

IAFF Medical Expense Reimbursement Plan

Administered by Vimly Benefit Solutions

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NOTICE OF INVESTMENT SELECTION PERIOD

DATE: June 15, 2023

TO: Participant of IAFF MERP or CFBT With New Individual Employee Account

RE: Investment Selections in IAFF MERP

You have the opportunity to choose the investment for your individual Employee Account in the IAFF Medical Expense Reimbursement Plan (the “IAFF MERP”). This Cover Letter briefly explains the investment of your Employee Account; please review the Informational Bulletin that accompanies this Cover Letter for more information about your Employee Account and the Employee Account investment options. To make your initial selection, you must complete the Portfolio Selection Form (the “Selection Form”) enclosed in this packet, by choosing one of the investment options and signing the Selection Form. If you are married, your spouse must also sign the Selection Form. Return the Selection Form to the IAFF MERP Trust Office (address above). This investment will be effective as indicated below.

Effective Date of Investment Selection. The Selection Form is due to the Trust Office within 30 days of the date on this Notice of Investment Selection Period. In order for your investment selection to be implemented on the 1st of the following month, the Trust Office must receive your Portfolio Selection Form by the 15th of the month. If the Trust Office receives your Portfolio Selection Form after the 15th of the month, your investment selection will be implemented on the 1st of the second month following receipt of your Selection Form. For example, if your Selection Form is received on July 14, your funds will be invested effective August 1; if your Selection Form is received on July 16, your funds will be invested effective September 1. You will not begin accruing investment returns on your Employee Account until your funds are actually invested.

Investment of Your Employee Account. The IAFF MERP Board of Trustees has established the following choices for the investment of your Employee Account:

1. *First American Institutional Prime Obligations Fund.* The First American Institutional Prime Obligations Fund (ticker symbol: FPIXX) generally consists of money market funds. This investment option has the lowest volatility and has the lowest expected return in the long term.
2. *Dodge & Cox Income Fund.* The Dodge & Cox Income Fund (ticker symbol: DODIX) has a higher expected return than the First American Institutional Prime Obligations Fund but is a more conservative choice than the Portfolios with a blended stock/bond make-up (see Nos. 3 and 4 below).
3. *Vanguard Target Retirement Income Fund.* The Vanguard Target Retirement Income Fund (ticker symbol: VTINX) is somewhat more aggressive in its allocation than the Dodge & Cox Income Fund. The Vanguard Target Retirement Income Fund allocates some of its assets to stocks, which makes it more volatile than the Dodge & Cox Income Fund. However, due to the allocation of some assets to stocks, the Vanguard Target Retirement Income Fund also has a higher return potential than the Dodge & Cox Income Fund. As of December 31, 2022, the asset allocation of this portfolio was approximately 29.70% equity and 70.30% fixed income. In contrast to the target date funds (described below) this investment does not

become more conservative over time; this investment is a “static” investment portfolio, which means that the asset allocation targets (stated above) remain the same at all times.

4. *Target Date Retirement Funds.* There are three portfolios that include a mixture of stocks and bonds and automatically adjust from aggressive to conservative (from more to less stocks) as the year of your selected target date approaches. For example, the Vanguard Target Retirement 2030 Fund will become more conservative as the year 2030 approaches. Review the enclosed Informational Bulletin and fact sheets for information on these Portfolios. You may select from the following three Target Date Portfolios: Vanguard Target Retirement 2030 Fund (VTHRX), Vanguard Target Retirement 2040 Fund (VFORX), and Vanguard Target Retirement 2050 Fund (VFIFX).

Default Selection. Failure to return the Selection Form within the 30-day selection period and make an investment selection will result in a default selection being made on your behalf.¹ The default selections are described in the enclosed Informational Bulletin and determined based upon your age. You can only change your investment selection once a year – generally in April, with new investment selections effective July 1. This is your chance to have an impact on the investment of your Employee Account.

Conversion of Lump Sum Transfer to Attain Eligibility for Monthly Benefit Level or Increase Monthly Benefit Level. Instead of depositing your Lump Sum Transfer to an individual Employee Account, you can convert your Lump Sum Transfer to Active Service Units to increase your Monthly Benefit Level or attain eligibility for the monthly benefit. Five years of Active Service are required to attain eligibility for the lifetime monthly benefit from IAFF MERP; and additional Active Service Units (“ASUs”) will result in a higher Monthly Benefit Level. If you are interested in converting your Lump Sum Transfer to ASUs, a packet of information on this conversion option is available upon request from the Trust Office. The Conversion Election Form is also available on the IAFF MERP website at www.iaff-merp.simon365.com. IAFF MERP offers active employees the opportunity to convert new Lump Sum Transfers upon receipt and to convert their entire Employee Account balance² to Active Service Units annually and at retirement. However, the conversion factors are based upon your age at election and are more favorable at younger ages. See the Lump Sum Transfer Conversion Chart (Appendix C to the Plan document) enclosed.³

Informational Material. The IAFF MERP Board of Trustees wants you to fully understand your options; please carefully review the enclosed Informational Bulletin to make an informed decision. Fact sheets on the various investment options are also enclosed to aid you in making your decision. We recommend that you seek assistance from your personal accountant or investment advisor, if you have questions related to your personal circumstances. The Trust Office cannot give investment advice to participants. Trust participants with questions on the mechanics of completing and returning the Selection Form can call the Trust Office at 425.367.0743 or email at iaff-merp@vimly.com.

Sincerely,
Greg Markley, Chairman
Board of Trustees, IAFF Medical Expense Reimbursement Plan

¹ Default selections are described in the Informational Bulletin.

² Beginning August 1, 2023, when a retiree’s or survivor’s quarter end Employee Account balance drops to \$1,000 or less, the Trust Office will stop allocating quarterly investment returns to the Employee Account for the following quarter. However, the Trust Office will allocate quarterly investment returns to all Employee Accounts of actively employed participants and all Contributory Retirees regardless of the Employee Account balance.

³ For participants of the California Firefighters Benefit Trust (“CFBT”) only, Conversion Election Forms received by July 31, 2023, will be processed using the CFBT conversion chart.