RETIREE MEDICAL PLAN OF THE SANTA MONICA POLICE OFFICERS' ASSOCIATION REIMBURSEMENT TRUST

Administered By: Benefit Programs Administration
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Fellow Trust Members,

Enclosed is a copy of the Summary Plan Description (SPD) for the Retiree Medical Plan of the Santa Monica Police Officers' Association Reimbursement Trust (Plan). The SPD replaces and supersedes the previous one. Please review this SPD carefully as it summarizes provisions concerning eligibility, reimbursement, suspension and termination of eligibility under the Plan.

As you are aware, the Plan was restated as of June 1, 2014. A copy of the Plan Document, Amendment No. 1, and notices were previously provided to you. Please keep those documents and this SPD together. If you would like copies of the Plan Document or the Amendment, please contact the Trust Office below.

Also know that at the meeting on May 5, 2016, the Board of Trustees adopted Amendment No. 2. Amendment No. 2 made two changes to the Plan. First, it elaborated on the definition of "Premium" as set out in section 1.16 of the Plan Document. Effective January 1, 2016, "Premium" includes coverage for excepted benefits (such as standalone dental or vision coverage) that is purchased on a state Exchange (such as on Covered California) or on a federal Exchange. However, "Premium" does not include coverage for medical or prescription drug coverage that is purchased on the Exchange. What this means is that the Plan can reimburse you (up to your reimbursement level) for standalone dental or vision coverage that you purchase on the Exchange, but not for medical or prescription drug coverage bought on the Exchange.

This may seem like an odd way to design a Plan, but recent IRS guidance prompted this change.

Second, Amendment No. 2 modifies section 3.4(a) of the Plan, effective June 1, 2016. Section 3.4(a) describes when reimbursement under this Plan shall be terminated. Amendment No. 2 states that if a Retiree becomes employed and elects cash in lieu of health coverage (or if the Retiree's Spouse elects to receive cash in lieu of health coverage offered by the Spouse's employer), the Retiree's monthly reimbursement under this Plan shall be reduced by the amount of the cash benefit that the Retiree and the Spouse receive from their employers. In other words, the cash in lieu plans shall be the primary plans to pay for the monthly qualifying medical expenses (defined as "Premium" in section 1.16 and that are otherwise allowable and payable by this Plan).

Only if the monthly cash benefits (under the cash in lieu plans) are less than the monthly qualifying medical expenses that the Retiree and/or Spouse incurred, shall this Plan reimburse such remaining Premiums up to the level of the Retiree's monthly reimbursement amount. For purposes of this provision, no monthly reimbursement shall be made under this Plan when the monthly cash benefits (under the cash in lieu plans) exceed the monthly qualifying medical expenses that were incurred. A copy of Amendment No. 2 is enclosed.

As always, maintaining the viability and efficiency of the Plan is a top priority. As such, the Trustees reserve the right, in their sole discretion, and at any time and from time to time, to make any changes to the Plan.

We appreciate your continued support.

Sincerely,

Board of Trustees of the
Retiree Medical Plan of the Santa Monica Police Officers'
Association Reimbursement Trust