



**LABORERS' AND RETIREMENT BOARD EMPLOYEES'
ANNUITY AND BENEFIT FUND OF CHICAGO**

August 16, 2019

[REDACTED]
[REDACTED]
[REDACTED]

Office No. [REDACTED]

**Notice Regarding Health Insurance Premium Subsidies
No Action Is Required By You At This Time**

Dear Annuitant:

As you may recall, certain named plaintiffs filed a lawsuit in 2013 against the City and the four City of Chicago Annuity and Benefit funds, claiming a right to lifetime subsidized healthcare coverage (*Underwood, et al., v. City of Chicago, et al.*, 13 CH 17450, referred to throughout this correspondence as the “*Underwood* Litigation”). Although the *Underwood* Litigation is ongoing, the Circuit Court recently ordered that all eligible City of Chicago employee annuitants (both current and future employee annuitants, but not spousal or child annuitants) of Laborers’ and Retirement Board Employees’ Annuity and Benefit Fund of Chicago (the “Fund”) are entitled to receive a health insurance premium subsidy of \$25 per month from the Fund, representing a partial reimbursement for healthcare costs, for each month after December 31, 2016 in which they meet the following eligibility requirements:

1. Annuitant must have retired on or after August 23, 1989;
2. Annuitant must have been hired prior to April 4, 2003;
3. Annuitant must have at least 15 years of City of Chicago service;
4. Annuitant must be 65 years old or older; and
5. Annuitant must have either:
 - a. participated in a group healthcare plan for which the Fund offers to deduct health insurance premiums from monthly annuities in accordance with the 1983 and 1985 amendments to the Illinois Pension Code Statutes (currently either the Blue Cross/Blue Shield plans sponsored by the City of Chicago or the Aetna plans sponsored by the Labor Benefits Association);

OR

- b. for the period between January 1, 2017 and December 31, 2019, participated in any health insurance plan and paid their healthcare insurance coverage themselves, either through an account on which the annuitant is named or an account established for the benefit of the annuitant.

The Fund's records indicate that you are entitled to the subsidy because you are an employee annuitant hired prior to April 4, 2003 who has achieved 15 years or more of service, and that you were age 65 or older during the time-period of January 1, 2017 to the present.

Based on the Fund's records, it is our understanding that you currently participate in either the Blue Cross/Blue Shield group healthcare plan or the Aetna group healthcare plan and the Fund deducts or offers to deduct your healthcare premiums out of your monthly annuity check. Fund records also indicate that you participated in such group healthcare plan during all or a part of the time-period of January 1, 2017 to the present. As such, you are eligible to receive the subsidy payments for the period of January 1, 2017 through December 31, 2019, for the time-periods you participated in those group plans. Please note that the Fund will process your retroactive subsidy payments through August 2019 in your September 1, 2019 monthly annuity payment and, starting with your September 2019 annuity payment, adjust your monthly annuity by \$25 each month thereafter to account for the subsidy payment until December 31, 2019, pursuant to the Circuit Court's order. Please note that if you fail to meet the eligibility requirements at any point for the remainder of 2019, please notify the Fund, as you will not be eligible to receive the subsidy for that time-period.

Subsidy Eligibility after December 31, 2019

The Circuit Court held that in order to continue to receive the monthly subsidy of \$25 after December 31, 2019, you must participate in a group health insurance plan for which the Fund offers to deduct your healthcare premium from your monthly annuity benefit.

Attorneys' Fees: Please note that Plaintiffs' counsel KrislovLaw has asked the Circuit Court to award attorneys' fees from the 2017-2019 subsidies, so the actual amounts paid to eligible annuitants may be reduced by attorneys' fees, if approved by the Circuit Court.

Please consult with your tax advisor regarding potential tax or other consequences relating to the receipt of any health care premium subsidy payments.

If you have any questions about the contents of this letter, please contact the Fund's office at 312-236-2065. The Circuit Court also directed us to notify you that you may contact Counsel for the named Plaintiffs in the *Underwood* litigation, KrislovLaw, at Help@krislovlaw.com or 312-606-0500.

Sincerely,



Michael Walsh
Executive Director & CIO



**LABORERS' AND RETIREMENT BOARD EMPLOYEES'
ANNUITY AND BENEFIT FUND OF CHICAGO**

August 16, 2019

[REDACTED]
[REDACTED]
[REDACTED]

Office No. [REDACTED]

**You Are Receiving This Notice Because We Need Information from You to
Determine Your Eligibility for the Statutory
Health Insurance Premium Subsidy for Periods after December 31, 2016**

Dear Annuitant:

As you may recall, certain named plaintiffs filed a lawsuit in 2013 against the City and the four City of Chicago Annuity and Benefit funds, claiming a right to lifetime subsidized healthcare coverage (*Underwood, et al., v. City of Chicago, et al.*, 13 CH 17450, referred to throughout this correspondence as the “*Underwood* Litigation”). Although the *Underwood* Litigation is ongoing, the Circuit Court recently ordered that all eligible City of Chicago employee annuitants (both current and future employee annuitants, but not spousal or child annuitants) of Laborers’ and Retirement Board Employees’ Annuity and Benefit Fund of Chicago (the “Fund”) are entitled to receive a health insurance premium subsidy of \$25 per month from the Fund, representing a partial reimbursement for healthcare costs, for each month after December 31, 2016 in which they meet the following eligibility requirements:

1. Annuitant must have retired on or after August 23, 1989;
 2. Annuitant must have been hired prior to April 4, 2003;
 3. Annuitant must have at least 15 years of City of Chicago service;
 4. Annuitant must be 65 years old or older; and
 5. Annuitant must have either:
 - a. participated in a group healthcare plan for which the Fund offers to deduct health insurance premiums from monthly annuities in accordance with the 1983 and 1985 amendments to the Illinois Pension Code statutes (currently either the Blue Cross/Blue Shield plans sponsored by the City of Chicago or the Aetna plans sponsored by the Labor Benefits Association);
- OR**
- b. for the period between January 1, 2017 and December 31, 2019, participated in any health insurance plan and paid their healthcare insurance coverage themselves, either through an account on which the annuitant is named or an account established for the benefit of the annuitant.

The Fund's records indicate that you met eligibility *Requirements 1 through 4* listed on page one for all or a portion of the time since January 1, 2017. In order for the Fund to determine your eligibility for the subsidy, you must also satisfy *Requirement 5* listed on page one by completing and returning the attached Health Insurance Subsidy Eligibility Form.

The Fund will be paying subsidies for the partial reimbursement of healthcare premiums you paid through December 31, 2019 in two installments:

Installment #1: Subsidy Eligibility for 1/1/2017 – 12/31/2018

To receive Installment #1, you must verify by December 31, 2020, that you were covered under a health insurance plan between January 1, 2017 and December 31, 2018, and that you, either through an account on which you are named or an account established for your benefit, paid for such coverage. Following the Fund's receipt and acceptance of a completed Health Insurance Subsidy Eligibility Form and sworn statement ("Form", copy attached to this letter), it is anticipated the Fund will pay you Installment #1, all subsidy amounts owed to you for the period January 1, 2017 through December 31, 2018, within 90 days thereafter. **Please complete and return the attached Form in the enclosed envelope to the Fund's office at: 321 North Clark Street, Suite 1300, Chicago Illinois 60654-4739. The Fund will be unable to process your subsidy payment until it has received and accepted the completed Form including your signed sworn statement.**

Installment #2: Subsidy Eligibility for 1/1/2019 – 12/31/2019

To determine your eligibility for Installment #2 subsidy amounts for the period January 1, 2019 through December 31, 2019, the Fund will be mailing you a Form in January 2020 for you to complete and submit.

Declining Subsidy:

If you do not return a completed Form by **December 31, 2020**, the Fund will assume that you have declined the health insurance subsidy.

NOTE: Payment & Income Tax Reporting. If, in addition to your sworn statement for Installment #1 and Installment #2, you also submit documents showing (1) proof of enrollment in a health insurance plan (including Medicare)¹ and (2) evidence of payment, such as copies of checks or bank statements, the Fund will consider the subsidy payment as a non-taxable reimbursement of medical costs. **If you do not provide this additional documentation, you will still receive the subsidy payment if the Fund receives and accepts a completed Form and sworn statement, but the Fund will report the subsidy payment as taxable income to the IRS.** Please consult with your tax advisor regarding potential tax or other consequences relating to the receipt of any healthcare premium subsidy payments, particularly if you are receiving government subsidies for healthcare coverage, such as under the Affordable Care Act, or if you participate in an employer-sponsored plan in which premiums are paid pre-tax.

[CONTINUED ON NEXT PAGE]

¹ If you are covered by both Medicare and a supplemental Medicare plan during the application periods, you may submit proof of payment concerning just one plan for such periods.

Subsidy Eligibility After 12/31/2019

Under current law, in order to be eligible for the subsidy beginning January 1, 2020, you will have to satisfy *Requirement 5.a.* above, meaning you have to participate in a group health insurance plan for which the Fund offers to deduct premiums from your annuity, in accordance with the 1983 and 1985 amendments to the Illinois Pension Code statutes.

Attorneys' Fees: Please note that Plaintiffs' counsel KrislovLaw has asked the Circuit Court to award attorneys' fees from the 2017-2019 subsidies, so the actual amounts paid to eligible annuitants may be reduced by attorneys' fees, if approved by the Circuit Court.

Questions: If you have any questions about the contents of this letter or the attached Form, please contact the Fund's office at 312-236-2065. The Circuit Court also directed us to notify you that you may contact Counsel for the named Plaintiffs in the *Underwood* litigation, KrislovLaw, at Help@krislovlaw.com or 312-606-0500.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Walsh". The signature is fluid and cursive, written over a white background.

Michael Walsh
Executive Director & CIO

[SEE ATTACHED FORM]

Health Insurance Subsidy Eligibility Form

[Form to be completed by Fund Employee Annuitant and Returned in Enclosed Envelope]

(Please Print)

Member Name: _____ **Member Number or Last 4 Digits of SSN:** _____
Address: _____ **Apt/Unit No.:** _____
City: _____ **State:** _____ **Zip Code:** _____
Phone Number: _____ **Email Address:** _____

2017 and 2018 Healthcare Coverage Details:

Please list healthcare coverage details for all periods between January 1, 2017 and December 31, 2018 where: (1) you, the above-named Fund member, were covered by a health insurance plan, including Medicare, and (2) you, the above-named member, either through an account on which you are named or an account established for your benefit, paid a monthly premium for that coverage during this period.

Coverage Start Date:	Coverage End Date:	Insurance Carrier:	Policy #:	Monthly Premium Paid Amount:	Employer Sponsored Plan (Y or N):

If you wish the subsidy to be treated as a non-taxable reimbursement of healthcare costs, please provide proof of payment and coverage for each period listed above to have your subsidy payment considered non-taxable. However, please note that if the healthcare plan you are participating in is an employer-sponsored plan in which premiums are paid pre-tax, the Fund will issue you a Form 1099 for the subsidy amount.

You should consult your tax advisor with any questions about tax issues related to these health insurance premium subsidies.

I, the above-named member of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago, certify that the foregoing information is true, to the best of my knowledge and understanding, and will, if requested, cooperate in providing reasonable information supporting the foregoing facts.

Signature **Date**

Please note that any person who knowingly makes any false statement to the Fund may be found guilty of a Class 3 felony pursuant to Section 1-135 of the Illinois Pension Code (40 ILCS 5/1-135).

ATTENTION ANNUITANT:

You are receiving two separate Court-ordered Notices regarding retiree healthcare subsidies:

- The first Notice pertains to any period(s) you were enrolled in a group healthcare plan for which the LABF deducts premiums from your retirement annuity. For any such period(s), subsidy payment will be automatic; No action is required. (see *Notice for details*)
- The second Notice pertains to any period(s) you may have paid for other coverage. Please see the Notice for subsidy eligibility details. **For any such period(s), proof of coverage and payment is required before subsidy payments can be processed by LABF.** (see *below regarding proof of payment*)

List of Acceptable Proof of Payment:

For individual health insurance plans (Provide One):

- Insurance carrier statements
- Invoices and proofs of payment
 - Bank statement
 - Credit card statements
 - Copies of cancelled checks

For Medicare Parts A, B, or D (Provide One):

- 1099 SSA (applies to Part B)
- Social Security Benefit letter (sent to member)
- Social Security statement (request from SSA)