



**IAFF MERP
MEDICAL EXPENSE
REIMBURSEMENT PLAN**

Administered by Benefit Programs Administration
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NOTICE OF INVESTMENT SELECTION PERIOD

DATE: [INSERT DATE OF MAILING]

TO: Participant of IAFF MERP with Lump Sum Transfer

RE: Receipt of Lump Sum Transfer - **Investment Selections in IAFF MERP**

The Trust Office has received a Lump Sum Transfer of \$ [REDACTED] on your behalf. This contribution may have been a transfer of accrued leave or other non-elective contribution pursuant to your Collective Bargaining Agreement. You have the opportunity to choose an investment selection for this contribution in the IAFF Medical Expense Reimbursement Plan (the "IAFF MERP"). This Cover Letter briefly explains your options. More information is available on the Trust website at <https://iaffmerp.org/for-participants/forms-documents/> > Individual Account Management or from the Trust Office upon request.

You have the following 2 options for your Lump Sum Transfer:

1. You may convert your Lump Sum Transfer to Active Service Units. You can convert your Lump Sum Transfer to Active Service Units (ASUs) to increase your Monthly Benefit Level in retirement. Review this information carefully. The conversion factors (cost per ASU) are based upon your age at election and are more favorable at younger ages.

Active employees selecting this option must convert the entire amount of the Lump Sum Transfer. Please note that conversion of a Lump Sum Transfer during active employment, as opposed to at retirement, will not earn you additional years of Active Service toward eligibility, but will earn you additional ASUs to increase your Monthly Benefit Level, provided you attain all eligibility requirements.

Retiring participants can convert all or a portion of their Lump Sum Transfer and/or Individual Account funds for COBRA contributions and into additional months of Active Service in order to attain eligibility for the monthly benefit.¹ Five years of Active Service are required to attain eligibility for the lifetime Monthly Benefit Level from IAFF MERP. **Retiring participants converting a portion of their Lump Sum Transfer and/or Individual Account funds for COBRA contributions must submit a COBRA Election Form included with the COBRA Notice and Retiree Packet mailed from the Trust Office.** If you meet eligibility requirements, your Retiree Packet will estimate Monthly Benefit Levels using your Lump Sum Transfer for COBRA and converting the remaining balance to Active Service Units.

If you are interested in converting your current Lump Sum Transfer or Individual Account funds to ASUs, a packet of information on this conversion option is available on the IAFF MERP website at <https://iaffmerp.org/for-participants/forms-documents/> > Individual Account Management or from the Trust Office upon request.

2. You may deposit your Lump Sum Transfer into an Individual Account. If this is your first Lump Sum Transfer, you may indicate your investment selection on the enclosed Selection Form. **If you**

¹ If your current Lump Sum Transfer was received prior to retirement, you cannot get years of Active Service through conversion of that Lump Sum Transfer unless you deposit it to your Individual Account and convert the Individual Account funds later when you retire.

previously established an Individual Account from a prior transfer, selecting this option will deposit this Lump Sum Transfer into your established Individual Account with your previously made investment selection. You may not change your current investment selection. You will have the opportunity to change your investment selection during the next Annual Investment Selection Period – generally in April.

Deadline for Investment Selection. If you are an active employee, the Selection Form is due to the Trust Office within 30 days of the date on this Notice of Investment Selection Period. If you are a **separating participant**, the Selection Form is due to the Trust Office within 60 days of the date on this Notice of Investment Selection Period. If your Selection Form is not received at the Trust Office by the deadline, the default selection will be implemented on your behalf.

Default Selection. The default selection is based upon your age. For participants under age 40, the default selection is to convert the Lump Sum Transfer to Active Service Units and no Individual Account will be established. For participants age 40 and older without a previously established Individual Account, an Individual Account will be established and the default selections are based upon your age on the date that the default selection is implemented, as follows:

Age	Corresponding Target Date Fund	Ticker Symbol
51 or older	Vanguard Target Retirement Income Fund	VTINX
41-50	Vanguard Target Retirement 2030 Fund	VTHR
40	Vanguard Target Retirement 2040 Fund	VFORX

For participants age 40 and older with a previously established Individual Account, your Lump Sum Transfer will be deposited into your current Individual Account with your current investment selection. You can only change your investment selection once a year – generally in April.

Effective Date of Investment Selection. In order for your investment selection to be implemented on the 1st of the following month, the Trust Office must receive your 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 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 Individual Account until your funds are actually invested.²

Investment Options for Your Individual Account. The IAFF MERP Board of Trustees has established the following choices for the investment of your Individual 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 Beginning August 1, 2023, when a retiree's or survivor's quarter end Individual Account balance drops to \$1,000 or less, the Trust Office will stop allocating monthly investment returns to the Individual Account for the following month. However, the Trust Office will allocate monthly investment returns to all Individual Accounts of actively employed participants regardless of the Individual Account balance.

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 investment options 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. 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 generally the same over time.
4. *Target Date Retirement Funds.* There are three investment options 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. You may select from the following three target date investment options: Vanguard Target Retirement 2030 Fund (VTHR); Vanguard Target Retirement 2040 Fund (VFOR); and Vanguard Target Retirement 2050 Fund (VFIF).

Review the informational *Bulletin Regarding Lump Sum Transfer Election* and fact sheets for information on these Portfolios available on the Trust website at <https://iaffmerp.org/participants/forms-documents/> > Individual Account Management > IAFF MERP Investment Selection Packet – New Individual Account, or from the Trust Office upon request.

Additional Informational Material. The IAFF MERP Board of Trustees wants you to fully understand your options. To make an informed decision please visit the Trust website at <https://iaffmerp.org/participants/forms-documents/> > Individual Account Management and carefully review:

Bulletin Regarding Lump Sum Transfer Election
Appendix C – Lump Sum Transfer Conversion Table
Individual Account Fund Fact Sheets

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 844.353.7839 or email IAFFMERP@bpabenefits.com

Sincerely,

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



**2025 LUMP SUM TRANSFER
INVESTMENT SELECTION FORM**

The following selection indicates my choice of for the allocation of my Lump Sum Transfer to the IAFF MERP

- ☐ **Convert Entire Lump Sum Transfer to Active Service Units** – I understand that my entire Lump Sum Transfer will be irrevocably converted to Active Service Units and the conversion factors (cost per Active Service Unit) are based upon my age at election and are more favorable at younger ages. For more information, contact the Trust Office or view the Trust website, to access the Conversion Election Packet (see reverse for more details).
- ☐ **Deposit Entire Lump Sum Transfer to an Individual Account** – I understand that my Lump Sum Transfer will be deposited to an Individual Account selected below. If I have previously established an Individual Account I understand my funds will be allocated to my current Investment Selection and that I will have the opportunity to change my Investment Selection during the Annual Investment Selection Period – generally in April. If my employer is making recurring contributions during retirement, I must select this option. (see reverse for more details).

Portfolio Selection: (Select a fund below only if do **not** have an existing Individual Account)

	MONEY MARKET	BONDS	STOCKS	TICKER
<input type="checkbox"/> First American Institutional Prime Obligations Fund	100% money mkt			FPIXX
<input type="checkbox"/> Dodge & Cox Income Fund		100% fixed income		DODIX
<input type="checkbox"/> Vanguard Target Retirement Income Fund		70.2% fixed 29.8% equity		VTINX
<input type="checkbox"/> Vanguard Target Retirement 2030 Fund		36.9% fixed 63.1% equity		VTHRX
<input type="checkbox"/> Vanguard Target Retirement 2040 Fund		22.1% fixed 77.9% equity		VFORX
<input type="checkbox"/> Vanguard Target Retirement 2050 Fund		9.6% fixed 90.4% equity		VFIFX

Deadline for Selection. This Selection Form is due to the Trust Office within 30 days of the date on the enclosed cover letter for active employees or 60 days for separating participants. If this Selection Form is not received at the Trust Office by the deadline, the default selection will be implemented on your behalf.

Default Selection. The default selections are based upon your age. For employees under age 40 on the day after the Deadline for Selection, the default selection is to convert the Lump Sum Transfer to Active Service Units with no deposit to your Individual Account. For employees age 40 and older, Lump Sum Transfers will be deposited to an Individual Account.

Important Information for Separating/Retiring Participants Only. You may choose to convert all or a portion of your Lump Sum Transfer to Active Service Units. This may be a consideration for separating participants who wish to convert a portion of their Lump Sum Transfer for COBRA contributions, to increase the Monthly Benefit Level, or to earn sufficient Active Service to become eligible for a Monthly Benefit. The remaining portion of your Lump Sum Transfer not converted to Active Service Units may be allocated to an Individual Account and Investment Selection above. Additional information is provided in your Retiree Packet and COBRA Notice mailed from the Trust Office.

- ☐ **I elect to convert a portion of my Lump Sum Transfer to Active Service Units and a portion to an Individual Account** – I understand that as a separating/retiring participant, I must promptly contact the Trust Office to discuss the allocation of my Lump Sum Transfer. I understand that I must confirm the allocation amounts in writing once I have determined the allocation. If I have not previously established an Individual Account, a portion will be deposited to an Individual Account as selected above. If I have previously established an Individual Account I understand my funds will be allocated to my current Investment Selection and that I will have the opportunity to change my Investment Selection during the Annual Investment Selection Period – generally in April (see reverse for more details).

Participant:	_____	_____	_____	____/____/____
	Print Name	Signature	Social Sec #	Date
Spouse:	_____	_____	_____	____/____/____
	Print Name	Signature	Social Sec #	Date
<input type="checkbox"/>	Check box if not married			

2025 LUMP SUM TRANSFER INVESTMENT SELECTION FORM

For Participants Electing to Convert Lump Sum Transfer to Active Service Units:

- ❖ By my signature on reverse page, I acknowledge I have reviewed the bulletin entitled “Bulletin Regarding Lump Sum Transfer Election: Conversion to Active Service Units or Deposit to Individual Account” (the “Conversion Bulletin”), which provides detailed information regarding this conversion option.
- ❖ I understand that I am eligible now to convert all of my Lump Sum Transfer into additional Active Service Units in order to earn a higher Monthly Benefit Level. I understand that I must convert my entire Lump Sum Transfer.
- ❖ I understand that funds in my established Individual Account will not be converted to Active Service Units although I will have the opportunity to convert funds in my Individual Account during the Annual Investment Selection Period – generally in April.
- ❖ I understand that I must deliver this Form to the Trust Office within 30 days of the Mailing Date on page one of the enclosed cover letter or the default selection explained in the Conversion Bulletin will be made on my behalf.
- ❖ I understand that in certain circumstances (i.e., based on my age at the time of conversion) Active Service Units may be more expensive when purchased through conversion than when earned through monthly payroll contributions. This higher rate is due to the timing of conversion closer to retirement, which does not allow the funds to grow in investment in the Pooled Account prior to drawing benefits.
- ❖ I understand funds are converted using the Lump Sum Transfer Conversion Table in Appendix C to the IAFF MERP Plan document. A particular level of pooled account monthly benefit payments is not guaranteed; the Board of Trustees reserves the right to adjust the Unit Multiplier up or down at any time for some specified groups or for all current and/or future Beneficiaries.
- ❖ **I understand that my election to convert my Lump Sum Transfer to Active Service Units is irrevocable and cannot be reversed after this signed Selection Form is received by the Trust Office (i.e., if I elect to convert the entire Lump Sum Transfer into Active Service Units, the Trust Office cannot return the funds to my Individual Account; if I elect to deposit the funds to my Individual Account, I will not get another opportunity to convert the funds until the next annual investment selection period and my conversion factor may be higher).**

For Participants Electing to Deposit Lump Sum Transfer to an Individual Account:

- ❖ By my signature on reverse page, I acknowledge I have reviewed the bulletin entitled “Bulletin Regarding Lump Sum Transfer Election: Conversion to Active Service Units or Deposit to Individual Account” which provides detailed information regarding my options.
- ❖ I understand that if I have an established Individual Account, my Lump Sum Transfer will be allocated to my current investment selection and that I may not change my current Individual Account investment selection. I will have the opportunity to change my investment selection during the Annual Investment Selection Period – generally in April.
- ❖ I understand the effective date of my selection. In order for my selection of Individual Account deposit to be implemented on the 1st of the next month, the Trust Office must receive this Lump Sum Transfer Selection Form (“Selection Form”) by the 15th of the month. If the Trust Office receives my Selection Form after the 15th of the month, my funds will be transferred on the 1st of the second month following receipt. For example, a Selection Form received on July 15 will be effective on August 1; a Selection Form received on July 16, will be effective on September 1. I understand I will not begin accruing investment returns on my Lump Sum Transfer until my funds are actually invested.
- ❖ I understand that none of the Portfolios, including the Money Market Portfolio, are covered by FDIC Insurance.
- ❖ I understand all Portfolios may experience fluctuations in investment returns and principal value. The investment may be worth more or less than its original cost when sold.
- ❖ I understand no guarantee is made regarding future performance of these investments.

For Separating/Retiring Participants Electing to Convert a Portion of Lump Sum Transfer to Active Service Units with the remaining Portion Deposited to an Individual Account:

- ❖ By my signature on reverse page, I acknowledge I have reviewed the bulletin entitled “Bulletin Regarding Lump Sum Transfer Election: Conversion to Active Service Units or Deposit to Individual Account” which provides detailed information regarding my options and I have reviewed all information above.
- ❖ I understand that I must promptly contact the Trust Office to discuss this selection and Deadline for Selection and Default Selection terms on reverse page apply.
- ❖ I understand that any allocation of my Lump Sum Transfer to COBRA contributions requires a separate COBRA Election Form provided with my Retirement Packet or available from the Trust Office.
- ❖ I understand that if I have already met plan eligibility requirement for a Monthly Benefit Level, conversion of a portion of my Lump Sum Transfer for COBRA contributions was expressed in my Retirement Packet received from the Trust Office.

All documents referenced herein are available on the IAFF MERP website: <https://iaffmerp.org/for-participants/forms-documents/> > Individual Account Management or from the Trust Office upon request.

Mail this form to: IAFF MERP c/o Benefit Programs Administration
1200 Wilshire Blvd, 5th Floor Los Angeles, CA 90017 or email to: IAFFMERP@bpabenefits.com

***** Retain a copy for your records *****