



**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

BULLETIN REGARDING LUMP SUM TRANSFER ELECTION:

CONVERSION TO ACTIVE SERVICE UNITS OR DEPOSIT TO INDIVIDUAL ACCOUNT AND INVESTMENT OPTIONS

The purpose of this Bulletin is to explain the conversion and Individual Account options in the IAFF Medical Expense Reimbursement Plan (hereafter, the “Plan”) of the Washington State Council of Fire Fighters Employee Benefit Trust.

You recently received a “Lump Sum Transfer” to the Plan from the Employer on your behalf. This Bulletin provides important information regarding your rights to elect an investment selection or conversion for this transfer.

ACTIVE EMPLOYEES: As an active employee, you must convert the entire amount of this Lump Sum Transfer into either: (i) Active Service Units (“ASUs”) to increase your future Monthly Benefit Level;¹ or (ii) a credit to the balance of an Individual Account. The Trust Office will implement your election for the full amount of the Lump Sum Transfer (i.e., you *cannot* elect to convert only a portion of the Lump Sum Transfer to ASUs). If you do not respond by the deadline, a default selection will be implemented on your behalf. If you already have an Individual Account, you do not have a right to select a new investment option for your account balance at this time. The Plan provides an investment selection period when your account is first established and annually, usually in April, when you can select or change your investment option.

SEPARATING/RETIRING PARTICIPANTS: As a separating or retiring participant, you may elect to convert all or a portion of this Lump Sum Transfer and/or your current Individual Account balance to pay for COBRA contributions and purchase additional months of Active Service in order to attain eligibility for the monthly benefit or increase your Monthly Benefit Level. 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 balance 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. You can request quotes of other scenarios from the Trust Office.

Please read this Bulletin carefully; this Bulletin was designed to provide detailed information about your options in order for you to determine if conversion or an Individual Account is appropriate for your situation.

A. Increasing Your Monthly Benefit Level Through CONVERSION

The reason you might want to convert your Lump Sum Transfer to ASUs is to increase your Monthly Benefit Level after you retire (provided you achieve eligibility for the monthly benefit). This is because your Monthly Benefit Level is calculated based on how much you have contributed to the Plan over your career. So, ASUs earned from conversion of Lump Sum Transfers can be added to the ASUs you earned from payroll contributions to increase your Pooled Account monthly benefit.

¹ Active employees cannot earn years of Active Service through conversion.

Active employees can exercise this election now, or annually during the Investment Selection period, which is normally in April, or at retirement/separation from employment. It is important for you to note that: (i) an election is irrevocable after the Trust Office receives your signed Lump Sum Transfer Investment Selection Form (the “Selection Form”), and (ii) the applicable conversion calculation formula is more favorable to you at a younger age due to the increased time for investment before drawing benefits. The cost per ASU via conversion is generally lower at a younger age. Please go to <https://iaffmerp.org> to view the Lump Sum Transfer Conversion Table.

NOTE ABOUT TIMING OF CONVERSION ELECTION: If you elect conversion now during active employment, you will *not* receive additional years of Active Service toward eligibility for the monthly benefit. If you instead elect to credit the Lump Sum Transfer to your Individual Account and you have not attained eligibility through monthly payroll and COBRA contributions at retirement or separation from employment, then you can convert all, or a portion, of your Individual Account balance and any leave transfer funds received by the Trust at your retirement/separation in order to attain sufficient years of Active Service for eligibility for the monthly benefit.² Conversion of the Lump Sum Transfer now, while actively employed with a Participating Employer, **will not** increase your years of Active Service, but conversion **will** increase your Monthly Benefit Level by increasing your total ASUs, and depending upon your age, the ASUs may be significantly lower in cost than at retirement/separation.

Retiring participants converting all or a portion of their Lump Sum Transfer and/or Individual Account funds for COBRA contributions or to increase or attain a monthly benefit **MUST** exercise this election now. You will not have another opportunity. If conversion of your Lump Sum Transfer will allow you to meet eligibility requirements for a monthly benefit, your Retiree Packet will estimate Monthly Benefit Levels using a portion of your transfer for COBRA and converting the remaining balance to Active Service Units.

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 the Notice of Investment Selection Period letter mailed to you separately. **If you are a separating participant**, the Selection Form is due to the Trust Office within **60 days** of the date on the Notice of Investment Selection Period letter mailed to you as part of your Retiree Packet. 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. If the Trust Office does not receive a completed Selection Form from you within 30 days for active employees or 60 days for separating participants of the Mailing Date of the Notice of Investment Selection Period cover letter to you related to your Lump Sum Transfer, then the Trust Office will implement the default selection. The default selection is based on your age on the day after the deadline for selection. If you do not respond and you are 40 years or older, the Trust Office will credit the entire Lump Sum Transfer to an Individual Account held by the Trust for you (see Section B2 below for more information). If you are under age 40, the Trust Office will use the current Leave Conversion Table to convert the Lump Sum Transfer to ASUs. The default selection is irrevocable on the day after the Selection Form deadline.

² Note that retirement/separation from employment is the *only* time when you can (1) convert less than your entire Individual Account balance and/or leave transfer, and (2) receive additional years of Active Service toward attaining eligibility for monthly benefits from conversion of your Lump Sum Transfer funds. When you retire, the Trust Office can help you determine the Lump Sum Transfer conversion amount required for you to attain the minimum Active Service eligibility threshold for monthly benefits.

B. Deposit Your Lump Sum Transfer to an INDIVIDUAL ACCOUNT

The Plan maintains a recordkeeping account, called the “Individual Account,” for participants under various circumstances. Specifically, the Plan maintains an Individual Account for the following funds: Lump Sum Transfers of accrued sick and/or vacation leave (at retirement or throughout your active service) that are not converted to Active Service Units; and other employer lump sum contributions, such as Option C for San Diego participants.

Your selection of an investment option for your Lump Sum Transfer to an Individual Account will affect the investment return and risk on your Individual Account balance and may positively or negatively affect the balance in your Individual Account. You should read this Bulletin carefully and obtain independent investment advice if you wish. You can only make an investment selection upon establishment of your Individual Account and once per year during the 30-day investment selection period (generally in April), so it is important to read this Bulletin and return the Selection Form indicating your portfolio selection by the deadline.

Options available for Individual Account Investment Selection. Choose an Option based on your individual situation. You should read the descriptions below and choose an investment option that suits your particular health care situation after your retirement. You are entitled to choose the investment option in which to invest the assets that are credited to your Individual Account, but the underlying investments (e.g., individual stocks and bonds), will be chosen and adjusted from time to time by the fund manager. Also, in making your selection, you should be aware that the volatility for an investment option generally rises as the percentage of stock allocation becomes greater. You will be given the opportunity to change your investment option annually. If no selection is made, your funds will be invested in the default investment, which is based on your age (see Part B2 below).

Target Date Funds. Target date funds will gradually transition from more aggressive to conservative asset allocations as the target date approaches, without any action on your part. The progression from more aggressive to conservative asset allocation is called the glidepath. You do not need to change your investment option as your retirement date (or other date of need for benefits) approaches, because the fund manager will adjust the asset allocation with the target date in mind. You only need to select a new investment option if your life situation changes making the target date inappropriate for you (e.g., your expected retirement date changes or your expected medical needs change). A glidepath chart is provided on the IAFFMERP.org website; the glidepath is the same for all of the target date fund options in that each target date fund attains approximately 50% equities in the target date year. The Vanguard Target Retirement Income Fund is a static fund that does not change its allocation over time; approximately 7 years after the target date is reached for a dated target date fund, the fund manager will transfer all assets to the Vanguard Target Retirement Income Fund.

a) First American Institutional Prime Obligations Fund

The First American Institutional Prime Obligations Fund (ticker symbol: FPIXX) invests in high-quality short-term debt obligations, including securities issued by the U.S. government, commercial paper, and non-convertible corporate debt securities designed to maximize current income, preserve capital, and maintain liquidity. This is a very conservative investment option and should not be expected to earn any significant investment returns. The investment returns on this investment option may not exceed the administrative maintenance fee and it is intended for participants who have minimal risk tolerance and/or who will be spending the funds in the near future. The annual investment cost for this investment option, including internal fund expenses and investment advisory fees, is estimated at 0.30%, sometimes called

30 basis points (“bp”). The investment fund fees are disclosed in the fact sheet for the First American Institutional Prime Obligations Fund, which is available on the IAFFMERP.org website. The fund fees are charged against returns by the fund manager prior to reporting the returns.

b) Dodge & Cox Income Fund

The Dodge & Cox Income Fund (ticker symbol: DODIX) will be invested 100% in a diversified allocation of fixed income investments. Generally, this investment option is a somewhat more aggressive investment than the First American Institutional Prime Obligations Fund but is generally less aggressive than the investment options with allocations to stocks. This investment option is designed for participants with a modest risk tolerance or those who will be spending the funds and exhausting their Individual Account within the next few years. This investment option is intended to offer a potentially higher yield than the First American Institutional Prime Obligations Fund but can experience moderate changes in value from period to period and can experience negative returns on occasion. The annual investment cost for the Dodge & Cox Income Fund, including internal fund expenses and investment advisory fees, is estimated at 0.41% or 41bp, which are disclosed in the fact sheet for the Dodge & Cox Income Fund, which is available on the IAFFMERP.org website. The fund fees are charged against returns by the fund manager prior to reporting the returns.

c) Vanguard Target Retirement Income Fund

The Vanguard Target Retirement Income Fund (ticker symbol: VTINX) is an investment that is somewhat more aggressive in its allocation than the Dodge & Cox Income Fund. The Vanguard Target Retirement Income Fund allocates some assets to stocks, which makes it more aggressive and 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 DODIX. As of December 31, 2023, the asset allocation of this investment option was approximately 29.80% equity and 70.20% fixed income. This is a static investment portfolio with a target asset allocation of approximately 30% equity and 70% fixed income. This investment option is intended for participants who intend to begin using the funds in their Individual Account soon and exhaust their Individual Account within 4–10 years. If you will retire soon, but do not expect to use the funds in your Individual Account upon retirement (e.g., because of medical coverage from a spouse, etc.), then you might choose an investment option with a longer time horizon, such as the Vanguard Target Retirement 2030 Fund. The annual investment cost for the Vanguard Target Retirement Income Fund, including internal fund expenses and investment advisory fees, is estimated at 0.08% or 8bp; which is disclosed in the fact sheet for the Vanguard Target Retirement Income Fund, which is available on the IAFFMERP.org website.

d) Vanguard Target Retirement 2030 Fund

The Vanguard Target Retirement 2030 Fund (ticker symbol: VTHRX) is a target date fund that is somewhat more aggressive in its allocation than the Vanguard Target Retirement Income Fund. Because it is a target date fund, the allocation of assets will change over time. The fund manager will periodically adjust the asset allocation to become more conservative as the target date year 2030 nears. As of December 31, 2023, the target asset allocation was 63.1% equity and 36.9% fixed income. This investment option is for participants who intend to retire in or around the year 2030, begin using the funds in their Individual Account at that time and/or exhaust their Individual Account within 10 years of the target date. If you will retire earlier than 2030 but do not expect to use the funds in your Individual Account upon retirement

(e.g., because of medical coverage from a spouse, etc.), you may choose this investment option based upon the date that you expect to start using the funds (or exhaust your account) rather than your retirement date. The annual investment cost for the Vanguard Target Retirement 2030 Fund, including internal fund expenses and investment advisory fees, is estimated at 0.08% or 8bp, which is disclosed in the fact sheet for the Vanguard Target Retirement 2030 Fund, which is available on the IAFFMERP.org website.

e) Vanguard Target Retirement 2040 Fund

The Vanguard Target Retirement 2040 Fund (ticker symbol: VFORX) is a target date fund that is somewhat more aggressive in its allocation than the Vanguard Target Retirement 2030 Fund. Because it is a target date fund, the allocation of assets will change over time. The fund manager will periodically adjust the asset allocation to become more conservative as the target date year 2040 nears. As of December 31, 2023, the target asset allocation was 77.9% equity and 22.1% fixed income. This investment option is for participants who intend to retire in or around the year 2040, begin using the funds in their Individual Account at that time and/or exhaust their Individual Account within 10 years of the target date. If you will retire earlier than 2040 but do not expect to use the funds in your Individual Account upon retirement (e.g., because of medical coverage from a spouse, etc.), you may choose this investment option based upon the date that you expect to start using the funds (or exhaust your account) rather than your retirement date. The annual investment cost for the Vanguard Target Retirement 2040 Fund, including internal fund expenses and investment advisory fees, is estimated at 0.08% or 8bp, which is disclosed in the fact sheet for the Vanguard Target Retirement 2040 Fund, which is available on the IAFFMERP.org website.

f) Vanguard Target Retirement 2050 Fund

The Vanguard Target Retirement 2050 Fund (ticker symbol: VFIFX) is a target date fund that is somewhat more aggressive in its allocation than the Vanguard Target Retirement 2040 Fund. Because it is a target date fund, the allocation of assets will change over time. The fund manager will periodically adjust the asset allocation to become more conservative, with less equities, as the target date year 2050 nears. As of December 31, 2023, the target asset allocation was 90.4% equity and 9.6% fixed income.

This investment option is intended for new hires and participants who intend to retire in or around the year 2050, begin using the funds in their Individual Account at that time and/or exhaust their Individual Account within 10 years of the target date. If you will retire earlier than 2050 but do not expect to use the funds in your Individual Account upon retirement (e.g., because of medical coverage from a spouse, etc.), you may choose this investment option based upon the date that you expect to start using the funds (or exhaust your account) rather than your retirement date. This is the most aggressive investment option offered at this time. If you expect to retire after 2050, you will have the option to move the funds in your Individual Account to a Vanguard Target Retirement 2060 Fund in approximately 10 years. The annual investment cost for the Vanguard Target Retirement 2050 Fund, including internal fund expenses and investment advisory fees, is estimated at 0.08% or 8bp, which is disclosed in the fact sheet for the Vanguard Target Retirement 2050 Fund, which is available on the IAFFMERP.org website.

Fact sheets that describe each of the investment options outlined above are available on the IAFFMERP.org website. Each of these investment options is a publicly traded investment and you can use the ticker symbols listed to further research these funds. A glidepath chart is also provided in the New Individual Account Investment Selection packet on the IAFFMERP.org website; the glidepath is the same for all of the target date funds listed above and attains approximately 50% equities in the target date year.

In selecting the investment option for investment of your Individual Account, you should consider the application of the investment option's characteristics to your individual situation. For example, you may consider such items as your expected retirement date, the date you expect to start using the funds in your Individual Account to reimburse medical expenses, the date you expect to exhaust the funds in your Individual Account, your risk tolerance, and other assets and income available to you for payment of medical expenses. We also suggest you seek the advice of your personal investment advisor or accountant.

1. Effective Date of Investment Selection. In order for your investment selection to be implemented on the 1st of the next month, the Trust Office must receive your Selection Form by the 15th of the month. If the Trust Office receives your Selection Form after the 15th of the month, your investment selection will be implemented 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. You will not begin accruing investment returns on your Individual Account until your funds are actually invested.

2. Default Selections. If you do not return the Selection Form to the Trust Office by the deadline, your Individual Account will be invested in the default selection based on your age on the date that the default selection is implemented, as stated below:

- a. Under Age 40. If the Employee is under age 40, the Trust Office will convert the full amount of the Lump Sum Transfer to Active Service Units on behalf of the Employee, and no Individual Account will be established.
- b. If the Employee or Eligible Retiree is age 40 or older, the Trust Office will credit the full amount of the Lump Sum Transfer to the Employee's or Eligible Retiree's Individual Account and invest the Individual Account based upon your age on the date of the default, as stated in the chart below.

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

Your next opportunity to select an investment option will be during the IAFF MERP's annual investment selection period, which is expected to occur in April, with new investment selections effective July 1.

3. Note Regarding Administrative Maintenance Fees Charged to Individual Employee Accounts. All plan participants share the costs of operating the IAFF MERP (e.g., auditing, claims administration, insurance, legal advice, etc.) The Pooled Account generally pays all operating expenses. However, Account Beneficiaries with an Individual Account who are not currently participating in the Pooled Account (either through current monthly contributions or monthly benefits) are required to pay an administrative maintenance fee deducted from the Individual Account balance to pay for their proportionate share of the operating expenses of the IAFF MERP. Based upon the estimated costs to operate the IAFF MERP, the Trustees have set the administrative maintenance fee for Limited Beneficiaries, *who do not have any participation in the Pooled Account*, at \$8 per month, effective August 1, 2023. Other Account Beneficiaries with an Individual Account, who are also currently participating in the Pooled Account, are required to pay an administrative maintenance fee that reflects the extra costs of administering individual accounts. These Account Beneficiaries

with an Individual Account, *who are also currently participating in the Pooled Account*, will be assessed an administrative maintenance fee of \$3 per month for the costs of maintaining the Individual Account, effective August 1, 2023.³ The Trust Office will show the administrative maintenance fee as a line item in the Individual Account transactions on the IAFF MERP web portal.⁴

C. Difference Between Monthly Pooled Account Benefits and Individual Account Benefits

1. **Monthly Pooled Account Benefits.** The Monthly Benefit Level from the Pooled Account in the Plan is generally funded by your regular payroll contributions to the Trust, set in your collective bargaining agreement. The Monthly Benefit Level is set with the intention for the monthly benefits to last for your lifetime.⁵ That is, the Pooled Account in the Plan reimburses you for up to a set amount each month.⁶

The advantage of the Pooled Account benefit is that it is designed to last for your lifetime. The disadvantage of the Pooled Account benefit is that it may not cover your entire medical expenses and premiums in any given month. For example, if your monthly premium cost exceeds your Monthly Benefit Level, then you must pay the remainder of your monthly premium out of pocket.

2. **Individual Account Benefits.** Your Individual Account is generally funded by: (i) Lump Sum Transfers from employers, including leave transfers, unless conversion to ASUs is elected; (ii) future Retiree Contributions, if included in your bargaining agreement; and (iii) investment earnings (and losses). You can spend your Individual Account as quickly as you like (as long as you have medical expenses to reimburse). The advantage of the Individual Account is that there is no monthly limit on benefit payments and so it is useful for reimbursement of a large medical expense. You could also use the Individual Account balance to reimburse the remainder of your monthly premium that exceeds your Monthly Benefit Level. In addition, your Surviving Spouse can use your Individual Account balance for reimbursement of large medical expenses and premiums after your death until the Individual Account balance reaches zero. The disadvantage of the Individual Account is that it may run out during your (and your spouse's) lifetime.

You can qualify for both an Individual Account and a Pooled Account monthly benefit under the Plan, although you will not receive a monthly benefit until you meet certain eligibility requirements (e.g., cease employment with the Employer (i.e., retire), attain sufficient years of Active Service, etc.).

If you are: (i) age 40 years or older and want to convert your entire Lump Sum Transfer to ASUs; **or** (ii) under age 40 and want to deposit your entire Lump Sum Transfer to your Individual Account, you can use the Selection Form on the Trust website for that purpose.

³ This is because participants in the Pooled Account pay their portion of the IAFF MERP operating expenses through payment of operating expenses from the Pooled Account. However, there are extra administrative expenses needed to operate Individual Accounts that participants in the Pooled Account, who do not have an Individual Account, are not required to subsidize.

⁴ The Trustees have the authority to adjust the administrative maintenance fee up or down at any time based upon the actual operating expenses of the IAFF MERP. The Trustees also have the authority to determine whether to charge the administrative maintenance fee monthly, quarterly or annually.

⁵ The Plan is currently written to provide benefits for Regular Beneficiaries until death. However, this is not guaranteed. The Trustees reserve the right to modify, limit, or terminate benefits as necessary to preserve the financial soundness of the Plan.

⁶ The monthly benefit payments are not guaranteed at a particular level; the Board of Trustees reserves the right to adjust the Unit Multiplier (for calculating Monthly Benefit Levels) up or down at any time for some or all current and/or future Beneficiaries.

D. Election is Irrevocable

The election to either convert your Lump Sum Transfer to ASUs or deposit it to your Individual Account is an *irrevocable election*; the election cannot be modified by you in any way after you submit the Selection Form (enclosed) to the Trust Office.

If you elect to convert your Lump Sum Transfer to ASUs, when your election is received at the Trust Office, the Trust Office will transfer the amount of the Lump Sum Transfer to the Pooled Account. The Trust Office will then convert your transferred funds into ASUs using the applicable Conversion Factor in the Lump Sum Conversion Table located on the website at <https://iaffmerp.org>. The date that your Selection Form is received at the Trust Office is important for determining the number of ASUs that you receive for your Lump Sum Transfer, because that date determines the applicable Conversion Factor.

E. Instructions for Making Election

Making your Investment Selection. You received the Notice of Investment Selection Period (the “Notice”) because you recently received a Lump Sum Transfer to IAFF MERP and now you must select one of the above-mentioned investment options. To make your election, complete and sign the Selection Form and return it to the Trust Office at the address or email printed on the Form, before the deadline. The Selection Form is due to the Trust Office within 30 days of the date on the Notice of Investment Selection Period for active employees or 60 days for separating participants. Please return the Selection Form to the Trust Office at the following address, email, or fax number:

IAFF MERP Trust Office
c/o Benefit Programs Administration
1200 Wilshire Blvd, 5th Floor
Los Angeles, CA 90017
Email: IAFFMERP@bpabenefits.com

For questions or a copy of the current Lump Sum Transfer Conversion Table and Selection Form, you can also contact the Trust Office Benefit Programs Administration at (844) 353-7839 or IAFFMERP@bpabenefits.com

NOTE: THIS INFORMATIONAL BULLETIN IS NOT INTENDED AS INVESTMENT ADVICE. PLEASE CONSULT A QUALIFIED INVESTMENT ADVISOR FOR INVESTMENT ADVICE IN MAKING YOUR INVESTMENT DECISIONS.



IAFF MERP MEDICAL EXPENSE REIMBURSEMENT PLAN

2025 LUMP SUM TRANSFER INVESTMENT SELECTION FORM

Benefit Programs Administration
1200 Wilshire Blvd, 5th Floor
Los Angeles, CA 90017
E: IAFFMERP@bpabenefits.com
<https://iaffmerp.org>

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)

- ☐ **First American Institutional Prime Obligations Fund**
- ☐ **Dodge & Cox Income Fund**
- ☐ **Vanguard Target Retirement Income Fund**
- ☐ **Vanguard Target Retirement 2030 Fund**
- ☐ **Vanguard Target Retirement 2040 Fund**
- ☐ **Vanguard Target Retirement 2050 Fund**

MONEY MARKET

100% money mkt

Current Asset Allocations

BONDS

STOCKS

TICKER

100% fixed income

70.2% fixed 29.8% equity

36.9% fixed 63.1% equity

22.1% fixed 77.9% equity

9.6% fixed 90.4% equity

FPIXX

DODIX

VTINX

VTHRX

VFORX

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

☐ 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 *****