

Chicago Transit Authority Retiree Health Care Trust

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Dear CTA New Hire:

The purpose of this letter is to provide some background on the CTA Retiree Health Care Trust (RHCT). The RHCT is a separate entity from the CTA and was created in order to provide health care benefits to eligible CTA employees in retirement.

On January 18, 2008, the Governor of the State of Illinois signed into law Public Act 95-708, which added Section 22-101B to the Pension Code. Under Public Act 95-708, the RHCT is solely responsible for providing health care benefits to eligible retirees and their dependents and survivors in accordance with the terms and conditions set forth in Section 22-101B and the terms of the program of benefits adopted by the Board of Trustees of the RHCT.

Because you are an employee of the Chicago Transit Authority, deductions are required from each paycheck and are contributed to the RHCT. The current deduction amount is 3% of your compensation, but this may change over time. The 3% deduction will begin with your first paycheck and will appear under the "Before-Tax Deductions" as "HC Trust". The RHCT is a health plan with advantages under IRS rules. These IRS rules do not permit refunds of contributions.

The RHCT is funded with payroll contributions from all CTA employees, premiums paid by retired participants and the proceeds from the sale of pension obligation bonds by the CTA of approximately \$529 million.

Public Act 95-708 also created a Board of Trustees to administer the RHCT. The Board of Trustees sets the contribution rate for employees and the premium rates for retirees.

The Board of Trustees of RHCT is made up of seven members. Three of the members are appointed by the Chicago Transit Board; one member is appointed by the Amalgamated Transit Union, Local 241; one member is appointed by the Amalgamated Transit Union, Local 308; one member is appointed by a coalition of other unions representing employees at the CTA and one member is appointed by the Regional Transportation Authority.

If you have questions about the RHCT, please call the office of the Trust at (312) 441-9694 or visit our website at www.ctaretirement.org.

Sincerely,

CTA RHCT Board of Trustees