

be packaged in a certain way. This is sensible, and, if participants or their family members inform us, the Trust will address this concern by approving overrides that simplify things and allow use of the required pharmacy, while still receiving Medco's significant discounts.

**Automation with a Personal Touch.** The Trust's systems and procedures have been highly automated to improve accuracy and service, while reducing administrative costs. Yet the personal touch is maintained to assure participant satisfaction. Participants express appreciation for the fact that a person, rather than an automated attendant, answers every call.

## Limited Access to Retiree Health Plans

The Union and the contributing employers continuously consider the retirement needs of the eligible retirees and their eligible spouses. According to the U.S. General Accounting Office, only one-third of large employers, and less than 10% of small employers, offer retiree health benefits. Just 20 years ago, almost two-thirds of large employers offered such plans.

Retirees face significant affordability challenges, paying a considerably larger share of coverage costs than active employees, according to the 17th annual Towers Watson/National Business Group on Health Employer Survey on Purchasing Value in Health care. Retirees under age 65 pay, on average, over \$4,200 per year in premiums for single coverage, and over \$10,500 per year for family coverage. Once retirees reach age 65 and become Medicare-eligible, they pay, on average, about \$2,000 per year in premiums for single coverage, and \$5,200 per year for family coverage. Even with an employer subsidy, many still find coverage too costly.

Compare these premiums with the highest monthly contribution charged by the Trust for any of its programs — \$45. In many cases, eligible Trust retirees pay nothing in monthly contributions.

## Contributing Employers

Generally, the Trust has excellent relationships with the contributing employers. There have not been any major problems with the submission of funds. Unfortunately, layoffs and plant closings have continued during this past year.

In 2008, the Trustees formed a Contributions Audit Committee and approved a new policy to oversee regular audits of contributing employers. The audits are for the purpose of assuring the Trustees that the Trust is receiving the funds it is due under applicable collective bargaining agreements. In 2009, the Trust's three largest contributors were audited; in 2010 and 2011, an additional four companies were audited. The Contributions Audit Committee will continue to monitor the results of the audits.

At the end of this report, there is a list of the contributing employers as of December 31, 2011. In some instances, the individually listed contributing employers also have related companies.

## Financial

For the calendar year 2011, the Trustees once again engaged the accounting firm of Hill, Barth & King, LLC to audit the Trust's books. This firm has concluded its audit for the fiscal year ending December 31, 2011. Its audit report confirms the substance of the financial summaries in this report:

- "Statements of Net Assets Available for Benefits" on page 12 of this report;
- "Statements of Changes in Net Assets Available for Benefits" on page 13 of this report; and
- "Statements of Benefit Obligations" and "Statements of Changes in Benefit Obligations" on page 14 of this report.

The Trust's fund is not immune to the market trends. In each of their regular meetings, the Trustees monitor the performance of the Trust's investments and that of their investment managers.