PEHP Plan Document

The Post Employment Health Plan for Collectively Bargained Public Employees

Nationwide® Retirement Solutions

a Nationwide Financial® company

THE POST EMPLOYMENT HEALTH PLAN
FOR COLLECTIVELY BARGAINED PUBLIC EMPLOYEES

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THE POST EMPLOYMENT HEALTH PLAN
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Article 1
Definitions

As used in this Plan, and except as otherwise provided herein, the following terms shall have the meaning hereinafter set forth:

1.1. "Account" means an account established for a Participant pursuant to Section 6.1 hereof.

1.2. "Administrator" means the entity possessing authority to control and manage the operation and administration of the Plan. The Administrator shall be Nationwide Retirement Solutions, Inc., its successors and assigns (NRS), unless and until NRS resigns or is removed by the Advisory Committee representatives (as defined in the Trust Agreement) and Employers in accordance with Article 8.

1.3. "Association" means a voluntary employees' beneficiary association exempt under Section 501(c)(9).

1.4. "Benefit" means any payment made pursuant to Article 5 hereof.

1.5. "Code" means the Internal Revenue Code of 1986, as amended from time to time.

1.6. "Contribution" means any contribution made to the Plan pursuant to Article 4 hereof.

1.7. "Dependent" means any person who, in relation to the Participant, satisfies the requirements under Code Section 152(a).

1.8. "Effective Date" means February 20, 1991.

1.9. "Eligible Employee" means an Employee who is eligible to participate in the Plan pursuant to the Employer's Participation Agreement.

1.10. "Employee" means an individual who is employed by the Employer and is included in a unit of employees covered by a collective bargaining agreement between unions and one or more employers.

1.11. "Employer" means a state or local government or political subdivision thereof that adopts the Plan by entering into a Participation Agreement with the Administrator. As the context requires, the term "the Employer" as used herein shall apply collectively to all entities that are Employers under the Plan or singly to an Employer.

1.12. "Entry Date" means the first day of any month in the calendar year.

1.13. "Health Care Insurance Premium" means any amount used to purchase insurance coverage for health benefits, hospitalization, or other medical care as defined in Code Section 213 (d) (1).

1.14. "Mandatory Employee Contribution" means Participant contributions which are to be made as a condition of employment with the Employer and required to be made under terms of the collective bargaining agreement and Employer's Participation Agreement. Such contributions shall be picked up by the Employer and are deemed to be employer contributions and are not taxable income to the employee.

1.15. "Participant" means an Employee or former Employee, or the surviving Dependents thereof, who has an Account under the Plan.

1.16. "Participation Agreement" means the agreement between the Employer and the Administrator by which the Employer adopts the Plan, which sets forth the responsibilities of the Administrator, and the terms of the Employer's adoption of the Plan, including: (a) the Employer's rate of contribution to the Plan, and (b) the class of Employees of the Employer who are eligible to participate in the Plan.

1.17. "Plan" means The Post Employment Health Plan for Collectively Bargained Public Employees, as set forth in this document.

1.18. "Plan Year" means the calendar year.

1.19. "Post-Employment Health Benefit" means a payment made pursuant to Section 5.1 hereof.

1.20. "Qualifying Medical Care Expenses" means those expenses incurred solely for "medical care," as defined in Code Section 213(d)(1), rendered to the Participant or his Dependents.

1.21. "Trust Agreement" means the agreement described in Article 2 hereof, establishing the Trust for The Post Employment Health Plan for Collectively Bargained Public Employees.

1.22. "Trust Fund" means the Trust for The Post Employment Health Plan for Collectively Bargained Public Employees and its assets and investments held at any one time by the Trustee.

1.23. "Trustee" means the Trustee, or any successor Trustee, designated in accordance with the terms of the Trust Agreement.

1.24. "Valuation Date" means each day in which the New York Stock Exchange and the Administrator's home office are open for business.

Article 2
Trust

2.1. Trust Agreement. All Contributions shall be paid into, and all Benefits provided for herein shall be paid from, the Trust Fund. The Trust Agreement shall be in such form and contain such provisions as the parties may deem appropriate, including, but not limited to, provisions with respect to the powers and authority of the Trustee, the authority of the Administrator and Trustee to amend the Trust Agreement, the authority of the Administrator to settle the accounts of the Trustee on behalf of all persons having an interest in the Trust Fund, and the authority to remove a Trustee and appoint a successor trustee. When entered into, the Trust Agreement shall form a part of the Plan, and all rights and benefits that may accrue to any person under the Plan shall be subject to all the terms and provisions of the Trust Agreement.

2.2. Trust Fund. In no event shall any part of the principal or income of the Trust Fund be paid to or reinvested in the Employer, or be used for any purpose whatsoever other than the exclusive benefit of the Participants and their Dependents and defraying the reasonable expenses of the Plan. Notwithstanding the preceding, Contributions shall be returned to the Employer only under the following circumstances:

(a) If the Employer makes a Contribution by a mistake of fact, acknowledging such mistake of fact in writing to the Administrator and within one year of the mistaken Contribution;
(b) If the Internal Revenue Service determines that the Trust is not tax-exempt under Code Section 501 (a); or
(c) If the Internal Revenue Service determines that the Trust has unrelated business taxable income under Code Section 512(a)(3)(E).

2.3. Investment of Trust Fund. The Trustee shall invest and reinvest the Trust Fund and the income therefrom in accordance with the terms of the Trust Agreement.

2.4. Valuation of the Trust Fund. The value of the Trust Fund shall be determined as of each Valuation Date, if applicable, as follows:

(a) The value per share of a security listed for trading on a national securities exchange shall be the closing price per share at which such security was traded on the exchange on the day as of which the value is to be determined (or, if such security was not traded on that day, on the last preceding day on which it was traded); provided, that if a security is listed for trading on two or more national securities exchanges, the national securities exchange upon which principally it is traded shall be deemed to be the only such exchange on which it is listed;

(b) The value of any other investment shall be the fair market value thereof on the day as of which the value is to be determined, as determined by the Trustee, the Administrator or the agent of either the Trustee or Administrator; and

(c) There shall be added/deducted from the value of the investments any income or liabilities due or accrued and properly chargeable thereto.

Article 3
Eligibility to Participate

3.1. Eligibility to Participate. Each Employee shall become a Participant on the Entry Date coincident with or next following the later of (a) the date on which he becomes an Eligible Employee, or (b) the effective date of this Plan.

3.2. Contributions Required for Eligible Employees. Subject to Section 9.2, the Employer shall make Contributions on behalf of each Participant while such Participant is also an Eligible Employee.

3.3. Dispute as to Eligibility. In the event of a dispute as to the eligibility of any individual to participate in the Plan, the decision of the Employer to such eligibility shall be final and conclusive for all purposes.

Article 4
Contributions

4.1. Contributions to the Plan. The Employer shall contribute to the Plan on a periodic basis on behalf of each Participant during such period an amount specified in the Employer's Participation Agreement to the Plan to fund Post Employment Health Benefits.

Amounts contributed may not be used for any purpose other than as provided by Code sections 105, 106, 501(c)(9) and applicable Treasury regulations. All Contributions shall be made in a manner which satisfies the nondiscrimination rules found in Code section 105(h) or other applicable law, provided however that Contributions determined as a percentage of the Participant's compensation and earnings thereon shall be accounted for separately and shall be used under Section 5.1 only to reimburse Health Care Insurance Premiums.

Lump sum Contributions. If the Employer has a compensated absence policy under which all Employees accumulate compensated absence pay, it may require all or a specified portion of accumulated compensated absence benefits be contributed to the Plan. Subject to the terms of the Participation Agreement, compensated absence may include any combination of vacation pay, sick pay, or other accumulated absence pay as specified by the Employer.

4.2. Mandatory Employee Contributions. The Employer may require that all Eligible Employees contribute Mandatory Employee Contributions to the Plan as a condition of employment with the Employer. In the event Contributions are required of Eligible Employees, the Employer shall specify the amount of the Contribution either as a dollar amount or as a percentage of the Participant's

compensation. Such amount or percentage shall not be subject to change on the part of the Eligible Employee, and the Eligible Employee shall not be entitled to receive such Contributions in the form of cash or other benefit. The Employer shall remit such contributions to the Trustee.

4.3. Determination of Amount of Contributions. The Trustee and the Administrator shall not be under any duty to inquire into the correctness of the Contributions paid over to the Trustee hereunder; nor shall the Trustee or Administrator be under any duty to enforce the payment of the Contributions to be made hereunder. The Eligible Employees and their bargaining unit shall have sole responsibility and duty to enforce Employer's contribution obligations.

4.4. Transfers from other Health Reimbursement Arrangements. The Plan may accept, as permitted by law, transfers of assets held in other health reimbursement arrangements including other arrangements being administered by the Administrator, provided that such assets were contributed to a plan providing permissible benefits. The Administrator may develop procedures necessary to comply with the requirements of this Section 4.4.

Article 5
Benefits

5.1. Post-Employment Health Benefits. Upon a Participant's severance from employment with the Employer for any reason or disability, the Participant, or in the event of a deceased Participant, his Dependents, shall be entitled to be reimbursed from the Plan for Qualifying Medical Care Expenses and for Health Care Insurance Premiums incurred by the Participant, subject to the limits set forth in Section 5.3 hereof, provided that such expenses will not be taken as a deduction on the Participant's or Dependents' federal income tax return. Post-Employment Health Benefits shall be funded in accordance with Article 4 hereof into the Plan from which benefits will be paid and in accordance with the Code.

5.2. Notice by Employer. The Employer shall certify to the Administrator the date of a Participant's severance from employment with the Employer. The Administrator shall rely on any such certification in determining the extent to which a Participant or his Dependents shall be entitled to a Benefit under the Plan. In the case of a Participant's death, the Trustee shall require proof of the Participant's death prior to paying any Benefit to a Dependent under this Article 5.

5.3. Benefit Limits. Any Qualifying Medical Care Expense or Health Care Insurance Premium paid in accordance with Section 5.1 hereof is limited to the Participant's respective account balance as of the Valuation Date immediately preceding the date the claim for such Benefit is submitted to the Trustee. If a claim for Benefits exceeds the account balance at such date, the Trustee will pay the claim to the extent of the account balance. If future amounts are credited to the Participant's account, the Participant must submit a current claim form for reimbursement.

Only claims for Qualifying Medical Care Expenses and Health Care Insurance Premium Reimbursements will be payable under the Plan.

5.4. Timing and Method of Benefit Payment. All Benefit payments shall be made in cash as soon as administratively practicable following the date a claim for Benefits is submitted to the Administrator.

5.5. Prohibition on Alienation. The rights of a Participant or Dependent to receive a Benefit shall not be subject to alienation or assignment, and shall not be subject to anticipation, encumbrance or claims of creditors except to the extent required by applicable law.

5.6. Forfeitures. If a Participant has no Dependents on the date of his death, he will forfeit the balance in his Account.

Benefit payments for Qualifying Medical Care Expenses which, if paid, would result in discrimination in violation of Code section 105(h), its regulations or any other applicable provision of law shall also be

forfeited. A Participant's account may also be forfeited if the Administrator is unable to locate the Participant within 36 months after the Administrator sends a letter by certified U. S. mail, postage prepaid, to the Participant's last known address.
Any amount forfeited under this Section 5.6 shall be allocated as soon as administratively practicable following, the date on which the Administrator determines that a forfeiture has occurred to the Accounts of all other Participants who (i) are (or were) employed by the forfeiting Participant's Employer and (ii) have an account balance on the Valuation Date. Forfeitures shall be allocated among the Participants in accordance with procedures established by the Administrator.

5.7. Designation of Beneficiaries Prohibited. Unless otherwise permitted by law, designation of beneficiaries under the Plan is not permitted.

Article 6
Participant Accounts

6.1. Separate Accounts and Records. The Administrator shall maintain separate Accounts in the name of each Participant having an interest in the Trust Fund. A statement of a Participant's Account as of the last day of each calendar quarter shall be distributed or made available within 15 days after the end of each quarter showing:

(a) The Participant's account balance;
(b) Contributions credited to the Participant's Account;
(c) Qualifying Medical Care Expenses and Health Care Insurance Premiums paid from the Participant's Account; and
(e) Administrative fees paid from the Participant's Account gains and losses of the Trust Fund allocated to the Participant's Account.

6.2. Valuation of Accounts. As of each Valuation Date, all income and gains (realized and unrealized) of the Trust Fund for the period since the next preceding Valuation Date (or, if there is no prior Valuation Date, since the Effective Date) shall be credited to, and all losses (realized and unrealized) and expenses of the Trust Fund for such period shall be charged to, the Participants' Account in proportion to their balances as of the next preceding Valuation Date (or as of the Effective Date, if there is no prior Valuation Date), provided, however, that if there has been a withdrawal from a Participant's Account since the next preceding Valuation Date, such Participant's Account balance at the Valuation Date, rather than the next preceding Valuation Date, shall be used to allocate income, gains, losses and expenses to such Participant's Account.

6.3. Participant Transfers to another Plan. (a) Subject to Section 6.3(b), if a Participant is no longer employed by the Employer in a position which is covered by a collectively bargained agreement but remains employed by the Employer and as a result of such employment contributions on behalf of the Participant is required to another Voluntary Employees' Beneficiary Association (VEBA) which is established pursuant to Section 501(c)(9) and is administered by the Administrator, then the Participant may elect to transfer his or her Account to the other VEBA.

(b) A transfer contemplated in Section 6.3(a) shall only be permitted if such transferred assets will be used to provide benefits similar to those provided by this Plan and the transfer does not jeopardize the tax-exempt status of the Trust.

Article 7
Claims Procedure

7.1. Written Claims. All claims for Benefits shall be made in writing in accordance with such procedures as the Administrator shall prescribe, including deadlines, documentation requirements and forms.

7.2. Denied Claims. If a claim for Benefits is denied in whole or in part, the Administrator shall furnish the claimant a written notice setting forth the reason for the denial, including reference to pertinent Plan provisions, describing any additional material or information that is required from the claimant and explaining why it is required, and explaining the review procedure set forth in Section 7.3 hereof. Such notice shall be given within five (5) business days of the denial.

7.3. Review Procedure for Denied Claims. Within 60 days of the written notice of the denial of any claim for Benefits, a claimant may file a written request for a review of such denial by the Administrator. Any claimant seeking review of a denied claim is required to submit comments in writing. Within 60 days after its receipt of a request for review of a denied claim, the Administrator shall render a written decision on its review which references the Plan provisions on which its decision is based.

Article 8
Administration of the Plan

8.1. The Administrator. The Administrator shall be NRS unless and until NRS resigns or is removed. The Administrator shall have the authority to control and manage the operation and administration of the Plan and the responsibility of filing and distributing reports and returns with or to government agencies and Participants, and their Dependents as required under the Code and other applicable law.

The Administrator, by a written instrument, may delegate its responsibilities to control and manage the operation of the Plan and the responsibility to file reports and returns.

To the extent permitted by law, the Trust shall indemnify each employee of the Administrator and any agent or person who has been appointed by the Administrator, against any liability (not reimbursed by insurance) incurred in the course of the administration of the Plan, except liability arising from his own negligence or willful misconduct.

8.2. Agents. The Trustee may employ such agents, including counsel, as it may deem advisable for the administration of the Plan. Such agents may not be Participants.

8.3. Removal or Resignation of Administrator. The Administrator may resign as Administrator at any time by a written instrument delivered to all Advisory Committee representatives giving notice of such resignation. The Administrator may be removed, for cause relating to performance that fails to meet generally accepted standards, practices and procedures applicable to persons providing similar types of administrative services, by the Employers employing and Associations representing a majority of the Participants then participating in the Plan by a written notice delivered to the Administrator. In the event of a dispute over the execution of the duties of the Administrator, the dispute shall be subject to arbitration between the Administrator and a representative(s) established by the Advisory Committee. The Administrator shall be granted 180 days to cure any deficiencies identified by the arbitrator before any removal may be considered effective. Any notice of removal or resignation of the Administrator shall be effective 60 days after receipt by the Administrator or Advisory Committee representatives, as the case may be, or at such other time as is agreed to by the Administrator and the Advisory Committee representatives. In addition, a majority of the Employee Advisory Committee representatives and a majority of the Employer Advisory Committee representatives, acting jointly, may remove the Administrator without cause during the last month of each Plan Year. If, within 60 days after notice of resignation or removal of the Administrator, the Advisory Committee representatives have not designated a successor Administrator, the Administrator may apply to any court of competent jurisdiction for the appointment of a successor Administrator.

8.4. Successor Administrator. The Administrator, subject to the veto right described below, may appoint a successor Administrator. The Administrator shall provide 30 days' advance notice to the Employers and Unions that it has designated a successor Administrator. If Unions representing a majority of Participants and if Employers employing a majority of Participants object to the designated successor in writing to the Administrator within 30 days after the date of the Administrator's notification mailing, then

the designation shall not become effective. If there is no sufficient objection, the Administrator shall deliver to the Trustee copies of: (a) a written instrument executed by the Administrator appointing such successor, and (b) a written instrument executed by the successor in which it accepts such appointment. Such instruments shall indicate their effective date.

If a vacancy in the office of Administrator occurs and the Administrator has not appointed a successor Administrator in accordance with the preceding paragraph, the Employers employing and Unions representing a majority of the Participants then participating in the Plan shall appoint a successor Administrator and shall deliver to the Trustee copies of (a) a written instrument executed by such Employers and Unions appointing such successor, and (b) a written instrument executed by the successor in which it accepts such appointment. Such instruments shall indicate their effective date. If the Administrator is removed by Employers and Unions in accordance with Section 8.3 hereof, the written instrument removing the Administrator shall also appoint a successor Administrator. Any successor Administrator shall have all the powers and duties of the original Administrator.

8.5. Administrative Fees. The Administrator shall be paid from the Trust Fund an administrative fee for each Participant equal to an amount specified in the Participation Agreement between the Administrator and the Employer. Such fees shall be charged against the Participants' Account balances.

8.6. Powers of the Administrator. The Administrator shall have all such powers as may be necessary to carry out the provisions of the Plan, and the actions taken and the decisions made by the Administrator shall be final and binding upon all parties. The powers of the Administrator shall include, but not be limited to, the following:

(a) To determine all questions relating to the amount of any Benefits and all questions pertaining to claims for Benefits and procedures for claim review;
(b) To prescribe procedures to be followed by Participants in filing claims for Benefits;
(c) To prepare and distribute information explaining the Plan to Participants;
(d) To appoint or employ individuals to assist in the administration of the Plan and any other agents deemed advisable, including banking, legal, accounting, and actuarial counsel;
e) To resolve all other questions arising under the Plan, including any questions of construction;
(f) To take any such further action as the Trustee shall deem advisable in the administration of the Plan; and
(g) To direct the Trustee to pay claims for Benefits either by issuing claims checks or by delegating the authority to issue claims checks in accordance with Section 7.1 hereof.

8.7. Records. The acts and decisions of the Administrator including such records as may pertain to the computation of Benefits of any claimant shall be duly recorded.

8.8. Defect or Omission. The Administrator shall notify the Employer of, and shall assist Employer with the cure of any defect, omission or inconsistency in this Plan for correction.

8.9. Liability of Administrator. Except for its own negligence or willful misconduct, neither any Employee of the Administrator nor any agent or other person appointed by the Administrator shall be liable to anyone for any act or omission in the course of the administration of the Plan.

8.10. Funding Policy. The Investment Manager shall establish and review a funding policy consistent with the objectives of the Plan.

Article 9
Amendment and Termination

9.1. Amendments. The Administrator reserves the right to amend this Plan at any time in such manner as it may be necessary or advisable in order to qualify and retain the qualification of the Trust Fund as a voluntary employees' beneficiary association (Association) in accordance with Code section 501(c)(9),

and any such amendment may, by its terms, be retroactive; and to amend, alter, modify or suspend, in whole or in part, any provision or provisions of this Plan at any time, retroactively or otherwise, by written notice to the Trustee, the Employers and the Unions. In any event, no such amendment shall:

(a) increase the duties or obligations of the Trustee or Employer without their written consent;
(b) decrease any Participant's Account balance; or
(c) cause or permit any portion of the corpus or income of the Trust to revert to, or become the property of, or be used for the benefit of the Employer, or divert any portion of the corpus or income of the Trust for purposes other than the exclusive benefit of the Participants and their Dependents.

9.2. Termination and Discontinuance of Contributions. The Employer may terminate or discontinue contributions to the Plan at any time by notice to the Administrator and Trustee. Upon termination of the Plan and subject to Section 9.3, the Administrator shall maintain the Accounts of each Participant who is or was an Employee of such Employer, and shall pay Benefits to each such Participants in accordance with the terms of the Plan or as permitted by law. Expenses of the Trust fund and administrative fees shall be charged against such Participants' Accounts for as long as such Accounts are maintained by the Administrator.

9.3. Employer Transfers to another Plan. The Employer may request that the assets held in the Plan be transferred to another VEBA provided that the Employer provides evidence to the Administrator that the following conditions are met:
(a) The transferee association is exempt under Code Section 501(c)(9);
(b) The transferred assets will be used to provide similar benefits;
(c) The participants of each trust association share an employment-related bond;
(d) The transfer is not used to avoid the applicable requirements of Code Section 501(c)(9) and the regulations thereunder that otherwise would apply to each association;
(e) The receiving association has agreed to receive the transfer; and
(f)) The Employer, in writing, holds harmless the Administrator for acting on Employer's instructions to transfer the Plan to another VEBA.

When, to the satisfaction of the Administrator, the Employer has produced evidence sufficient to satisfy the conditions of this Section 9.3, the Administrator will transfer the assets of the Plan to the other VEBA as soon as administratively practical. In no event shall such transfer occur earlier than ninety (90) days following the Administrator's receipt of the sufficient evidence contemplated by this Section.

Additionally, the Administrator may develop procedures in connection with this Section 9.3 including, without limitation, what documentation is necessary to evidence satisfaction of the requirements of this section. Expenses of providing such evidence shall be paid by the Employer.

In the event a transfer of the Plan is authorized, the Administrator may retain sufficient funds for the satisfaction of all current reported claims.

Article 10
Miscellaneous

10.1. Rights of All Interested Parties Determined by Terms of the Plan. The Plan and Trust are voluntarily entered into by the Employer. The Trust shall be the sole source of Benefits provided under the Plan, and in no event shall the Administrator or Employer be liable or responsible therefore. The Plan shall be binding upon all parties thereto and all Participants, and upon their respective heirs, executors, administrators, successors, and assigns, and upon all persons having or claiming to have any interest of any kind or nature under the Plan or the Trust.

10.2. No Employment Rights Created. The creation and maintenance of the Plan shall not confer any right to continued employment on any Employee, and all Employees shall remain subject to discharge to the same extent as if the Plan had never been established.

10.3. Number and Gender. Where necessary or appropriate to the meaning hereof, the singular shall be deemed to include the plural, the plural to include the singular, the masculine to include the feminine and neuter, the feminine to include the masculine and neuter, and the neuter to include the masculine and feminine.

10.4. Notice to Employees. Notice of the existence and the provisions of this Plan and amendments thereto shall be communicated by the Employer to all persons who are, or who become Eligible Employees.

10.5. Notification of Address. Each person eligible to receive Benefits shall notify the Administrator in writing of his address and any change of address thereafter. Any communication, statement or notice addressed to such person at his last address as filed with the Administrator (or if no address was filed with the Administrator, then his last address shown by the Employer's payroll records) will be binding upon such person for all purposes of this Plan, and neither the Employer nor the Administrator shall be obligated to search for or ascertain the whereabouts of any such person.

10.6. Headings. The headings and subheadings in this Plan are inserted for convenience and reference only and are not intended to be used in construing this Plan or any provision hereof.

10.7. Governing Law. This Plan shall be construed according to the law of the State of Illinois and applicable Federal Law and all provisions hereof shall be administered according to the law of the State of Illinois and applicable federal law.

IN WITNESS WHEREOF, the undersigned has executed this Plan to become effective the _____ day of _____, 20___ for the:

_____
(Plan Name)

By: _____
(signature)

_____
(printed name)

_____
(title)