

AFTRA H & R FUNDS

BENEFITS UPDATE

September 2006

News about the Health and Retirement Plans

New Premium Payment Grace Period Established

At the June Board Meetings, the Trustees voted to establish a formal grace period for quarterly premium payments. Here's how it works: the due date for your Health Fund premium payment will continue to be the 15th of the month before the start of each new quarter. If your payment is not received by the first day of the new quarter, you and your dependents will still have your health coverage terminated. However, if your payment is received by the last day of the first month of the new quarter, your coverage will be automatically reinstated retroactive to the start of that quarter.

Until now, participants who've had health coverage terminated because of a late premium payment have needed to submit a written appeal to request that coverage be reinstated. This caused some frustration among participants and a great deal of paperwork for the Funds' Appeals Department, who reviewed hundreds of these appeals every year. A formal grace period simplifies the reinstatement process; it does not change the due date, and to avoid an interruption in coverage your payment must be received by the 15th of the month before the start of the quarter. This gives Funds staff ample time to record payments, update eligibility, report to our many vendors (PHCS for medical, Medco for prescription drugs, Guardian for dental, etc.), and for the vendors to update their systems, a process which takes several days. If your payment is received after the due date, your health care provider or pharmacist may deny services to you or your dependents.

If your payment is received after the grace period, your coverage will not be reinstated. Of course, as with all eligibility determinations, if your coverage is not reinstated, you may submit a written appeal to the Trustees' Appeals Committee, as described in the 2005 Health Plan Summary Plan Description (SPD) booklet. These appeals will be considered by the Trustees' Appeals Committee at their next regularly scheduled meeting. If you have questions about the new grace period, please contact the Funds' Participant Services Department at 1-800-562-4690.

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Same-Sex Domestic Partner Benefits Extended

The AFTRA Health & Retirement Funds were among the first in our industry to provide benefits to the same-sex domestic partners of active participants. Effective June 7, 2006, same-sex domestic partners of participants will now be entitled to COBRA continuation coverage if they lose their Health Plan coverage as a result of certain “qualifying events” under the same terms that apply to a participant’s spouse and eligible dependent children. In addition, same-sex domestic partners of participants in the Senior Citizen Health Program will be eligible to enroll for health care coverage under the same terms that apply to participants’ spouses.

COBRA coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”). COBRA continuation coverage becomes available to you when you would otherwise lose your group health coverage due to certain events. It can also become available to certain members of your family who are covered under the AFTRA Health Plan when they would otherwise lose their group health coverage because of certain events. The amendment enables your covered domestic partner to continue his

or her health care coverage under the AFTRA Health Plan for a limited period of time at his or her own expense in the event of your death or if your domestic partnership ends (the Plan must be notified within 60 days of the end of the domestic partnership in order for your domestic partner to be entitled to COBRA coverage). In addition, if you lose your Health Plan coverage because of insufficient earnings, a reduction in hours or a loss of employment for any reason other than gross misconduct, and you had previously enrolled your domestic partner for dependent coverage, you may elect COBRA coverage for your domestic partner, or he or she may independently elect to continue coverage even if you do not elect COBRA continuation coverage for yourself.

A description of your rights under COBRA can be found on pages 23 to 28 of the 2005 Health Plan Summary Plan Description (SPD) booklet; details of the Senior Citizen Health Program can be found on pages 59 to 62. For the Plan’s definition of domestic partner, please refer to the glossary definition on page 8 of the SPD. You may also find this information by visiting our Web site at www.aftrahr.com.

NEW ADDRESS FOR MAILING HEALTH PLAN PREMIUM PAYMENTS

Please note that there is a new address for sending your premium payments to the AFTRA Health Fund. If you pay your premium in the envelope provided with your invoice, you don’t need to worry because the envelopes will be printed with the new address. But if you have your payments sent automatically through your personal bank or financial institution, it is essential that you notify them of the new address as soon as possible.



For active participants, the new address is:

AFTRA Health Fund Premium
P.O. Box 13680
Newark, NJ 07188-3680

For COBRA participants, the new address is:

AFTRA Health Fund COBRA
P.O. Box 13681
Newark, NJ 07188-3681

It is important to update the address as soon as possible in order to avoid any delays in the processing of your payment, which in some cases may cause a temporary interruption of coverage.

If you have questions, please contact the Funds’ Participant Services Department at **1-800-562-4690**.

An Easy Way to Pay Your Health Care Premiums

The AFTRA Health & Retirement Funds office sends your health care premium invoices on a quarterly basis. Before each quarter, you receive an invoice indicating a due date and the amount due. To ensure that you and your dependents remain covered under the Health Plan, your payment must be received in the Fund office on the 15th of the month preceding each quarter.

While we all receive many bills each month, many of us have found an easier way to pay them... through automatic pay. Many banks offer this convenient way to ensure that our bills are paid on time. Each bank may have a slightly different method, but the result is the same: no overlooked payments!

It's simple. Just ask your bank if they offer automatic bill payment. Enroll in the program and follow the directions to list all required payments. To make sure your health care premium is sent out on time, indicate

when it should arrive at the Funds. If possible, have the bank include your AFTRA H&R number in the reference field (located on the upper right-hand corner of the invoice, or just above your name on your ID card: remember, this is not your AFTRA Union number...it's your H&R number).



Speak to your bank or financial institution about this auto-pay convenience to avoid the risk of forgetting to send in your payment on a timely basis. The penalty for a missed payment could be lost coverage for at least one year.

Many banks offer automatic bill payment via online banking services. However, if you do not have access to a computer, you can call your bank and ask them to set up a "repeating" payment. Just give them the information outlined above, and each quarter they should debit your account and send in your payment. (If you do choose to continue to pay your premiums by mail, please be sure to include the invoice with your payment.)

Retirement Plan Amended

At the Board of Trustees meeting in June, the Trustees amended the Retirement Plan to provide a new benefit when a participant's surviving spouse dies before the start date of the Pre-retirement Surviving Spouse Pension which he/she elected.

As described on pages 27 to 29 of the summary plan description, when a married plan participant dies before any retirement benefits have been paid and before age 55, his or her surviving spouse may generally choose between (i) monthly annuity payments beginning when the participant would have reached age 55 or (ii) 60 monthly payments (calculated based on the participant's age at death) beginning immediately.

The Plan previously provided that, in these circumstances, if the surviving spouse had elected a deferred annuity (rather than the 60 monthly payments) but then died before the benefit start date, no benefit was payable, even to the participant's children. The Board amended the Retirement Plan to provide in these

circumstances a lump sum benefit to the participant's minor (i.e., age 21 and under) children equal to the actuarial value of the guaranteed 60 monthly benefits that would have been payable to the surviving spouse had the surviving spouse elected that option. The benefit would be split equally among the participant's minor children. If there are no minor children, no benefit will be payable.

The minor children's legal guardian must complete the Fund Application for Death Payment and return it to the Fund office to begin the processing of the claim. This application must be submitted within 18 months of the surviving spouse's death. Court-approved documentation that confirms that the applicant is the legal guardian of the children's estate along with a copy of the Social Security card of each minor child must accompany the application.

For more information, contact Participant Services at 1-800-562-4690.

Keeping Track of Your Earnings

The Funds generally determine the amount of your pension and your eligibility for benefits based on remittance reports and other information submitted by contributing employers for whom you work. While the Funds' periodic review of certain contributing employers' payments and reports often results in additional contributions on unreported compensation, these reviews may not reveal every instance in which a contributing employer may have failed to provide complete and/or accurate information concerning your employment and your compensation for AFTRA-covered services.

You have the right to inquire into your credited service at any time. If you believe that you had covered earnings (or performed other work for which contributions are required) that were not properly credited by the Funds or not fully reported by your employer, you should immediately write to the Funds to the attention of the Contribution Assurance Department stating the specifics (for whom you worked, when, the work performed, the AFTRA collective bargaining agreement covering your work and the reason(s) you believe the work may have not been reported) regarding work you believe was under-reported or unreported. If your request for additional credit is denied, you can appeal the denial by following the procedures set forth on pages 79-82 (as modified by the Winter 2005 edition of the AFTRA H&R News) of the 2005 Health Plan Summary Plan Description ("SPD"), page 34 of the 2006 Retirement Plan SPD and page 18 of the Individual Account Plan SPD.

Please keep in mind that in the event of a discrepancy between the information received by the Funds from contributing employers (or obtained during compliance reviews) and the credit to which you believe you are entitled, it will be your responsibility to report the amount of covered earnings and to prove that the work in question was:

- ▲ actually performed by you for a contributing employer; and
- ▲ covered by a collective bargaining agreement for which contributions were required to be made to the Funds.

That's why it is important that you retain comprehensive records of your covered employment (such as pay stubs, W-2s, explanation of payments or copies of checks, royalty statements and any other documentary evidence related to your AFTRA-covered employment) that would substantiate your claim. Please also remember that the longer you wait to file a claim to correct any issue, the more difficult it may be for you and the employer to provide, and for the Funds to verify, the necessary documentation.

Each year Retirement Fund and Individual Account Plan participants receive statements of their covered earnings for the previous calendar year that includes certain historical data. You should review these statements carefully as soon as you receive them and advise the Fund office of any inaccuracy.

Reconstructive Surgery Following a Mastectomy Covered by AFTRA Health Plan

The Women's Health and Cancer Rights Act of 1998, which was signed into law by President Clinton on October 21, 1998, mandates that any group health plan or health insurance issuer that provides medical and surgical benefits with respect to a mastectomy also provide coverage for reconstructive surgery following mastectomy.

Specifically, if a participant or beneficiary received or is receiving benefits in connection with a mastectomy, the plan must also provide coverage for:

- ▲ Reconstruction of the breast on which the mastectomy was performed;
- ▲ Surgery and reconstruction of the other breast to produce a symmetrical appearance; and
- ▲ Prostheses and treatment of physical complications at all stages of mastectomy, including lymphedema.

This coverage is subject to all of the Fund's rules regarding benefits, including the Fund's annual deductibles and coinsurance provisions.

The AFTRA Health Fund provided this coverage prior to the enactment of this law, and it continues to do so now. Nonetheless, federal law requires the Fund to notify you of this coverage every year.



Avoid Delays: Mail to New York Fund Office — not Los Angeles

If you have any correspondence to send to the AFTRA Health & Retirement Funds, whether it's a claim form, a change of address or a beneficiary designation form, please be sure to send it to the appropriate address at the Funds' New York office. This address can usually be found on the form you are sending. If not, you may send all documents to the general mailing address at:

AFTRA Health and Retirement Funds
261 Madison Avenue
8th Floor
New York, NY 10016



Please do not send correspondence to the Los Angeles office. The L.A. office is a service center for phone calls and walk-in assistance for our participants in the greater Los Angeles area. The office does not directly process any paperwork, so you may experience a delay if you send something to Los Angeles because our L.A. staff will only need to forward it on to New York. Please keep this in mind when sending any future correspondence.

AFTRAH&RFUNDS

261 Madison Avenue
New York, NY 10016

Address Correction Requested

This Benefits Update is a Summary of Material Modifications (“SMM”) to the AFTRA Health Fund. While every effort has been made to make the description as complete and accurate as possible, this SMM, of course, cannot contain a full restatement of the terms and provisions of the Plan. If any conflict should arise between this summary and the Plan, or if any point is not discussed in this SMM or is only partially discussed, the terms of the Plan will govern in all cases. The Board of Trustees (or its duly authorized designee) reserves the right, in its sole and absolute discretion, to amend, modify, terminate or interpret and decide all matters under the Plan, or any benefits provided under the Plan, in whole or in part, at any time and for any reason.
