



This is an annual update that provides financial information about the Trust as of December 2016. 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 which oversees the administration of the UAW Retiree Medical Benefits Trust (the "Trust"). The Trust provides health care benefits for UAW retirees of General Motors (GM), Ford and Chrysler.

The mission of the Trust is to serve as a source of retiree health care coverage for its members. This involves purchasing and managing health care benefits today while investing assets to provide benefits in future years. In the following pages, we describe the updates to the Trust's financial position during the 2016 calendar year.

We are proud of the progress we have made since the Trust launched in 2010. This includes strong performance in diversified investments, finding ways to control costs while improving benefits, and focusing more closely on retiree health care needs. Our performance has allowed us to add important benefits. In recent years, we have expanded office visit coverage, added comprehensive dental and vision coverage, reduced the cost of important immunizations, expanded hearing aid coverage, offered a range of important care management and education programs, and expanded availability of Medicare Advantage options. We have been able to add these important programs while keeping your out-of-pocket costs low, including low costs for new therapies and lifesaving treatments for our retirees that need them. Earlier this year, we were pleased to announce that there will not be **any** increase in retiree costs for 2018.

Immunizations, screenings, and routine physicals are also essential to good health. Taking these simple steps can help you live a healthier life. If you haven't already done so, please take a minute to make sure you are current with all your recommended screenings and other preventive procedures.

You can learn more about the Trust by visiting our website at www.uawtrust.org, by attending retiree meetings in your area, or by 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

Dennis Williams
UAW President & Committee Member

About the Trust

Since January 1, 2010, the UAW Retiree Medical Benefits 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 2016, the Trust provided benefits for more than 720,000 people. Of these, more than 109,000 are from Chrysler.**

During 2016, the Trust paid out more than \$4.46 billion to provide medical and prescription drug benefits to its members. It filled nearly 17 million prescription drug claims. We are particularly proud that we have been able to continue offering new blockbuster medicines to our retirees at a reasonable cost. These new drugs are important for many retirees, but they are far more expensive than ever before. Many other health plans either refused to cover these new drugs at all or have forced retirees to pay tens of thousands of dollars to receive them. We believe providing these new drugs at a reasonable cost is an important part of the Trust's mission. We have therefore continued to offer these drugs to our retirees under the same copay structure as any other drug. To do this, the Trust has absorbed hundreds of millions of dollars in new costs in recent years. We are pleased that we have been able to absorb these new costs on behalf of our retirees, and thereby assure that every retiree who needs these important new drugs can get them.

The Trust call center, Retiree Health Care Connect, handled more than 266,000 calls, helping retirees get answers to their questions about health care claims.

Annual Cost of Benefits

How much money did the Trust spend during 2016?

In total, the Trust spent more than \$4.46 billion in 2016. Of that, more than \$673 million was for Chrysler retirees. This covers \$590 million of direct payments to hospitals and doctors, as well as prescription drug 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. Additionally, we 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 nearly \$83 million for Chrysler retirees in 2016.

Funds Available in the Trust

What assets are in the Trust?

The value of the Trust's net assets at the beginning of 2017 was approximately \$56.7 billion. The Chrysler portion of those assets was \$10.7 billion.

During 2016, the Trust continued to experience good financial results. Investment markets in 2016 were relatively strong, as detailed later in this document. In addition, the Trust's on-going efforts to control costs by delivering benefits more efficiently – along with our retirees continuing to engage in prudent purchasing of health benefits – kept our liabilities under control.

The financial news for the Trust continues to be positive. 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 situation. 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 must prepare for an uncertain future as best we can, by continuing to operate efficiently, invest wisely, and encourage members to take advantage of our programs to improve their health.

Trust Investments

When the Trust launched in 2010, the Chrysler portion of the Trust's assets included large allocations of Chrysler ownership, as well as an interest-bearing Chrysler Note. As described in prior updates, the Trust successfully sold those company-related assets to Fiat under agreements reached in late 2013 and finalized in early 2014. During 2016, there were no longer any Chrysler-related securities held in the Chrysler portion of the Trust.

All of the assets in the Chrysler portion of the Trust are now 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 2016?

Investment markets were relatively strong in 2016. The investments in the Chrysler account returned approximately 6.9% for the 2016 calendar year.

Since 2010, the investments in the Chrysler account have earned an annual rate of return of 4.0%, not including the return on Chrysler-related holdings.

Current Retiree Needs and Long-Term Solvency

How does the Trust balance the needs of current retirees 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 retirees who need those 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 720,000 retirees already receiving benefits from the Trust, there are nearly 80,000 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** in many ways. In 2015, we added traditional dental and vision coverage for Chrysler retirees. We have 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 added Medical Advantage programs in all 50 states, to give our Medicare-eligible retirees access to these helpful programs. Our “Vital Decisions” program helps members facing end-of-life issues.

We also work hard to **hold down retiree costs** to make benefits as affordable as possible. **We are pleased that we were able to avoid any retiree cost increases for 2018.**

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 Trust's office visit, immunization, screening, and other preventive benefits. Thousands of our retirees have taken advantage of our new vaccine and immunization benefits. Many of those retirees 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 2016 calendar year, the last year for which audited figures are available. The performance for 2017 will be communicated in a letter next fall. Even though 2017 has not ended, and audited figures are not available for any part of 2017, there has not been any event as of October 2017 that would have a significant negative impact on the financial health of the Trust.

**SUMMARY ANNUAL REPORT
FOR UAW CHRYSLER RETIREES MEDICAL BENEFITS PLAN**

This is a summary of the annual report of the UAW Chrysler Retirees Medical Benefits Plan, EIN 90-0424876, Plan No. 503, for period January 1, 2016 through December 31, 2016. The annual report has been filed with the Employee Benefits Security Administration, U.S. Department of Labor, 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 Blue Shield of Michigan, Coventry Health and Life, Coventry Health Care of Missouri, Health Alliance Plan, Healthpartners, Healthplus of Michigan, Humana Benefit Plan of Illinois, Inc., Humana Health Insurance Company of Florida, Inc., Humana Insurance Company, Kaiser Foundation Health Plan Inc. - California, Kaiser Foundation Health Plan of Colorado, Kaiser Foundation Health Plan of Georgia, Kaiser Foundation Health Plan of Mid-Atlantic States, Inc., Kaiser Foundation Health Plan of The Northwest and UnitedHealthcare Insurance Company to pay certain health, prescription drug, HMO and PPO claims incurred under the terms of the plan. The total premiums and fees paid for the plan year ending December 31, 2016 were \$65,905,124.

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, 2016, the premiums paid under such "experience-rated" contracts were \$4,947,882 and the total of all benefit claims paid under these contracts during the plan year was \$47,724,451.

Basic Financial Statement

The value of plan assets, after subtracting liabilities of the plan, was \$10,693,910,837 as of December 31, 2016, compared to \$10,480,848,186 as of January 1, 2016. During the plan year the plan experienced an increase in its net assets of \$213,062,651. 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 \$886,283,129, including participant contributions of \$16,823,867, other contributions of \$99,195,924, realized gains of \$18,642,386 from the sale of assets, earnings from investments of \$738,011,392, and other income of \$13,609,560.

Plan expenses were \$673,220,478. These expenses included \$82,891,165 in administrative expenses, and \$590,329,313 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;
- Fiduciary information, including non-exempt transactions between the plan and parties-in-interest (that is, persons who have certain relationships with the plan);
- 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 Benefit Trust" and mail to UAW Retiree Medical Benefits Trust Chrysler 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 (UAW Retiree Medical Benefits Trust, 200 Walker Street, 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 N1513, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

