

**Re: Coalition of Detroit Public Safety Unions Trust
Retiree Health Reimbursement Arrangement (HRA)**

Dear Participant:

This Q&A includes information about the Coalition of Detroit Public Safety Unions Trust (CDPSU). Among other things, this Q & A explains the monthly HRA stipend that will be paid upon your retirement. It also addresses the implications of this HRA if you're already purchasing health insurance on a public health care exchange and receiving federal tax credits or subsidies.

What is the CDPSU HRA?

The CDPSU HRA Plan (the Plan) is designed to permit eligible retired City of Detroit (City) Police and Fire Fighter Employees to obtain reimbursement of covered out-of-pocket expenses on a non-taxable basis.

Background -- HRA Creation

As a result of collective bargaining, the CDPSU now receives contributions from the City to finance an HRA for public safety retirees who retire *on or after January 1, 2015*.

Eligible participants include City public safety employees who retire on or after January 1, 2015 while covered under collective bargaining agreements (CBAs) between the City and the following, collectively referred to as the Unions:

- Detroit Police Officers Association (DPOA);
- Detroit Fire Fighters Association (DFFA);
- Detroit Police Lieutenants and Sergeants Association (DPLSA); and
- Detroit Police Command Officers Association (DPCOA).

How does it benefit me?

Medical Care Expenses reimbursed under the Plan are intended to be eligible for exclusion from your gross income. Eligible retirees (and their surviving spouses and dependent(s)) generally can "spend-down" their HRA allocations on eligible Medical/Dental/Prescription expenses until their allocations are exhausted.

Who oversees the Plan?

The CDPSU Board of Trustees (Board) oversees the Plan. The Trustees are officers appointed by your public safety union.

The Trustees Plan Administrator is TIC International Corporation, 6525 Centurion Drive, Lansing, Michigan 48917-9275; Telephone: (517) 321-7502; Fax (517) 321-7508.

The Trustees have delegated the administration of the reimbursement of claims to Kapnick Insurance Group (Kapnick).

Who pays for these benefits?

The amount the City contributes to the CDPSU for HRA purposes is determined by the terms of each Union's CBA with the City. The City's CBA-required contribution amounts are not the same for each Union.

What is the monthly stipend applied to my HRA balance each month?

Effective July 1, 2025, the monthly HRA stipend amount for each Union is:

DPOA	\$250
DPLSA	\$200
DPCOA	\$113
DFFA *	\$665 (until attainment of age 65)
	\$115 (from age 65 until attainment of age 70)

* (Please Note: If you're a catastrophically duty-disabled DFFA retiree, you are eligible to receive this HRA stipend. Or, you may elect to participate in the City's HAP HMO. This is an either/or option. You cannot receive both the HRA and the HAP HMO benefit.)

Why are the monthly HRA stipend amounts different?

The monthly HRA stipend amount is based primarily on your Union CBA. As explained below, actuarial factors -- and to a lesser extent, expenses -- also influence this monthly stipend amount.

Each Union, through its membership, made its own decision on the wages and benefits of its CBA, including the health care benefits for retirees who retire on or after January 1, 2015. These individual, Union-made wage/benefit decisions largely determine the monthly HRA stipend amount.

How are the monthly stipend amounts determined?

The CDPSU Board sets the monthly HRA stipend amounts. The CDPSU Board hired an actuary to help them prudently determine the monthly stipend HRA amounts.

Among other things, the CDPSU Board considered the amount of the City's CBA-required contributions for each Union, actuarial considerations (e.g., age and population), and administrative expenses in arriving at these monthly HRA stipend amounts.

Can I receive a retroactive HRA stipend payment?

Effective January 1, 2022, for retirees who *retire on or after January 1, 2022*, you will be paid a retroactive HRA stipend amount for no more than one year (12 months) from the date of your retirement.

If you retired *before* January 1, 2022, you will be paid for any retroactive HRA stipend amounts that you're owed.

When am I first eligible?

DPOA, DPCOA and DPLSA:

To be eligible for HRA benefits, you must have retired from the City *on or after* January 1, 2015 and *not* be Medicare eligible.

You are eligible on the first day of the month after the eligibility requirements have been satisfied, provided that any required enrollment forms have been submitted to Kapnick. Once enrolled, your participation will continue from month-to-month until you cease participating.

DFFA:

To be eligible for HRA benefits, you must have retired from the City *on or after* January 1, 2015 and have *not* attained age seventy (70).

You are eligible on the first day of the month after the eligibility requirements have been satisfied, provided that any required enrollment forms have been submitted to Kapnick. Once enrolled, your participation will continue from month-to-month until you cease participating.

When does participation cease?

DPOA, DPCOA and DPLSA:

You will cease to be eligible to participate in this Plan under different circumstances, such as voluntarily opting out, as well as when you turn *age 65 or otherwise become eligible for Medicare*.

DFFA:

You will cease to be eligible to participate in this Plan under different circumstances, such as voluntarily opting out, and when you turn *age 70*.

What if I die before I can use my account balance?

So long as you don't die before your retirement, your spouse may continue to be entitled to reimbursements for permitted Medical Care Expenses until he or she stops being eligible.

Dependents of the deceased Participant may continue participation until they no longer meet the definition of “Dependent” or the HRA account reaches a zero balance.

Do I lose my balance when I become eligible for Medicare?

DPOA, DPCOA and DPLSA:

Yes. However, you may continue to submit claims for reimbursement for three years after you cease participating, for expenses incurred while you were eligible and during the three-year continuation period. An expense is incurred at the time the medical care is furnished, and not when you are formally billed for the medical care.

If your HRA account balance does not reach zero within three years, your remaining balance will be forfeited.

DFFA:

No, not until you attain age 70. However, you may continue to submit claims for reimbursement for three years after you cease participating, for expenses incurred while you were eligible. An expense is incurred at the time the medical care is furnished, and not when you are formally billed for the medical care.

If your HRA account balance does not reach zero within three years, your remaining balance will be forfeited.

Are there any other circumstances when my balance is forfeited?

Yes. Other circumstances can include:

- Death;
- Opt-out;
- Board of Trustee modification; or
- Return to City employment.

Are HRA benefits guaranteed?

This HRA monthly stipend is not a guaranteed benefit. Nor is the current amount of the stipend guaranteed.

The CDPSU Trust’s duty to pay you a monthly HRA stipend, and the amount of that stipend, depends on a few things, including the City’s timely and proper payments to the CDPSU Trust of the City’s CBA-required contributions.

To be even more specific and emphatic:

1. ***You have no vested rights in any HRA benefits or the amount of any HRA benefit under CDPSU Trust; and***

2. CDPSU Trust has the discretionary right to change, reduce, or even eliminate this HRA benefit -- at any time and for any reason, including if the City fails to timely pay its CBA-required contributions for HRA purposes.

Moreover, this HRA is a result of the Unions' CBAs with the City: the CDPSU assumes that the Unions and the City will, when the time comes, negotiate new CBAs that will again fund this HRA. But, the CDPSU cannot guarantee that possibility. So, this HRA is not a guaranteed benefit.

What expenses get reimbursed and how much?

The Plan will reimburse you for Medical Care Expenses up to the unused amount in your account. You cannot simply collect and spend your HRA monthly stipend on anything you want.

Instead, your HRA stipend reimburses you and your dependents for Medical Care Expenses which are specially defined under the Internal Revenue Code because of their favorable tax treatment.

How do I get reimbursed?

You will be reimbursed for Medical Care Expenses either via check or direct deposit after you have submitted your CDPSU Reimbursement Form and supporting documentation of your incurred expenses to Kapnick.

How do I verify my reimbursable expenses?

To be reimbursed for your Medical Care Expenses, you ***must*** submit the CDPSU Reimbursement Form along with supporting documentation of your or your dependent(s) expenses to Kapnick. Supporting documentation includes either your Explanation of Benefits or a receipt showing the amount paid and a description of the item or service.

Requests for premium reimbursement must be submitted to Kapnick every month and in all events within one year of the date that the claims were incurred.

All items that constitute Medicare Care Expenses as defined under Internal Revenue Code are reimbursable.

What if my claim is turned down?

You can appeal from any denial and have 180 days after receiving such a denial; more details of this process are in the Plan document.

How can I spend my HRA stipend?

In general, reimbursable Medical Care Expenses include, but are not limited to, premiums, hospitalization, doctors and dentist bills and prescription drugs. This also includes the amounts you pay for deductibles, co-pays, co-insurance and COBRA continuation coverage.

Only post-tax dollar premiums are reimbursable through your HRA stipend.

How does the HRA work with Public Health Care Exchanges and subsidies?

If you're currently purchasing health insurance on a public health care exchange and receiving federal tax credits, this HRA stipend may disqualify you from receiving these federal tax credits.

If you wish to preserve your eligibility for federal tax credits, you can opt-out of participation in this HRA. Once you opt-out, you can continue to purchase health insurance on a public health care exchange and still receive federal tax credits, provided you otherwise qualify for the tax credits. If you opt-out, you will not receive a HRA monthly stipend.

If you don't opt-out, you'll participate in this HRA program and you'll likely lose your eligibility for federal tax credits on your exchange-purchased health insurance.

You may opt-out at any time by providing written notification of your opt-out decision to:

Kapnick Insurance Group
Attn: HR Remote
333 Industrial Drive
Adrian, Michigan 49221

How do I apply for my HRA benefits?

To apply for HRA benefits, you must:

1. Provide Kapnick with proof of retirement from a Union (Kapnick will also secure verification of your retirement from a DPOA, DPLSA, DPCOA or DFFA bargaining unit.)
2. Submit a completed Enrollment Form to Kapnick.

You should submit this documentation to Kapnick by:

Fax: 517-264-6172
Email: hra@kapnick.com
Mail: Kapnick Insurance Group
Attn: HR Remote
333 Industrial Drive
Adrian, Michigan 49221

Sincerely,

CDPSU Board of Trustees