

BENEFIT UPDATE



Fall 2009

Benefit Plans Office

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2010 WELS VEBA Rates and Plan Election Period

Materials for the 2010 Plan Election Period, including 2010 health plan rates, have been mailed to all enrolled members of the active (non-Medicare) WELS VEBA Group Health Care Plan (the "Plan") and WELS/ELS Sponsoring Organizations with at least one enrolled active Plan member. If you are included in one of these groups but do not receive the materials by the middle of October, please contact the Benefit Plans Office as soon as possible.

The deadline to make changes to your Plan coverage will be November 30, 2009. Prior to the deadline, Sponsoring Organizations are encouraged to consult with their workers covered by the Plan regarding the financial support that the organization will provide for Plan coverage. The organization may not make changes to an individual worker's coverage. Note that if you do not wish to make any changes to your Plan coverage, you do not need to complete or return any forms, as your current 2009 coverage will automatically carry over to 2010.

It is important to note that the Plan Election Period is not an Open Enrollment. Therefore, except as permitted by Qualifying Event, workers who are not currently enrolled in the Plan will not be able to enroll at this time, and enrolled Plan members will not be able to add any dependents to their Plan coverage who are not currently covered under the Plan.

The Plan has continued to experience better-than-anticipated discounts through Blue Cross Blue Shield in addition to favorable claims experience. As a result, **all Plan members will receive either no change or a decrease in the 2010 premium rates** for members working or living in the same zip code as 2009.

Plan election forms, as well as 2010 Plan premium rates, can be found on the Benefit Plans Office website at www.welsbpo.net.

One-month WELS VEBA premium holiday announced for November 2009!
Turn to page 2 for details.

VEBA Commission Announces One-Month Premium Holiday in November

The WELS VEBA Commission is pleased to announce a one-month premium holiday in 2009 for the WELS VEBA Group Health Care Plan. For the month of November, 2009, no premium will be due for members participating in the active plan portion of the WELS VEBA Group Health Care Plan. These members include covered active employees and their covered dependents, covered survivors of deceased employees, vicars, COBRA beneficiaries, and those members covered under the retiree plan that are not yet eligible for Medicare (“Eligible Members”). The premium holiday will not apply to WELS VEBA Anthem SmartValue Medicare plan members.

In the envelope that would normally contain the premium bill for Eligible Members for November, 2009 (which will be mailed during the week of October 19), a note will be enclosed informing that no premium will be due for WELS VEBA Group Health Care Plan coverage for November. Note that all applicable premiums remitted for November will be refunded. If you are a COBRA beneficiary and you already have your November premium bill, you will be reminded not to pay the November bill.

The following are some important items to note with respect to the one-month premium holiday:

- Sponsoring Organizations and individuals who use online bill payment services should contact their service providers to ensure that a check for November is not automatically issued.
- Sponsoring Organizations that administer employee premium cost sharing via a cafeteria or flexible benefit plan (or a similar plan or arrangement) should contact their plan advisor to determine how employee elections under the terms of that plan will be affected by the premium holiday.

It is possible that the terms of the plan would permit (or require) the Sponsoring Organization to forego withholding the employee’s portion of the premium from the employee’s pay for the month of November. Any amount taken from an employee’s pay under such an arrangement for purposes of paying for WELS VEBA Group Health Care Plan coverage must generally be sent to the VEBA under applicable law. If a Sponsoring Organization determines that it must withhold a November premium amount from an employee’s pay under its cost-sharing plan, the Sponsoring Organization should contact the WELS Benefit Plans Office.

- The premium holiday applies only to the November 2009 WELS VEBA Group Health Care Plan premium for Eligible Members. Members of the WELS VEBA Anthem SmartValue Medicare plan will still be billed for November 2009 premiums, including Medicare plan premiums paid by Sponsoring Organizations on behalf of retirees. In addition, the premium holiday does not apply to premiums for Optional Group Term Life, Optional Long-Term Disability, Voluntary Dental, or the WELS Pension Plan.
- Any past due premiums owed for WELS VEBA Group Health Care Plan coverage prior to November will continue to be due and payable. The premium holiday will not reduce any past due amounts.

The WELS VEBA Commission is pleased to return the savings achieved by positive recent claims experience and continued better-than-anticipated Blue Cross Blue Shield discounts.

Questions regarding the November, 2009 premium holiday may be directed to the Benefit Plans Office by e-mail to: bpo@sab.wels.net or by phone at 414-256-3860.

WELS VEBA Health Plan Changes for 2010

No major changes to the benefit plan structure will be made for the active (non-Medicare) WELS VEBA Group Health Care Plan (the “Plan”) for the 2010 plan year. Except for the Plan Option 3 individual deductible, the deductibles and coinsurance percentages will remain the same as the 2009 plan year. The Plan will begin offering a brand new benefit program through Anthem Blue Cross Blue Shield, called MyIncentive Account, beginning January 1, 2010. Listed on page 3 is a summary of the new MyIncentive Account program, as well as other Plan changes, that will become effective January 1, 2010. Note that these changes do not apply to the Anthem SmartValue Medicare Advantage Plan. Details for that plan can be found on page 7.

(continued on page 3)

WELS VEBA Health Plan Changes for 2010

(continued from page 2)

Anthem MyIncentive Account

The Anthem MyIncentive Account will give Plan members the opportunity to earn tax-free incentives for completion of several activities. The MyIncentive Account will be the account that stores the balance of incentive dollars that you earn.

The activities and incentives are as follows:

- **\$100** for each adult member (covered employee or covered spouse) who completes the online health risk assessment on Anthem.com (limit one incentive per calendar year per member)
- **\$50** for each adult female member (covered employee or covered spouse) who enrolls in the Future Moms program during the first trimester of a pregnancy
- **\$50** for each adult member (covered employee or covered spouse) for engagement in an Anthem 360 Health managed care program

The dollars earned are used to offset future out-of-pocket expenses that are covered under the Plan, excluding prescription drugs and non-covered expenses. When any Plan member incurs a claim, any deductible or coinsurance amounts that would otherwise be the member's responsibility will be automatically reduced by the balance in the member's MyIncentive Account. Balances can be tracked on each member's MyAnthem page on Anthem.com. Any unused incentives left at the end of 2010 will be carried over to the 2011 plan year, which means that members will not lose the incentives they have earned and can save for future healthcare expenses.

Important Note: In order to maintain the tax-qualified status of Plan Option 3 for use with Health Savings Accounts, members enrolled in Plan Option 3 will not be eligible to participate or earn incentives in the MyIncentive Account program. Please consider this carefully before enrolling in Plan Option 3 for 2010.

Additional information regarding the details of this new benefit program will be communicated to all members in the coming months.

Transplant Benefits

In accordance with new IRS regulations stating that reimbursement for meal expenses under welfare plans may be considered taxable income, meals will no longer be covered as a covered expense under the Plan for transplant patients, donors, or their companions.

Plan Option 3 (HSA-Compliant High Deductible Health Plan)

The individual deductible for Plan Option 3 will increase to \$2,400. The family deductible will remain at \$4,000. In addition, the annual out-of-pocket maximum amounts will remain at \$5,000/individual and \$10,000/family, and coinsurance percentages will remain at 80% in-network and 70% out-of-network.

Charges for certain routine vision expenses will also change for 2010. Routine vision exams will now be covered only under the annual \$300 per covered individual wellness benefit, which is not subject to the deductible. Therefore, once the \$300 wellness benefit has been used, routine vision exams will not be covered by the Plan for the remainder of that plan year. All other routine vision expenses (e.g. refraction, frames, lenses, etc.) will be covered only under the routine vision benefit. The routine vision benefit provides reimbursement of 50% of the first \$250 in eligible charges per covered individual per year, and is subject to the deductible but not coinsurance.

Mental Health / Substance Abuse Benefits

In accordance with the Mental Health Parity and Addiction Equity Act of 2008, the Plan will no longer maintain separate annual or lifetime maximums, coinsurance percentages, or visit limitations for all mental health and substance abuse covered services. These covered services will now be subject to the annual deductible and out-of-pocket maximum of each Plan option, and also the Plan's total lifetime maximum benefit of \$3 million.

Eligibility Rules

The Plan's eligibility provisions will change to comply with two new federal laws, Michelle's Law and the Genetic Information Nondiscrimination Act of 2008 ("GINA"), as follows:

- Michelle's Law allows Plan dependents who are full-time, unmarried students to remain covered as dependents for at least one year, unless the dependent reaches the Plan's maximum dependent age limit of 26, if the dependent takes a medically necessary leave of absence or changes to less-than full-time student status due to a serious illness or injury.
- GINA requires that the Plan cannot request genetic information of any individual or the individual's family members or use genetic information as the basis for determining coverage or rates.

Plan amendments, including a Summary of Material Modifications, will be mailed to all enrolled active Plan members within the first few months of the 2010 plan year.

Summary Annual Report for WELS VEBA Group Health Care Plan

This is a summary of the annual report for the WELS VEBA GROUP HEALTH CARE PLAN, (Employer Identification No. 39-1522925, Plan No. 501) for the period January 1, 2008 to December 31, 2008. The annual report has been filed with the Employee Benefits Security Administration, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

BASIC FINANCIAL STATEMENT

The value of plan assets, after subtracting liabilities of the plan, was \$22,986,611 as of December 31, 2008 compared to \$22,720,833 as of January 1, 2008. During the plan year the plan experienced an increase in its net assets of \$265,778. This increase includes unrealized appreciation or depreciation in the value of plan assets; that is, the difference between the value of the plan's assets at the end of the year and the value of the assets at the beginning of the year, or the cost of assets acquired during the year. During the plan year, the plan had total income of \$34,629,074. This income included employee contributions of \$37,862,670 and earnings from investments of \$-3,233,596. Plan expenses were \$34,363,296. These expenses included \$2,348,860 in administrative expenses and \$32,014,436 in benefits paid to participants and beneficiaries.

YOUR RIGHTS TO ADDITIONAL INFORMATION

You have the right to receive a copy of the full annual report, or any part thereof, on request. The items listed below are included in that report:

1. An accountant's report;
2. Assets held for investment;
3. Transactions in excess of 5 percent of the plan assets; and
4. Insurance information including sales commissions paid by insurance carriers.

To obtain a copy of the full annual report, or any part thereof, write or call the office of:

Wisconsin Evangelical Lutheran Synod
2949 North Mayfair Road #116
Milwaukee, WI 53222-4392
39-1522925 (Employer Identification Number)
(414) 256-3860

You also have the right to receive from the plan administrator, on request and at no charge, a statement of the assets and liabilities of the plan and accompanying notes, or a statement of income and expenses of the plan and accompanying notes, or both. If you request a copy of the full annual report from the plan administrator, these two statements and accompanying notes will be included as part of that report. These portions of the report are furnished without charge.

You also have the legally protected right to examine the annual report at the main office of the plan:

Wisconsin Evangelical Lutheran Synod
2949 North Mayfair Road #116
Milwaukee, WI 53222-4392

and at the U.S. Department of Labor in Washington, D.C., or to obtain a copy from the U.S. Department of Labor upon payment of copying costs. Requests to the Department should be addressed to: U.S. Department of Labor, Employee Benefits Security Administration, Public Disclosure Room, 200 Constitution Avenue, NW, Suite N-1513, Washington, D.C. 20210.



WELS Pension Plan - 2008 Annual Report

As a defined benefit plan, the WELS Pension Plan (the "Plan") collects contributions from Sponsoring Organizations on behalf of all participants and invests the money in one diversified trust fund, from which benefits are paid to retired participants. The Plan is not a defined contribution plan in which each participant owns an individual account. During these difficult economic times, it is comforting for participants and Sponsoring Organizations to know that the investment risk for future pension benefits is borne entirely by the Plan. Therefore, participants can rest assured that the amount of their future benefit will not vary on a regular basis due to short-term market fluctuations, as was the case with many individuals across the U.S. who recently saw the value of their 401(k) accounts drop by 30% or more just as they began considering retirement. In fact, even with the recent market downturn, the Plan provided an *increase* in monthly benefits to many retired, in-benefit participants effective January 1, 2009.

The 2008 calendar year presented a challenging financial climate for both individual and institutional investors alike, including the Plan. Detailed financial results are provided in the table to the right. The Plan lost nearly 30% of its net assets over the course of 2008, almost entirely due to depreciation in the value of Plan investments. Every investment class yielded significantly negative performance results for the year.

Going forward, the Plan continues to balance the demand to provide greater benefit levels for future retirees and the need to maintain reasonable contribution levels for Sponsoring Organizations. This balance will be challenged in the coming years with the growing number of participants in active service nearing retirement age. Currently over 40% of all participants in active service are age 50 and over, compared to 26% just 14 years ago. The WELS Pension Commission, along with Plan management, actuaries, and investment counsel, monitor participant demographics, investment objectives and contribution levels in order to remain well-funded to meet present and future benefit obligations.

Questions in regard to the WELS Pension Plan may be directed to the WELS Benefit Plans Office by e-mail to bpo@sab.wels.net or by phone at 414-256-3860.

	<u>As of and For the Years Ended:</u>	
	<u>12/31/2008</u>	<u>12/31/2007</u>
<u>Participant Statistics</u>		
Participants in Active Service	4,432	4,428
Retired Participants In-Benefit Status	1,218	1,149
Surviving Spouses In-Benefit Status	242	240
Vested Terminated Participants	1,330	1,287
Total Plan Participants	7,222	7,104
<u>Summary of Operations</u>		
Source of Funds		
Employer Contributions	\$7,105,027	\$6,878,566
Net Investment Income (Loss)	(36,535,221)	7,147,528
Total Income	(29,430,194)	14,026,094
Disbursement of Funds		
Benefit Payments	(6,680,726)	(6,165,958)
Plan Expenses	(215,834)	(176,064)
Total Disbursements	(6,896,560)	(6,342,022)
Net Increase (Decrease)	(\$36,326,754)	\$7,684,072
<u>Financial Condition</u>		
Investments, at Fair Value		
Fixed Income (Bonds)	\$9,900,913	\$16,990,934
U.S. Equity	40,150,411	62,213,443
International Equity	13,893,612	23,000,726
Real Estate	11,118,625	12,658,292
Hedge Funds	9,919,340	6,388,709
Money Market	490,573	1,280,954
Total Investments	85,473,474	122,533,058
Receivables	763,094	716,123
Cash	46,329	137,004
Total Assets	86,282,897	123,386,185
Liabilities	(220,961)	(633,538)
Net Assets Available for Benefits	\$86,061,936	\$122,752,647
Actuarial Present Value of Accumulated Benefits	\$135,204,379	\$123,404,677
Unfunded Accumulated Benefits	\$49,142,443	\$652,030
Funding Status of Plan to Meet Present Value of Accumulated Benefits	64%	99%

2010 Dental Open Enrollment

The annual Open Enrollment period for the WELS Voluntary Dental Plan is currently underway. The open enrollment period will run from October 1 through October 31, 2009. This open enrollment will be available to eligible members of the active (non-Medicare) WELS VEBA Group Health Care Plan (the “Plan”) who are not currently enrolled in the dental plan. In addition, individuals who are currently enrolled in the dental plan will have the ability to change dental plan options if they wish. All coverage changes will become effective January 1, 2010.

Important change for Anthem Dentacare 160 Plan members! Given the 15.5% premium increase required by Anthem for 2010 (in addition to the 12.7% increase for 2009), the Anthem Dentacare 160 Plan will be discontinued as of January 1, 2010. Instead, current Dentacare 160 Plan members will have the ability to select one of two plans offered by Assurant Employee Benefits: the PPO Choice+ Plan or the Freedom Schedule Plan. **Current Dentacare 160 Plan members must complete a form to select one of these Assurant plans if you wish to continue your dental coverage in 2010!**

For all members currently enrolled in a dental plan other than the Anthem Dentacare 160 Plan, no action will be required during this open enrollment period if you do not wish to make any changes to your dental plan coverage for 2010.

Materials explaining the dental plan options and premium rates for 2010 have already been mailed by Willis HRH. If you would like to make changes to your plan, have questions regarding the 2010 dental plan options, or if you do not receive the mailing and wish to enroll, please contact our dental administrator:

Willis HRH

Voice Mail Toll-Free National: 1-800-637-3550 ext. 8879

Voice Mail Toll-Free Wisconsin: 1-800-242-1313 ext. 8879

E-Mail: openwels@willis.com

Flu Shot Benefits

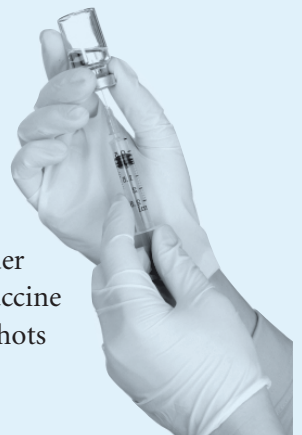
Active (non-Medicare) WELS VEBA Group Health Care Plan (the “Active Plan”)

Flu shots for both seasonal and H1N1 “swine flu” vaccines are covered medical expenses under the Active Plan and are subject to deductible and coinsurance. If your provider does not submit the claim to Anthem, you may obtain a member-submitted claim form for flu shots on the Health Forms page on the Benefit Plans Office website at www.welsbpo.net.

Tamiflu is generally covered under the prescription drug benefit of the Active Plan and is subject to the applicable co-pays for that benefit. Some restrictions apply for Tamiflu; please contact Medco for details at 1-800-818-6634.

WELS VEBA Anthem SmartValue Medicare Advantage Plan (the “Medicare Plan”)

Flu shots for both seasonal and H1N1 “swine flu” vaccines are covered medical expenses under the Medicare Plan. One flu shot per year, during fall or winter, is covered for each type of vaccine and is subject to the Medicare Plan’s deductible. Questions in regard to the coverage of flu shots under the Medicare Plan should be directed to Anthem at 1-877-326-2201.



2010 WELS VEBA Anthem SmartValue Medicare Advantage Plan

The WELS VEBA Anthem SmartValue MA-PFFS Plan will remain the plan available to Medicare-eligible members for the 2010 plan year. Members who are currently enrolled do not need to re-enroll to maintain coverage in the WELS VEBA Anthem SmartValue MA-PFFS plan for the 2010 plan year.

The 2010 monthly premium rate for the WELS VEBA Anthem SmartValue MA-PFFS plan will remain the same amount as the 2009 rate, which is \$189 per person.

Two significant changes will be made to the WELS VEBA Anthem SmartValue MA-PFFS plan for the 2010 plan year. First, the annual per person deductible will increase to \$750.

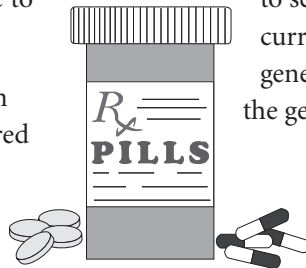
Second, an increase will be made to the prescription drug co-pay amounts for preferred and non-preferred brand name prescription drugs.

The 2010 co-pays for **generic** prescription drugs will remain unchanged from the 2009 co-pay amounts. The 2010 prescription drug co-pay amounts will be effective January 1, 2010 as follows:

Drug Status	Retail Co-pays (30-day supply)	Mail Co-pays (90-day supply)
Generic	\$10	\$20
Preferred Brand (Formulary)	\$35	\$70
Non-Preferred Brand (Formulary)	\$75	\$150

A letter will be sent from Anthem to members currently utilizing brand name prescription drugs to inform them of the upcoming co-pay increases. You may also call Anthem customer service or check with your doctor and/or pharmacist to see if this change will affect you next year. If you are currently taking a brand name prescription drug with a generic alternative, you may wish to consider switching to the generic in consultation with your medical providers.

Questions regarding the WELS VEBA Anthem SmartValue MA-PFFS Plan may be sent to bpo@sab.wels.net or by contacting the WELS Benefit Plans Office at 414-256-3860. You may also contact Anthem customer service at 1-877-326-2201.



Women's Cancer Notice

To: All Eligible WELS VEBA Group Health Care Plan Participants and Dependents

Re: Women's Health and Cancer Rights Act of 1998

Under this federal law, group health plans that provide medical and surgical benefits to a person who is receiving benefits from the Plan in connection with a mastectomy, must provide benefits for certain reconstructive surgery.

Although the WELS VEBA Group Health Care Plan (the "Plan") has previously considered this a benefit of the Plan, the law assures that coverage is available for all people who receive Plan benefits in connection with a mastectomy and then elect breast reconstruction.

Coverage must be available for the following:

- Reconstruction of the breast on which the mastectomy has been performed
- Surgery and reconstruction of the other breast to produce a symmetrical appearance; and
- Prosthesis and treatment of physical complications in all stages of mastectomy.

Coverage of the above is subject to the deductible or coinsurance provisions and limitations applied by the Plan for covered treatments.

If you have any questions regarding this benefit, please contact the Benefit Plans Office at 1-800-487-8322 or by e-mail to bpo@sab.wels.net.



Benefit Plans Office

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is published solely for
informational purposes and is
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form. Comments and inquiries
on subject matter presented
are encouraged.*

Benefit Plans Office Website

Did you know that the WELS Benefit Plans Office has a website? A variety of resources can be found at www.welsbpo.net, including:

- 2010 health plan rates and Plan Election Period materials
- Detailed information for health, pension, life, disability, and dental benefits
- Online directory to find a provider in the Anthem Blue Cross Blue Shield network
- Links to the Anthem website for viewing claims history and MyIncentive Account balances
- Report a life-changing event to the Benefit Plans Office
- Information regarding benefit news and events as they happen

Be sure to visit www.welsbpo.net for your benefit information!