

ARIZONA SHEET METAL TRUST FUNDS

HEALTH AND WELFARE

ADMINISTRATIVE OFFICE

PENSION

2400 W. Dunlap Ave., Suite 250
Phoenix, AZ 85021
(602) 249-3582

October 1, 2006

TO: Arizona Sheet Metal Trades Retirees participating in the Health & Welfare Trust

FROM: Board of Trustees

SUBJECT: Increase in monthly contribution to Health & Welfare Fund

DATE: Effective November 1, 2006

As you have probably read and seen in the headlines, the healthcare industry has seen double digit inflation in medical costs. These increases have been particularly challenging to sponsors of health and welfare plans. Over the years your Fund has been able to minimize your monthly contribution through Fund reserves and contributions from the active participants. However, due to increased costs in medical care the Fund is no longer able to continue without increased monthly contributions.

When considering any changes, our main objective remains to provide you and your dependents with some level of financial protection against the enormous expense of a catastrophic illness or injury. In order to achieve that objective, we must make difficult decisions that keep this Trust Fund financially solvent. We are sensitive to your concerns and do not make these changes lightly. We want to make you aware of the changes so that questions and concerns may be addressed.

The following rates will apply to all participants that retired prior to February 1, 2002:

Early Retirees.....	\$364.00 Per/Mo
A Retiree on Medicare and a Spouse not on Medicare	\$182.00 Per/Mo
Retiree not on Medicare and a Spouse on Medicare.....	\$182.00 Per/Mo
Retiree and Spouse on Medicare.....	\$120.00 Per/Mo

The rates for participants that retired after February 1, 2002 are as follows:

RETIREE AND SPOUSE UNDER AGE 65

Years Until 65					
Years of Service	10	8	6	4	2
10 - 15	\$865	\$857	\$847	\$838	\$820
16 - 20	\$774	\$747	\$729	\$710	\$684
21 - 25	\$638	\$620	\$592	\$565	\$547
26 - 29	\$501	\$473	\$455	\$428	\$410
30+	\$364	\$364	\$364	\$364	\$364

ONE RETIREE/SPOUSE OVER AGE 65 –ONE UNDER AGE 65

Years Until 65					
Years of Service	10	8	6	4	2
10 -15	\$764	\$757	\$748	\$740	\$724
16 – 20	\$684	\$660	\$644	\$627	\$604
21 – 25	\$564	\$548	\$523	\$499	\$483
26 – 29	\$443	\$418	\$402	\$378	\$362
30+	\$322	\$322	\$322	\$322	\$322

SINGLE RETIREE OR RETIREE AND SPOUSE BOTH ON MEDICARE \$237

Your Board of Trustees deeply regrets having to increase these rates, but find that there is no other alternative in the effort to keep this Plan available to as many participants as possible. We appreciate your understanding and cooperation. If you have any questions, please contact the Administration Office at (602) 249-3582.

Sincerely,

Board of Trustees