

This is an annual update that provides financial information about the Trust as of December 2018. 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 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. In the following pages, we describe the updates to the Trust's financial position during the 2018 calendar year.

We are proud of the progress we have made in the 10 years since the Trust launched. We have 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 retiree costs to a minimum. Most recently, we were pleased to announce a significant expansion of the eligibility criteria for the Protected class, starting January 1, 2020. This expansion will protect even more of our most vulnerable members (with low pension incomes) from certain cost-sharing provisions. We were also pleased to announce a reduction in prescription drug costs for our Express Scripts members effective January 1, 2020. Most notably, tier 1 (select generics) medications will be reduced from **\$24 to \$5** for a three-month supply through mail order. That's a **\$76 savings** per year, per medication.

We all have a role in controlling health care costs. Immunizations, screenings, and routine physicals are 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, attending retiree meetings in your area, 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.

The Committee of the UAW Retiree Medical Benefits Trust

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 the medical coverage for United Auto Workers (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 2018, the Trust provided benefits for more than 675,000 people. Of these, more than 150,000 are from Ford.**

During 2018, the Trust paid out \$3.8 billion to provide benefits, including medical and prescription drugs, to its members. It filled more than 16.4 million prescription drug claims.

In the past decade, we have successfully managed benefit costs, allowing us to stretch every dollar to provide our retirees with coverage in the most cost-effective way possible. For 2019, we added important benefits for our members, including expanding office visit coverage and introducing specialist coverage for our non-Medicare retirees.

The Trust call center, Retiree Health Care Connect, handled over 325,000 calls, helping retirees get answers to their questions about health care claims.

Annual Cost of Benefits

How much money did the Trust spend during 2018?

In total, the Trust spent \$3.8 billion in 2018. Of that, \$961 million was for Ford retirees. This covers \$822 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 retirees in 2018. 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 2018 was approximately \$56.7 billion. The Ford portion of those assets was \$17.2 billion.

Investment markets were volatile during 2018, and experienced significant declines in the final months of the year. The year-end 2018 financial results reflect those declines. Fortunately, so far during the first nine months of 2019, the markets have experienced a significant recovery.

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—continues to help improve the Trust's financial strength by keeping our liabilities as low as possible.

Despite the choppy investment markets last year, 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, investing wisely, and encouraging our retirees to take advantage of our 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 2018?

Investment markets were volatile during 2018, and experienced significant declines in the final months of the year. The year ended with a rather dramatic loss in stock markets, with most broad stock indices down more than 10% for the quarter. The year-end 2018 financial results reflect those declines. Because the Trust invests in a diversified portfolio, the Trust did not experience the same level of losses as the stock market generally during 2018. Overall, the investments in the Ford account lost roughly 1.5% for calendar year 2018. Fortunately, so far during the first nine months of 2019 the markets have experienced a significant recovery.

Since 2010, the investments in the Ford account have earned an average annual rate of return of 6.7%, not including the return on Ford-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 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 675,000 retirees already receiving benefits from the Trust, there are 72,000 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 retirees greater choice of coverage options while preserving coverage levels and access to doctors and hospitals. For non-Medicare retirees, 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. **We are pleased that we were able to avoid any retiree cost increases for 2019 and we announced no cost increases for 2020.** As part of our focus to increase affordability for all members, we were pleased to announce for 2020 that tier 1 copay for medications for Express Scripts members will be reduced to \$5 for both a 30-day retail pharmacy or 90-day mail order supply. Additionally, all mail order copays in all tiers will be reduced to the same amount as the retail copay. That means members can get a 90-day supply at mail order for the same amount as what they pay for a 30-day supply at retail. For tier 1 generic drugs, this means a total annual mail order cost of \$20 per medication, a \$76 per year savings compared to last year for every medication.

We were also pleased to be able to expand the Protected class by more than 100,000 new members, protecting even more of our most vulnerable members, those with the lowest pension income. For this group, we launched a new Protected MA PPO plan designed to offer Protected members greater value by lowering cost-shares, such as deductibles, copays and monthly contributions.

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 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 calendar year 2018, the last year for which audited figures are available. The performance for 2019 will be communicated in a letter next fall. Even though 2019 has not ended, and audited figures are not available for any part of 2019, there have not been any events as of October 2019 that would have a significant negative impact on the financial health of the Trust.

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 period January 1, 2018, through December 31, 2018. 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, Kaiser Foundation Health Plan of the Northwest, Midwestern Dental Plans, Inc. and Single Vision Solution Inc. to pay certain health, dental, vision, prescription drug, HMO and PPO claims incurred under the terms of the plan. The total premiums paid for the plan year ending December 31, 2018, were \$137,672,423.

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, 2018, the premiums paid under such "experience-rated" contracts were \$26,817,148 and the total of all benefit claims paid under these contracts during the plan year was \$75,321,700.

Basic Financial Statement

The value of plan assets, after subtracting liabilities of the plan, was \$17,173,803,759 as of December 31, 2018, compared to \$18,279,565,191 as of January 1, 2018. During the plan year the plan experienced a decrease in its net assets of \$1,105,761,432. This decrease 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 (\$144,696,404), including employee contributions of \$10,677,464, other contributions of \$137,654,559, realized losses of (\$254,917,622) from the sale of assets, earnings from investments of (\$91,371,580), and other income of \$53,260,775.

Plan expenses were \$961,065,028. These expenses included \$138,910,169 in administrative expenses, and \$822,154,859 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 \$25.00 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.

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, 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 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)