

2019 Annual Update

This is an annual update that provides financial information about the Trust as of December 2019. The Trust is required to provide you with updated financial information annually.

This document does not involve any changes to your health care benefits. You do not need to take any action in response to this letter.

Dear UAW Trust Member:

We are writing on behalf of the Committee that oversees the administration of the UAW Retiree Medical Benefits Trust (the “Trust”). The Trust provides health care benefits for UAW retirees from General Motors (GM), Ford and Chrysler. The following pages describe updates to our financial position during the **2019 calendar year.**

We are proud that the Trust has been able to deliver more than a decade of excellent medical benefits while maintaining financial strength for the years ahead. Since the Trust launched in 2010, we have continuously improved the Trust’s financial strength both by finding ways to deliver benefits on a more cost-effective basis and by achieving excellent investment returns on the Trust’s assets. This financial strength has allowed us to add important benefits and keep members’ costs to a minimum. In 2020, for example, we were able to significantly expand the eligibility criteria for the Protected class, protecting even more of our most vulnerable members. We were also able to significantly reduce out-of-pocket costs for prescription drugs. As previously announced, we are also pleased that members’ costs will not increase in 2021.

Through strong carrier partnerships, we further strengthened our foundation for delivering connected, personalized and affordable health services – accelerating our ability to coordinate customized care, address seniors’ needs and contribute to a more sustainable health care system. Using a holistic approach, we expanded access by adding coverage for important benefits like telehealth or virtual doctor visits and maintaining affordability by keeping members’ costs to a minimum.

We all have a role in controlling health care costs. With flu season approaching and efforts underway on the creation of a COVID-19 vaccine, health officials are encouraging people this year – more so than ever – to get their vaccinations. Immunizations, screenings, and routine physicals are essential to good health.

You can learn more about the Trust by visiting our website at uawtrust.org or calling Retiree Health Care Connect (RHCC) at 866-637-7555 if you have any questions about your health care benefits.

We wish you good health.

Robert H. Naftaly
Committee Chair

Rory Gamble
UAW President & Committee Member

Mission, Vision and Values

The mission of the Trust is to provide every member with health benefits and the opportunity to achieve their best quality of life.

The Trust exists to serve our members. Our mission is 100% retiree-focused and seeks to meet the unique needs of our membership.

The Trust is an advocate for programs that support retiree health and health care.

We are committed to the long-term viability of the Trust.

About the Trust

Since January 1, 2010, the Trust has provided medical coverage for UAW retirees of GM, Ford and Chrysler. The Trust is separate from the auto companies and the UAW. The Trust is governed by an 11-person Committee, with six independent members and five members appointed by the UAW.

During 2019, the Trust provided benefits for more than 650,000 people. Of these, nearly 145,000 are from Ford.

During 2019, the Trust paid out \$3.8 billion to provide benefits, including medical and prescription drugs, to its members. It filled nearly 16 million prescription drug claims.

In the past decade, we have successfully managed benefit costs, allowing us to stretch every dollar to provide our members with coverage in the most cost-effective way possible. For 2020, we expanded the Protected class and dramatically reduced member out-of-pocket costs for prescription drugs.

The Trust call center, Retiree Health Care Connect, handled nearly 245,000 calls, helping members get answers to their questions about health care claims.

Annual Cost of Benefits

How much money did the Trust spend during 2019?

In total, the Trust spent \$3.8 billion in 2019. Of that, \$934 million was for Ford members. This covers \$794 million of direct payments to hospitals and doctors, as well as prescription drugs and other direct-patient care costs.

In addition to direct health care costs, the Trust must spend money to administer the medical plan itself, including the cost of reviewing and paying millions of individual medical and prescription drug claims, and the cost to maintain an eligibility system to keep track of our members. We regularly add new programs to help retirees. We continue to strengthen our case management and pharmacy programs to help our members who have complex chronic conditions. We also pay outside investment managers to make sure we invest the Trust's assets wisely. The total cost of all these administrative, operational and program costs was \$139 million for Ford members in 2019. We are also required to pay taxes of various kinds, including a tax on certain kinds of investment income.

Funds Available in the Trust

What assets are in the Trust?

The value of the Trust's net assets at the end of 2019 was approximately \$60.3 billion. The Ford portion of those assets was \$18.4 billion.

Investment markets were strong in 2019, contributing to the ongoing financial health of the Trust. The Trust's efforts to control costs by delivering benefits more efficiently – along with our members continuing to engage in prudent purchasing of health benefits – also continues to help improve the Trust's financial strength by keeping our liabilities as low as possible.

The Trust remains in strong financial position. But we must always remember that the future is uncertain. Events completely out of our control can occur and have a negative impact on the Trust's financial condition. Declines in the investment markets, spikes in health care inflation or negative changes in federal Medicare programs can all have an adverse impact on the Trust. The Trust works to protect retirees from these uncertainties by continuing to operate efficiently, investing wisely, and encouraging our members to take advantage of programs to improve their health.

Trust Investments

The assets in the Ford portion of the Trust are invested in a diversified portfolio of stocks, bonds and other investments. The Trust and its Investment Sub-Committee, internal investment staff, and outside investment professionals, regularly review investment policies, results and practices to make sure that our investments are aligned with the Trust's long-term goals.

How did the Trust investments perform during 2019?

2019 was an excellent year in the investment markets, allowing the Trust to realize strong investment returns across its investment portfolio. Overall, the investments in the Ford account gained roughly 10.09% for calendar year 2019.

Since 2010, the investments in the Ford account have earned an average annual rate of return of 7.04%, not including the return on Ford-related holdings.

Current Member Needs and Long-Term Solvency

How does the Trust balance the needs of current members and the need to maintain long-term financial stability for future retirees?

The Trust is always working to balance two goals:

- Medical benefits are vital to the economic security of every family, particularly retirees who must live on a fixed income. The UAW fought for retiree medical benefits at the bargaining table for decades. The Trust is now the entity that provides these vital benefits. **The Trust works hard to provide the best possible benefits to current members who need these benefits today.**
- The money in the Trust must also be used carefully. We need to protect the long-term financial health of the Trust. In addition to the 650,000 members already receiving benefits from the Trust, there are 68,000 active workers who will be eligible for Trust benefits upon their retirement. Both these groups will have medical needs for many years. **A key part of our job is to make sure there is still money in the Trust to provide these benefits for many decades to come.**

We have **improved benefits and expanded coverage**. Over the years, we've added coverage for primary care office visits, urgent care centers, immunizations, and a variety of educational and other programs to help our members with chronic conditions such as diabetes. We expanded Medicare Advantage programs in all 50 states to give our Medicare-eligible members greater choice of coverage options while preserving coverage levels and access to doctors and hospitals. For non-Medicare members, we introduced specialist office visit coverage.

We also work hard to **hold down retiree costs** to make benefits affordable as possible without compromising coverage or benefit levels. For 2020, we lowered our tier 1 (generic) drug copay and all mail order copays. **We are pleased that we were able to avoid any member cost increases for 2020 and we announced no cost increases for 2021.** In light of the current pandemic, we also focused on increasing access for members by adding telehealth (virtual office visit) coverage for 2021.

Finally, we understand that we must **save money whenever possible**, in order to help protect the long-term future of the Trust. Every dollar we save is a dollar we can use to pay for medical benefits. We are proud of our cost-saving efforts.

We also recognize that—when it comes to your health care—it's not just about saving money. It's also about spending wisely. Your engagement can help protect the Trust's financial health and ensure that you and your fellow UAW retirees receive good medical benefits for many years into the future. That's why we work so hard to encourage you to take advantage of the office visit, immunization, screening, and other preventive benefits. Thousands of our members have taken advantage of our new vaccine and immunization benefits. Many of those individuals would have become seriously ill if they had not taken that simple step. By making good choices about your medical care, you can help yourself, your family, and your fellow retirees.

Note: Most of the figures in this communication relate to the calendar year 2019, the last year for which audited figures are available. The performance for 2020 will be communicated in a letter next fall. Even though 2020 has not ended, and audited figures are not available for any part of 2020, as of October 2020, there has not been a significant negative impact on the financial health of the Trust resulting from the events of 2020.

SUMMARY ANNUAL REPORT

FOR UAW FORD RETIREES MEDICAL BENEFITS PLAN

This is a summary of the annual report of The UAW Ford Retirees Medical Benefits Plan, EIN 90-0424876, Plan No. 502, for the period January 1, 2019, through December 31, 2019. The annual report has been filed with the Employee Benefits Security Administration, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

Insurance Information

The plan has contracts with Aetna Life Insurance Co., Blue Care Network of Michigan, Blue Cross and Blue Shield of Kansas City, Blue Cross Blue Shield of Michigan, Coventry Health Care of Missouri, Health Alliance Plan, Healthpartners, Humana Benefit Plan of Illinois, Inc., Humana Insurance Company, Kaiser Foundation Health Plan, Inc. - California, Kaiser Foundation Health Plan of Colorado, Kaiser Foundation Health Plan of Mid-Atlantic States, Inc., Kaiser Foundation Health Plan of Georgia and Kaiser Foundation Health Plan of the Northwest to pay health, prescription drug, HMO and PPO claims incurred under the terms of the plan. The total premiums paid for the plan year ending December 31, 2019, were \$116,388,671.

Because they are so called “experience-rated” contracts, the premium costs are affected by, among other things, the number and size of claims. Of the total insurance premiums paid for the plan year ending December 31, 2019, the premiums paid under such “experience-rated” contracts were \$23,747,673 and the total of all benefit claims paid under these contracts during the plan year was \$72,937,886.

Basic Financial Statement

The value of plan assets, after subtracting liabilities of the plan, was \$18,366,445,253 as of December 31, 2019, compared to \$17,173,803,759 as of January 1, 2019. During the year the plan experienced an increase in its net assets of \$1,192,641,494. This increase includes unrealized appreciation and 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 \$2,126,416,192, including participant contributions of \$9,712,318, other contributions of \$156,296,126, realized gains of \$406,978,612 from the sale of assets, earnings from investments of \$1,431,791,610, and other income of \$121,637,526.

Plan expenses were \$933,774,698. These expenses included \$139,433,604 in administrative expenses, and \$794,341,094 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:

- An accountant's report;
- Financial information;
- Information on payments to service providers;
- Assets held for investment;
- Transactions in excess of 5% of the plan assets;
- Insurance information, including sales commissions paid by insurance carriers; and
- Information regarding any common or collective trusts, pooled separate accounts, master trusts or 103-12 investment entities in which the plan participates.

To obtain a copy of the full annual report, or any part thereof, submit your check for \$25 payable to "UAW Retiree Medical Benefits Trust" and mail to UAW Retiree Medical Benefits Trust – Ford SAR, P.O. Box 14309, Detroit, MI 48214. If you have any questions, call Retiree Health Care Connect at 866-637-7555.

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. The charge to cover copying costs given above does not include a charge for the copying of these portions of the report because these portions are furnished without charge.

You also have the legally protected right to examine the annual report at the main office of the plan (The Committee of the UAW Retiree Medical Benefits Trust, 1155 Brewery Park Blvd., Suite 400, Detroit, MI 48207) 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: Public Disclosure Room, Room N-1513, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

Paperwork Reduction Act Statement

According to the Paperwork Reduction Act of 1995 (Pub. L. 104-13) (PRA), no persons are required to respond to a collection of information unless such collection displays a valid Office of Management and Budget (OMB) control number. The Department notes that a Federal agency cannot conduct or sponsor a collection of information unless it displays a currently valid OMB control number. See 44 U.S.C. 3507. Also, notwithstanding any other provisions of law, no person shall be subject to penalty for failing to comply with a collection of information if the collection of information does not display a currently valid OMB control number. See 44 U.S.C. 3512.

The public reporting burden for this collection of information is estimated to average less than one minute per notice (approximately 3 hours and 11 minutes per plan). Interested parties are encouraged to send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Labor, Office of the Chief Information Officer, Attention: Departmental Clearance Officer, 200 Constitution Avenue, N.W., Room N-1301, Washington, DC 20210 or email DOL_PRA_PUBLIC@dol.gov and reference the OMB Control Number 1210-0040.

OMB Control Number 1210-0040 (expires 06/30/2022)

