

# 2020 Annual Update

*This is an annual update including financial information about the Trust as of December 2020. The Trust is required to provide you with updated financial information annually.*

*This document does not involve 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 to UAW retirees from General Motors (GM), Ford and Chrysler. The following pages describe updates to our **2020 calendar year** financial position.

The COVID-19 pandemic took a toll on our daily lives. As the virus began to spread, older adults experienced extraordinary challenges due to the risk of more severe complications, disruptions in daily routines, access to health care, and the effects of isolation. Despite these obstacles, the world learned to adapt. You were no different; in fact, many took advantage of new benefits available through digital tools, like telemedicine.

The pandemic has reinforced the need for health care benefits with flexibility, affordability, and accessibility. In a chaotic year where investment markets defied expectations—contributing to the continued positive financial health of the Trust—we were able to focus on benefits that positively influence health and well-being and encourage preventive care. In 2022, members enrolled in most plans will have lower out-of-pocket costs, expanded mental health benefits, added coverage for services like allergy testing and chiropractic care, and a new over-the-counter (OTC) benefit.

Preventive care including immunizations, screenings, and routine physicals are essential to good health and reduce the overall health care costs. Learn more about the Trust online at [uawtrust.org](http://uawtrust.org) or by calling Retiree Health Care Connect (RHCC) at 866-637-7555 if you have questions about your benefits.

We wish you good health.

Robert H. Naftaly  
Committee Chair

Ray Curry  
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**

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

**During 2020, the Trust provided benefits for more than 640,000 members, of which, nearly 145,000 are from Ford.**

*In 2020, the Trust paid approximately \$3.8 billion providing health care for its retirees and dependents, including filling over 15.7 million prescriptions during the plan year.*

Since the launch of the Trust, we have successfully managed benefit costs, allowing us to stretch every dollar to provide retirees with coverage in the most cost-effective way possible.

*The Trust call center, RHCC, handled more than 240,000 calls, helping retirees get answers to questions about health care claims.*

## **Annual Cost of Benefits**

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### **How much money did the Trust spend in 2020?**

In total, the Trust spent \$3.8 billion in 2020. Of that, \$957 million was for Ford retirees. This covers \$787 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 spends 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 members. We regularly add new programs for retirees. We continue to strengthen our case management and pharmacy programs to help our members with complex chronic conditions. We also pay outside investment managers to make sure we invest the Trust's assets wisely. For Ford in 2020, the total cost of all these administrative, operational and program costs was \$170 million. We are also required to pay various taxes, including a tax on certain 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 2020 was approximately \$62.9 billion, of which the Ford portion was \$19.3 billion.

Investment markets were strong in 2020, contributing to the on-going financial health of the Trust. Our on-going efforts to control costs by delivering benefits more efficiently—along with Trust retirees continuing to engage in prudent purchasing of health benefits—continue to help improve our financial strength by keeping our liabilities as low as possible.

The Trust remains in a strong financial position. But we must remember 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 members from these uncertainties by continuing to operate efficiently, investing wisely, and encouraging 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 2020?**

2020 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 8.1% for calendar year 2020.

Since 2010, the investments in the Ford account have earned an average annual rate of return of 7.1%, not including the return on Ford-related holdings.

# Current Member Needs and Long-Term Solvency

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## 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 640,000 members already receiving benefits from the Trust, there are 61,000 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. In 2022, we are introducing a new over-the-counter (OTC) program.

We also work **hard to hold down retiree costs** to make benefits affordable without compromising coverage or benefit levels. **We are pleased that we were able to lower out-of-pocket costs for members in certain health care plans in 2022.**

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.

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 retirees have taken advantage of our vaccine and immunization benefits. Many of whom 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 2020, the last year for which audited figures are available. The performance for 2021 will be communicated in a letter next fall. Even though 2021 has not ended, and audited figures are not available for any part of 2021, as of October 2021, there has not been a significant negative impact on the financial health of the Trust resulting from the events of 2021.

# **SUMMARY ANNUAL REPORT**

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## **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, 2020, through December 31, 2020. 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, Health Alliance Plan, HealthPartners, Humana Benefit Plan of Illinois, Inc., Humana Insurance Company, Kaiser Foundation Health Plan, Inc. - California, Kaiser Foundation Health Plan of Mid-Atlantic States, Inc., Kaiser Foundation Health Plan of the Northwest, Kaiser Foundation Health Plan of Colorado and Kaiser Foundation Health Plan of Georgia to pay certain 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, 2020, were \$93,496,328.

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, 2020, the premiums paid under such “experience-rated” contracts were \$13,875,668 and the total of all benefit claims paid under these contracts during the plan year was \$43,865,360.

### **Basic Financial Statement**

The value of plan assets, after subtracting liabilities of the plan, was \$19,342,205,927 as of December 31, 2020, compared to \$18,366,445,253 as of January 01, 2020. During the plan year the plan experienced an increase in its net assets of \$975,760,674. 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 \$1,932,667,646, including employee contributions of \$7,734,453, other contributions of \$182,304,585, realized losses of (\$233,461,784) from the sale of assets, earnings from investments of \$1,914,891,198, and other income of \$61,199,194.

Plan expenses were \$956,906,972. These expenses included \$170,148,628 in administrative expenses, and \$786,758,344 in benefits paid to participants and beneficiaries.



# **Your Rights To Additional Information**

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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 \$25.00 payable to "UAW Retiree Medical Benefits Trust" and mail it 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.

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**

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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](mailto:DOL_PRA_PUBLIC@dol.gov) and reference the OMB Control Number 1210-0040.

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

