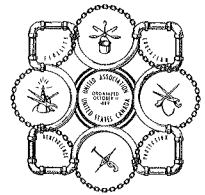




PLUMBERS AND PIPEFITTERS LOCAL 501 NORTHERN ILLINOIS BENEFIT FUNDS



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Notice of Plan Changes

To All Northern Illinois Benefit Fund (Health and Welfare) Participants:

Please read this notice carefully and keep it with your Summary Plan Description booklet (SPD) for future reference.

DEPENDENTS IN THE MILITARY

The Plan has a rule on page 21 of the SPD booklet stating that dependent coverage will not be reinstated if a dependent loses coverage for more than 18 months. Effective January 1, 2006, the 18-month time limit will not apply to dependents who lose coverage because of service in the U.S. uniformed services, and who return to full-time student status within 30 days after their release from duty.

RETIREE LIFE INSURANCE

The Plan's \$5,000 retiree death benefit became an insured benefit effective September 1, 2006. The insurance company through which the coverage is provided is the Union Labor Life Insurance Company, 1625 Eye St. N.W., Washington D.C. 20006, telephone (202) 682-0900.

SUBROGATION

The Plan's subrogation provisions (pages 89-90 of the SPD booklet) were amended effective July 27, 2006. "Subrogation" rules explain the Fund's right of reimbursement in the event it pays a claim for which you can collect from a third party, and the amended rules apply to any claim for which the Fund has not already received the full amount of its claim for reimbursement. The basic provisions governing your responsibilities and the Fund's rights have not changed. The amended rules are as follows:

In the event the Fund pays or is obligated to pay benefits on behalf of a participant or his dependents for illness or injury to the participant or dependents and the participant or dependents have the right to recover the amounts of such benefits from any other person, corporation, insurance carrier or governmental agency, including uninsured or underinsured insurance coverage, or any other first-party contract or claim, the Trustees of the Funds and the Fund shall be subrogated to all of the participant's or dependents' right of recovery against such person, corporation, insurance, carrier, governmental agency or uninsured or underinsured insurance coverage or any other first-party or third-party contract or claim and shall have a right of reimbursement from the participant or dependent to the full extent of payments made by the Fund and for the cost of collection of these amounts, including attorney's fees. The full amount of benefits paid shall include any Preferred Provider Organization Charge or other payment to a medical discount provider paid with respect to the involved benefits which shall be considered part of the amount of benefits paid. The Trustees and the

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Fund shall have an equitable lien by agreement in the amount set forth in this paragraph and this equitable lien by agreement shall be enforceable as part of an action to enforce plan terms under ERISA Section 502(a)(3), including injunctive action to ensure that these amounts are preserved and not disbursed. The Trustees' and the Fund's equitable lien by agreement imposes a constructive trust upon the assets received as a result of a recovery by the participant or dependents, as opposed to the general assets of the participant or dependents, and enforcement of the equitable lien by agreement does not require that any of these particular assets received be "tra ced" to a specific account or other destination after they are received by the participant or dependents. The Trustees' and the Fund's equitable lien by agreement is from the first dollar received and its enforcement does not require that the participant or dependents be "ma de-whole" or that the entire debt be paid to the participant or dependents prior to the lien's payment. The Trustees' and the Fund's equitable lien by agreement is also not reduced by the legal fees incurred by the participant or dependents in recovering the amounts or by any state law doctrine, such as the "common fund" doctrine, which would purport to impose such a reduction.

The participant or his or her dependents or the participant acting on behalf of a minor dependent shall execute and deliver such documents and papers, including but not limited to an assignment of the claim against the other party or parties, assignment to the minor child or any parental claim to recover medical expenses of the minor child, and/or a Subrogation or Reimbursement Agreement to the Fund, as the Trustees may require. The participant or dependents shall do whatever else is necessary to secure the rights of the Trustees and the Fund including allowing the intervention by the Trustees or the Fund or the joinder of the Trustees or the Fund in any claim or action against the responsible party or parties or any uninsured or underinsured insurance coverage or any other first-party or third-party contract or claim.

If the participant or dependents do not attempt a recovery of the benefits paid by the Fund or for which the Fund may be obligated, the Trustees or the Fund shall, if in the Fund's best interest and at the Trustees' sole discretion, be entitled to institute legal action or claim against the responsible party or parties, against any uninsured or underinsured insurance coverage, or against any other first-party or third-party contract or claim in the name of the Fund or Trustees in order that the Fund may recover all benefit amounts paid to the participant or dependents or paid on their behalf, together with the costs of collection, including attorney's fees .

In the event of any recovery by judgment or settlement against the responsible party or parties or by payment by an uninsured or underinsured insurance coverage or any other first-party or third-party contract or claim, payment of the lien from the proceeds of the recovery shall take place in the following fashion. Initially, the reasonable costs of collection of the equitable lien by agreement, including the Fund's attorney's fees, shall be distributed to the Fund. Next, the amount of benefits paid from the Fund to and on behalf of the participant or dependents, to the full extent of benefits paid or due as a result of the occurrence causing the injury or illness, shall be distributed to the Fund. The remainder or balance of any recovery shall then be paid to the participant or dependents and their attorneys if applicable.

In the event of any failure or refusal by the participant or dependents to execute any document requested by the Trustees or the Fund or to take other action requested by the Trustees or the Fund to protect the interests of the Trustees or the Fund, the Trustees may withhold payment of benefits from the Fund or deduct the amount of any payments from amounts otherwise payable from the Fund for future claims of the participants or dependents. After mak-

ing claim for benefits from the Fund, the participant or dependents shall take no action which might or could prejudice the rights of the Trustees or the Fund.

In the event the participant or dependents recover any amount by settlement or judgment from or against another party or by payment from any uninsured or underinsured insurance coverage or any other first-party or third-party contract or claim the Fund will request repayment of the amount of its equitable lien for the full amount of benefits paid by the Fund. If the participant and/or dependents refuses or fails to repay such amount, then in that event, the Fund shall be entitled to recover such amounts from participant and/or dependents by instituting legal action against the participant and/or dependents and/or by deducting such amounts as may be due on future claims submitted by the participant and dependents. Once a settlement or judgment is reached on the claim additional bills cannot be submitted with respect to the same injury.

The participant or dependents shall be required to pay their own legal fees and costs and to hire only attorneys who agree to waive the common fund doctrine and to remit the gross rather than the net proceeds from litigation. The Trustees shall pay no legal costs or fees from the Fund without receiving a recovery and then only, in their sole discretion, within the terms of this provision. In the event that an attorney is hired by or on behalf of the participant or his dependents and the Fund is given notice and an opportunity to pursue its own subrogation recovery, the Fund shall not be required to hire such attorney. If the attorney representing the eligible individual nevertheless wishes to proceed, and creates a common fund from which the Trustees can recover pursuant to their equitable lien by agreement for subrogation and reimbursement, the Trustees, on behalf of the Fund, may agree to pay up to 10% of its recovery to include the attorney's legal fees. This 10% shall also include any prorated portion of the cost of recovery. If the attorney agrees to proceed, he will be considered to have waived the common fund doctrine.

These provisions shall apply to any case in which the Fund or Trustees have not been repaid the full amount of benefits made for and on behalf of a participant or beneficiary, together with cost of collection, as of the date of this provision, and any subrogation and reimbursement claim or lien presented by the Fund or Trustees, where the Fund or Trustees have not been repaid the full amount of benefits made for and on behalf of a participant or beneficiary, together with cost of collection, as of the date of these provisions, shall be construed to involve an equitable lien by agreement under these provisions.

If you have any questions regarding these plan changes, please feel free to call the Fund Office at (630) 978-4600.