders of the court or any other body, there will be no transfer of Dollars Bank contributions previously received and credited by the Trust from one spouse to the other spouse.

1.12 – Composite Flat Rate Contracts

The Trustees may approve a Composite Flat Rate Contracts providing a fixed monthly contribution in an amount designed to provide Family coverage for covered employees. If the contributions are made on your behalf at the required rate under an approved Composite Flat rate Contract, your coverage for the following month will automatically be provided at the Family coverage level, without an election to choose another coverage level.

If your contributions under a Composite Flat Rate Contract cease or are not made in the required amount, and you have a sufficient amount in your Dollars Bank account to continue coverage as provided in Section 1.2, you will be provided an opportunity to elect coverage at a Plan Level within 45 days from the termination of your Family coverage under the Composite Flat Rate Contract. If you do not properly make an election on an approved enrollment form and provide all required documentation during that period, you will automatically have your coverage election set as Employee-Only.

The automatic election of Family coverage under an approved Composite Flat Rate Contract overrides the Plan Level election processes described in this Section.

Section 13 – Vacation Plan Benefit

You may elect, on a prospective basis on a form approved by the Administrative Office, to have monthly contributions paid on your behalf for this Vacation Plan Benefit paid instead as monthly self-payments for your continued health plan coverage under Section 1. Any such payments that are in excess of the amount needed to continue your coverage in a month will be retained in your Self-Payment Account (unless you have reached the maximum Self-Payment Account limit, in which case such funds will be retained instead as part of this Vacation Plan Benefit). Vacation Plan contributions paid as self-payments, or remitted to your Self-Payment Account, do not count toward your benefit amount for Vacation Plan benefits.

An election to direct contributions for this Vacation Plan Benefit to be paid as self-payments under Section 1 can be terminated at any time, on a prospective basis, on a form approved by the Administrative Office.

Effective July 1, 2013

Section 5.4

The annual maximum benefit that will be paid by the Plan on behalf of any individual participant, dependent or retiree is $2,000,000. These annual maximum benefit amounts are subject to change on an annual basis or as frequently as the law allows; any changes will be communicated to you in writing.

Section 5.5

For inpatient and outpatient services rendered at a non-Preferred Provider hospital or surgical facility within 75 miles of a Preferred Provider facility in Alaska, the reimbursement will be 70%, after a 50% penalty reduction is applied. In addition, any co-insurance will not apply towards the patient's annual out-of-pocket limit. This penalty has been applied to Anchorage surgical facilities for many years. With the opening of surgery centers in Fairbanks, this penalty is now expanded to all facilities in Alaska that are not Preferred Providers and are located within 75 miles of a Preferred Provider.