



OPERATING ENGINEERS LOCAL 501 SECURITY FUND

IMPORTANT NOTICE

TO: All Active Participants

FROM: Board of Trustees, Operating Engineers Local 501 Security Fund

DATE: September 2024

RE: **Operating Engineers Local 501 Security Fund
Health Reimbursement Arrangement (HRA) Improvement –
Effective October 1, 2024**

The Board of Trustees is pleased to announce an update to the Health Reimbursement Arrangement, or “HRA” program, for active participants and their eligible family members beginning October 1, 2024. You must be eligible for coverage as of September 1, 2024, to qualify to participate in this program.

Active participants who are eligible for coverage on September 1, 2024, will have a lump sum contribution amount of \$1,500 (previously \$1,000) allocated to an HRA in their name on October 1, 2024. Each year thereafter, contributions to your HRA will be made annually on October 1st provided you are eligible for coverage one month earlier on September 1st. If you become eligible for coverage after September 1, 2024, your lump sum contribution to your HRA will be made at the beginning of the next Plan Year (October 1, 2025), as long as you remain eligible on the following September 1st (September 1, 2025) immediately preceding the next Plan Year. The Plan Year is October 1st through September 30th. If you are not eligible for coverage on the September 1st immediately preceding the Plan Year, you will not receive a HRA contribution during that Plan Year and must instead wait until the next Plan Year to receive coverage (as long as you remain eligible).

Please note that any contribution set aside on your behalf in the HRA is a bookkeeping entry only. Your HRA is not a vested account and is subject to amendment or termination at any time and at the sole discretion of the Board of Trustees. You will have the entire Plan Year, from October 1, 2024 – September 30, 2025, to use your HRA balance for Eligible Expenses, otherwise any unused HRA balance will be forfeited. You cannot cash-out or roll-over to another health plan your unused HRA balance upon termination of coverage. You may use the HRA debit card or submit your expenses electronically or via mail for reimbursement. You must submit your Eligible Expenses for the Plan Year by the end of the Plan Year. At the start of the next Plan year, on October 1, 2024, eligible Employees will receive a new annual lump sum contribution contingent on whether there are sufficient assets to continue the HRA, as determined by the Board of Trustees.

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You will be provided a prepaid benefit card when you receive your first HRA contribution effective October 1, 2024, if you are eligible. If you were eligible last year, you can continue to use the HRA debit card previously issued to you as long as you remain eligible. In most cases, no claims forms or mailed reimbursement checks will be needed if a benefit card is used, however, you may submit for reimbursement any eligible healthcare expenses (Eligible Expenses) that you or your eligible Dependents incur on or after October 1, 2024. If you do not seek reimbursement during the same Plan Year in which you incurred an Eligible Expense, any unused HRA balance will be forfeited at the end of the Plan Year, which is September 30th. Eligible Expenses include the following common expenses:

- Copayments for doctor visits or prescription drugs;
- Deductibles and coinsurance;
- COBRA or other self-payments for continued health coverage;
- Contacts and lenses and frames for prescription glasses;
- Dental and orthodontia expenses;
- Acupuncture, chiropractic, and office visits with specialists; and
- Over-the-counter drugs (must be prescribed by your doctor).

As long as the out-of-pocket expense is a qualified expense described under Section 213(d) of the IRC, the expense may be reimbursed from your HRA, subject to all other terms of the HRA. Any amounts reimbursed to you under the Plan may not be claimed as a deduction on your personal income tax return nor reimbursed by other health plan coverage. As such, this HRA does not coordinate benefits with any other group or individual health coverage.

Ineligible expenses include cosmetic surgery, gym memberships, teeth whitening agents, and other non-medically related services or products in general. Please see the Summary Plan Description and Plan Document for more information on exclusions, or contact the Administrative Office Monday through Friday (8:00 a.m. to 5:00 p.m. PST) at **(626) 646-1079** or toll free at **(800) 320-0106**.

You are receiving this notice because you are currently an active covered Employee under the Operating Engineers Local 501 Security Fund or “Fund”. This is a legally required notice for employees who are eligible to participate in the Fund and is considered a Summary of Material Modifications (“SMM”) to the Fund. You should review this information carefully and share it with your covered Dependents. Keep this SMM with your Summary Plan Description for future reference. The Fund reserves the right to amend or terminate the HRA at any time and all benefits and coverage are subject to the terms of the official plan documents. In the event of any conflict between this document and the official plan document, including the Summary Plan Description, the official plan document will control.

If you have any questions regarding these changes or regarding your other benefits, please contact the Fund Office at **(626) 646-1079** or **(800) 320-0106** or by visiting the Security Fund’s website at www.ourbenefitoffice.com/oelocal501/benefits.