

**TRUST FOR
RETIREES OF
ASSOCIATED
CALIFORNIA
SCHOOLS**

Summary Plan Description
(Effective February 1, 2021)

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TRACS Administration Office
955 N Street
Fresno, CA 93721-2216

(559) 225-3030
(800) 282-5246
FAX (559) 225-6837

This booklet is being provided to you for informational purposes only and should not be construed as a legal document.

1. INTRODUCTION

Dear TRACS Participant:

We are pleased to present you with this Summary Plan Description describing the basic eligibility rules and other rights and privileges afforded to you through the Trust for Retirees of Associated California Schools (herein referred to as "TRACS"), formerly known as the Trust for Retirees of Amador County Schools.

TRACS was established in February 2000 by a Trust Agreement between the Amador County Teachers Association, the California School Employees Association, Local 239, and the Amador County Unified School District. The Trust Agreement was later amended to allow for participation by other public school employers in California.

The trust was established in order to help defray the cost of post-retirement health insurance plan premiums that will be available to you upon your retirement from a public school employer. Contributions from active employees and their employer are being paid into this Trust pursuant to the collective bargaining agreements between the Unions and the Employers.

The Trustees of the Trust have the sole and exclusive right to interpret the Agreement Establishing the Trust, the Summary Plan Description, and their provisions, and their good faith interpretations shall be binding on the retirees and Participants. The Trustees also reserve the right to modify and/or terminate the benefits provided herein, consistent with the governing collective bargaining agreements.

The Trust for Retirees of Associated California Schools (TRACS) is a public joint labor management trust, exempt from regulation under the Knox-Keene Health Care Service Plan Act of 1975 and the California Insurance Code. TRACS enrollees who believe the Trust has violated the terms of its exemption pursuant to Section 1349.2 of the California Health and Safety Code have the right to file a complaint with the California Department of Managed Health Care regarding such violation.

- Board of Trustees of TRACS

2. ELIGIBILITY

Participant and Dependent eligibility rules include rules that are established by the insurer, HMO or other provider through which the participating Employer provides coverage for its active employees and through which retirees are also permitted to obtain coverage, or any other such provider approved by TRACS to provide retiree health benefits.

Eligible Participants

- A. To be eligible for TRACS benefits, you must:
- (i) retire from employment with a former or current participating TRACS employer, or a successor thereto, who is *making contributions on your behalf immediately preceding your retirement, or*
 - (ii) retire from a non-benefitted position in a bargaining unit participating in TRACS, provided you were moved to a non-benefitted position due to an involuntary reduction in hours. If you retire from a non-benefitted part-time position, your benefit amount will be based on your years of service and contributions paid while in benefitted status.

If your employer has withdrawn from TRACS, you may be eligible for TRACS benefits if you were employed in a position which required contributions to TRACS at the time the employer withdrew from TRACS.

- B. You must already receive or begin receiving pension benefits from PERS or STRS within 90 days of your last day of employment with an employer who is making contributions to TRACS on your behalf.
- C. Your retirement effective date must be on or after July 1, 2001.
- D. Only the retiree may draw money from TRACS to pay in full or in part the cost of premiums for health and welfare benefits for the retiree and their eligible dependents.
- E. TRACS benefits cease upon the earlier of (1) the date the account balance is exhausted, or (2) the death of the retiree.

Dependents

You may use your TRACS benefit to pay for medical, dental, vision, prescription drug and long-term care plan premiums for yourself and/or your dependents. However, eligibility of dependents for benefits under the benefit plan that you choose

is, of course, determined by the benefit plan itself. Requirements for adding or subtracting dependents are also subject to the enrollment and eligibility requirements of your benefit plan.

Benefits

You, your spouse, and your dependents may be eligible for retiree medical, dental, vision, and/or long-term care plans through your employer that participates in TRACS, or by obtaining coverage yourself.

Effective July 1, 2001, TRACS will help you defray the cost of the eligible post-retirement healthcare benefits premiums by allowing you to draw from a specified sum of money provided for this purpose. The sum of money from which you may draw is based on a formula of your months of contributions to TRACS, multiplied by your final monthly contribution rate, multiplied by 2.25, provided that on the date of your retirement your employer is still participating in TRACS; if not, then your benefit will be 80% of the amount calculated using the above formula. Thus, an employee who retires directly from a participating employer after contributing to TRACS for five full years (60 monthly contributions) will have the following sum from which to draw and help pay the cost of his/her benefits (assuming the total contribution rate on the date of retirement is \$51.44 per month):

$$60 \times \$51.44 \times 2.25 = \$6,944.40$$

An employee who retires after contributing to TRACS for 25 full years (300 monthly contributions) will have the following:

$$300 \times \$51.44 \times 2.25 = \$34,722.00$$

Your employer may purchase additional credits to recognize service prior to participation in the plan or as a retirement incentive.

The sum of money calculated to be available for your post-retirement healthcare plan premiums is not available to you for any purpose other than as described in this booklet.

The benefits described in this booklet are not vested and may be modified or terminated at any time consistent with the collective bargaining agreements providing for TRACS participation.

3. OPTIONS FOR PAYMENT OF PREMIUMS

You will be able to select from four options in deciding how to spend the sum of money available to you from TRACS to pay for your benefits. These options are as

follows:

- 100% of premium
- 75% of premium
- 50% of premium
- 25% of premium

If you choose to pay for less than 100% of your monthly premiums from TRACS funds, you will be responsible for paying the difference. When the sum of money available to you upon retirement (as calculated pursuant to Section #2) is exhausted, you will be able to continue your health benefits only by paying the premiums (for yourself and your dependents) from personal assets or sources other than TRACS, subject to the insurer's rules or the terms of the Collective Bargaining Agreement.

If you wish to change the percentage of your premium being paid by TRACS (i.e., from 25% to 50%), you must give TRACS written notice that you wish to make a change. Your change in payment option will then take effect for the first premium payment that is due after 20 days from the date TRACS receives your written notice.

All TRACS benefits are paid by check each month and mailed to the participant. Participants are responsible for ensuring that the premium payments are submitted to their insurance carriers within the timeframe established by each carrier.

4. ENROLLMENT

You must follow the enrollment rules of your post-retirement healthcare plan for enrolling yourself and your dependents, and for making any enrollment changes.

You will receive a benefit election packet from TRACS after your employer notifies TRACS of your retirement. You must enroll in TRACS and select a payment option (see Section 3, above) to arrange for TRACS to start paying the selected percentage of your premium payments to the insurer that you select to provide benefits.

Participants are responsible for all premium payments to their insurance carriers. TRACS does not pay any retroactive premiums for coverage obtained prior to submitting required documentation to the Administrative Office. The first TRACS benefit payment will take effect for the first premium due after 20 days from the Administrative Office's receipt of all required documentation.

Once you commence your benefits with TRACS, you may change your benefit payment option by notifying TRACS in writing at least 20 days prior to the effective

date of the change. If you elect to stop receiving benefit payments, you will be allowed to resume participation in TRACS at a later date with at least 20 days advance written notice to the Administrative Office of your desire to reinstate benefits.

5. HEALTH CARE BENEFITS

The medical, dental, vision, prescription drug and long-term care benefits may be provided to you through the same insurance carriers that contract with the employers participating in TRACS, another group health plan, or an individual insurance policy that you purchase directly. Each plan offers its own benefits, the terms of which are set forth in a separate plan description.

Your specific benefits are not described in detail in this booklet. Instead, your benefits are described in Evidence of Coverage booklets provided by your Benefit Plan, HMO, or Employer.

6. OPTING OUT OF TRACS BENEFITS

A retiree or dependent may wish to formally opt out of the TRACS benefit. For example, a formal opt out may be required if a retiree wishes to purchase subsidized coverage through the individual marketplace. TRACS allows retirees or their dependents to opt out of the TRACS benefit, with a one-time election to opt back in after at least 12 months have elapsed. If you or a dependent chooses to opt out from the TRACS benefit a second time, the election is permanent and cannot be revoked.

The formal opt out process is not required where retiree or their dependent temporarily pauses their TRACS benefit.

7. COMMONLY ASKED QUESTIONS

A. WHAT CAN I USE MY TRACS BENEFIT FOR?

You can use your TRACS benefit to pay for healthcare coverage for you and/or your dependent, including premiums for healthcare in the individual marketplace,¹

¹ However, you will not be eligible for a federal premium assistance tax credit for any month in which the TRACS benefit was used to purchase coverage in the federal Marketplace or through a state Exchange.

Medicare premiums, Medicare supplemental plan premiums, long-term care premiums and premiums paid via payroll deduction by your spouse.

B. WHAT STEPS MUST I TAKE UPON RETIREMENT TO CONTINUE MY HEALTH, DENTAL, VISION AND LONG-TERM CARE BENEFITS?

You should begin your retirement process by arranging a meeting for Retirement Counseling with your pension plan, Ca1PERS or Ca1STRS at least 90 days before your intended retirement date. You should submit a letter of intent to your employer indicating your retirement date. Your employer will notify TRACS of your impending retirement, and the Administration Office will mail the necessary TRACS forms to you.

C. DO I HAVE TO COVER MY SPOUSE OR CHILDREN?

No. This is an option for medical, dental, vision and long-term care coverage. If your spouse and dependents are covered under another plan, you should evaluate your benefit needs to determine if you would like TRACS to pay for all or a portion of those premiums.

D. DO I HAVE TO RE-ENROLL EVERY YEAR FOR MY BENEFITS?

You may be required to provide annual verification of your continued insurance coverage by providing the Administration Office with a copy of your premium statement. Beyond this, if you want your benefits to remain the same, nothing needs to be done. If you wish to change your post-retirement healthcare insurance carrier, you must follow their rules for doing so. If you wish to change your payment option from TRACS, you must give TRACS written notice, and your change will take effect with the first premium due after 20 days from the receipt of such notice.

E. WHEN CAN I ADD DEPENDENTS FOR COVERAGE?

You must follow the rules of your Benefit Plan or HMO.

F. MAY I DELAY RECEIPT OF MY TRACS BENEFITS?

Yes, you may delay receipt of benefits from TRACS. To be eligible for benefits from TRACS, your retirement with Ca1PERS or Ca1STRS must be within 90 days of the date you terminated employment with a participating employer. However, you may elect to delay your TRACS benefits until after you start receiving your Ca1PERS or Ca1STRS benefits, for example, while you are covered by your spouse's medical plan. If you wish to delay the start of your TRACS benefits, you should notify the Administration Office on the election form provided by TRACS.

G. MAY I (OR MY DEPENDENT) OPT OUT OF MY TRACS BENEFITS?

Retirees or dependents may wish to opt out of the TRACS benefits. For example, individuals purchasing health insurance on the individual market are ineligible for premium tax credits if other coverage is available, including the TRACS benefit. After enrolling in and commencing receipt of TRACS benefits

after retirement, the individual would be required to formally opt out of TRACS to be eligible for the premium tax credit.

After you commence your TRACS benefit, you and/or your dependent may opt out of benefits from TRACS. If you elect to opt-out of your TRACS benefits, you will not be able to use your TRACS benefits for one year following the date your opt-out is effective. You may opt back into using your TRACS benefits one time only. If you opt out of your TRACS benefits a second time, your second opt-out election will be permanent and may not be revoked. If you wish to opt out of your TRACS benefits, you should notify the Administration Office and request the relevant form.

H. MAY I (OR MY DEPENDENT) PAUSE MY TRACS BENEFITS?

Retirees or dependents may wish to temporarily pause their benefits due to various reasons. For example, a retiree may wish to pause their benefits while travelling. Suspension of the TRACS benefit for these reasons does not require a formal opt out described above. A retiree wishing to do so should contact the Administrative Office and provide the dates for the period of suspension.

I. HOW DO I CONTACT TRACS?

You can reach the Administration Office by phone at (559) 225-3030 or (800) 282-5246.

Correspondence may be addressed to:

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955 N Street
Fresno, CA 93721-2216