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www.FirefighterTrust.org

COVER LETTER
to the
EMPLOYEE ACCOUNT INVESTMENT SELECTION PACKET

Date: April 12, 2021

TO: Participants in the Southern California Firefighters Benefit Trust
with an Individual Employee Account

RE: Investment Choices in the Trust

Dear Participant:

Enclosed with this cover letter, you will find an Informational Bulletin and a “Portfolio Selection Form” regarding the assets credited to your Employee Account in the Southern California Firefighters Benefit Trust (“SCFBT”). To make a change to your previous selection or to make an initial selection, you must choose one of the options and return the Portfolio Selection Form, postmarked **NO LATER THAN 30 DAYS FROM THE DATE OF THIS COVER LETTER**. Participants who do not submit a new selection form will remain in their previous investment. If you are receiving this packet as a new Employee Account beneficiary and you do not return the selection form, your Employee Account will be invested in the default selection, which is the Conservative Growth Portfolio.

Background: The Southern California Firefighters Benefit Trust. The SCFBT offers a tax-favored way of saving employer lump sum contributions,¹ such as your accrued leave cash-out or San Diego Option C funds, transferred to the Trust annually or at retirement.² The Trust Office maintains an individual recordkeeping account in your name, which is called your “Employee Account.” The Trust Office credits all employer lump sum contributions, made on your behalf, to your Employee Account. These mandatory lump sum contributions are made pursuant to a provision in your labor agreement.

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

1. *Money Market Portfolio* – this investment option has the lowest volatility and has the lowest expected return in the long-term.

¹ If you are an Eligible Retiree, your Employee Account may also contain unused amounts of your pooled account monthly benefits that were rolled into your Employee Account. If you terminated employment without attaining eligibility for the monthly pooled account benefit, your Employee Account may also contain your monthly payroll contributions.

² Contributions from payroll are also received on behalf of all active employee participants. These amounts are held in a pooled account, invested by the Trustees with the help of a professional investment manager, and provide monthly benefits after retirement according to a formula described in the Medical Expense Reimbursement Plan. For more information, call the Trust Office.



2. *Bond Portfolio* – this investment option has a higher expected return than the Money Market Portfolio, but is a more conservative choice than the Portfolios with a blended stock/bond make-up (see #3-4 below).
3. *Conservative Growth Portfolio* -- this investment is somewhat more aggressive in its allocation than the Bond Portfolio. The Conservative Growth Portfolio has a target allocation of assets to stocks, which makes it more volatile than the Bond Portfolio. However, due to the allocation of some assets to stocks, the Conservative Growth Portfolio also has a higher return potential than the Bond Portfolio. The target asset allocation of this portfolio is 25% equity, 65% fixed income and 10% cash. In contrast to the target date portfolios (described below) this investment does not become more conservative over time; this investment is a “static” investment portfolio which targets the same asset allocation (stated above) at all times. The asset allocation will be maintained within +/-5 percentage points of this target allocation.
4. “*Target Retirement Portfolios*” – there are three portfolios which 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 Target 2030 Retirement Portfolio will become more conservative as the year 2030 approaches. The target date portfolios will become 0% stocks and roll over into the Bond Portfolio within one year of attaining the target date. Review the enclosed Informational Bulletin for information on these Portfolios. You may select from the following three Target Date Portfolios:
 - a. Target 2030 Retirement Portfolio
 - b. Target 2040 Retirement Portfolio
 - c. Target 2050 Retirement Portfolio

Default Selection. When your Employee Account is/was initially established, failure to return the Portfolio Selection Form and make an investment selection would have resulted in a default selection being made on your behalf.³ Failure to return the Portfolio Selection Form for an established account will result in your Employee Account remaining invested in the same investment selection as last year. You can only change your investment selection once a year. This is your chance to have an impact on the investment of your Employee Account.

Transfer of Employee Account Funds to Pooled Account to Increase Monthly Benefit Level. If you have an Employee Account with a balance of \$3,000 or more, you have the option to transfer funds in the amount of \$3,000.00 or more to the pooled account within the Plan. By transferring funds to the pooled account, you will earn additional Active Service Units through conversion of your transferred funds at retirement based on the conversion factors in the Active Service Unit Conversion Table (Appendix B to the Plan). More Active Service Units at retirement generally results in a higher lifetime monthly benefit from the pooled account. If you are interested in transferring funds from your Employee Account to the pooled account to increase your monthly benefits after retirement, a packet of information on this conversion option is available from the Trust Office. Please call (844) 353-7839 or email scfirefighters@bpabenefits.com to get a conversion packet sent to you. The Conversion Election Form is also available on the Trust website at www.FirefighterTrust.org.

Enclosed Informational Material. The SCFBT Board of Trustees wants you to fully understand your options; enclosed please find an Informational Bulletin explaining your investment options. Please

³ Default selections are described in the enclosed Informational Bulletin.

carefully review the enclosed materials to make an informed decision. You may also want to seek assistance from your personal accountant or investment advisor to make an informed decision, in light of your personal circumstances. Trust participants with questions on completing and returning the selection form can call the Trust Office at (844) 353-7839. Participants with any other question about the Trust can contact one of the following firefighter Trustees:

Brandon Lucore
Fallbrook Trustee
(760) 497-2430
brandon.lucore@gmail.com

Matt Mathis
Riverside Trustee
(951) 317-4075
rcfa.mathis@gmail.com

Ron Saathoff
San Diego Trustee
(619) 563-6161
saathoffrl@gmail.com

Warmest regards,
Brandon Lucore,
Chairman, Board of Trustees
Southern California Firefighters Benefit Trust