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MEMORANDUM

To: Board of Trustees of Retainer Clients/Retiree Medical Trusts™

From: Shana Saichek; Linda Stuessi

Date: April 9, 2009

Re: Availability of Reduced Contribution Rate for Certain COBRA Eligible Participants

Amendment to COBRA Law Enacted. As you are probably aware, President Obama signed the American Recovery and Reinvestment Act ("ARRA") on February 17, 2009. The ARRA amends the COBRA law to give certain COBRA eligible individuals a significant reduction in the amount of their COBRA contribution payments. (Because the COBRA law generally does apply to retiree medical trusts, the ARRA amendment to COBRA also applies to such trusts.)

Involuntarily Terminated Individuals Receive Subsidy for their COBRA Continuation Contributions Under New Law. The ARRA amendment to COBRA gives "Assistance Eligible Individuals" the right to pay reduced COBRA contributions for up to 9 months. Eligible individuals pay only 35% of the regular monthly contribution and the Employer is required to subsidize the remaining 65% of the monthly COBRA contributions to the Trust. To be considered an "Assistance Eligible Individual" and get reduced COBRA contributions the participant must have been involuntarily terminated from employment during the period from September 1, 2008, through December 31, 2009. The participants in your Trust may not have currently experienced any "involuntary terminations." However, we are aware that many employers are proposing layoffs in bargaining. In the current economic environment, it is possible that some Trusts will have "Assistance Eligible Individuals" before the end of the eligibility period, on December 31, 2009.

New Contribution Reduction Notices Required. We are currently working with the Trust Administrator to comply with the requirements of the new COBRA law. Although we expect the new COBRA law to have a minor impact on Retiree Medical Trusts, there are notice requirements that must be met. We are preparing the required forms and notices and working with the Administrator to distribute the following forms and notices to all affected participants: Notice of Availability of Reduced Contribution Rate, Notice of Reduced COBRA Contribution Rate, and Notice to Employer of ARRA COBRA Subsidy for Assistance Eligible Individual.

If you have any questions about the new COBRA law or the Trust's compliance with the requirements of the new law, or wish to see the new "COBRA-ARRA packet," please do not hesitate to call our office.

Pursuant to U.S. Treasury Circular 230, this communication is not intended or written by Saichek Law Firm APC to be used, and it may not be used by you or any other person or entity, for the purpose of avoiding any penalties that may be imposed on you or any other person or entity under the United States Internal Revenue Code.