MEDICAL EXPENSE REIMBURSEMENT PLAN
OF THE
SOUTHERN CALIFORNIA FIREFIGHTERS BENEFIT TRUST

Restated Effective March 1, 2021

Dr. 3/22/21 (incl. Amendment Nos. 1–11)

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PREAMBLE

WHEREAS, the Fallbrook Firefighters Association (hereafter, the "Fallbrook FFA") and the North County Fire Protection District Management Association (hereafter, the "North County Management Association") entered into collective bargaining agreements with the North County Fire Protection District of San Diego County, California, (hereafter, the "District") wherein the District agreed to make contributions to a benefit trust established by the Fallbrook FFA for the purpose of funding a retiree medical reimbursement plan from employer and/or employee contributions;

WHEREAS, the Fallbrook FFA established such a trust, called the San Diego County Regional Public Safety Trust (hereafter the "San Diego Trust"), granting administration of the trust to a Board of Trustees (hereafter, the "San Diego Board of Trustees") pursuant to the trust agreement, effective March 1, 2005;

WHEREAS, the San Diego Board of Trustees adopted the Medical Expense Reimbursement Plan of the San Diego County Regional Public Safety Trust, effective March 1, 2005, and adopted a restated Plan effective May 1, 2006;

WHEREAS, the Riverside City Firefighters Local (hereafter, the RCFA) and the Fire Department of the City of Riverside, California, (hereafter, the "City") are signatories to a collective bargaining agreement, wherein the City and the RCFA agreed that contributions would be made to a retiree medical trust fund for the purpose of funding in whole or in part, retiree medical reimbursement benefits;

WHEREAS, the RCFA established such a trust, called the Inland Empire Fire Fighters Benefit Trust (hereafter, the "Inland Empire Trust"), as of July 1, 2007, granting administration of the trust to a Board of Trustees (hereafter, the "Inland Empire Board of Trustees") pursuant to the trust agreement, effective July 1, 2007;

WHEREAS, the Inland Empire Board of Trustees adopted the Retiree Premium Reimbursement Plan of the Inland Empire Fire Fighters Benefit Trust, effective July 1, 2007;

WHEREAS, the Inland Empire Board of Trustees and the San Diego Board of Trustees merged the Inland Empire Trust into the San Diego Trust, pursuant to the Merger Agreement first signed April 10, 2008, and its Amendment No. 1;

WHEREAS, the RCFA and the Fallbrook FFA renamed the merged trust as the Southern California Firefighters Benefit Trust (hereafter, the "Firefighters Trust"), granting administration of the Trust to a Board of Trustees pursuant to the "Trust Agreement Governing the Southern California Firefighters Benefit Trust" (hereafter, the "Trust Agreement");

WHEREAS, the Board of Trustees adopted this Medical Expense Reimbursement Plan of the Southern California Firefighters Benefit Trust ("Plan"), effective January 1, 2009; and

WHEREAS, the Board of Trustees has amended the Plan eleven times since its adoption and restated the Plan once previously, and the Board of Trustees now wishes to incorporate those amendments into a new restated Plan, including further modifications for legal updates, clarity and scrivener's corrections.

NOW, THEREFORE, the Board of Trustees does hereby adopt this Medical Expense Reimbursement Plan of the Southern California Firefighters Benefit Trust, including Amendment Nos. 1–11, restated effective March 1, 2021, as set forth in the following pages.

ARTICLE I: DEFINITIONS

Where the following words and phrases appear in this Plan, they shall have the meaning set forth in this Article, unless the context clearly indicates otherwise. Other words and phrases with special meanings are defined where they first appear unless their meanings are apparent from the context.

1.1 **"Active Service Unit"** or **"ASU"** means a credit earned through a monthly Pooled Contribution of $25 to the Trust during Active Service, as defined in Section 2.2 hereof, or through conversion pursuant to the rules in Section 2.2(c) hereof. Note that an Employee may earn more than one Active Service Unit in a month.

1.2 **"Adjust"** means to modify, including increase or decrease.

1.3 **"Association"** means a lawful labor organization or bargaining unit that represents employees of a public sector firefighting department, and is party to a MOU with a participating employer, provided that such labor organization has been accepted for participation by the Board of Trustees.

1.4 **"Beneficiary"** means an Eligible Retiree, his or her lawful spouse, and the Eligible Retiree's Children; an Eligible Retiree's Surviving Spouse and Surviving Children; and an Alternate Payee under a QDRO, but not to include any spouse of the Alternate Payee. A **"Regular Beneficiary"** is a person who has become eligible for Pooled Account monthly benefits from the Pooled Account under Section 2.1(a). A **"Limited Beneficiary"** is a person who has become eligible for benefits from an Employee Account under Section 2.1(b).

1.5 **"Benefit Level"** means the maximum monthly benefit available for an individual Regular Beneficiary pursuant to Section 3.3 hereof.

1.6 **"Board of Trustees"** or **"Trustees"** means the duly selected board that administers the Plan and Trust, pursuant to the Trust Agreement.

1.7 **"Child(ren)"** means a natural child, stepchild, foster child, or adopted child of the Employee or Eligible Retiree, who is under the age of 26. "**Surviving Child(ren)**" means an individual who met the definition of Child or Children in the foregoing sentence at the time of the Eligible Retiree's death and who continues to meet those requirements. Child or Surviving Child shall also include a child of any age who is legally dependent upon the Eligible Retiree (or was legally dependent upon the Eligible Retiree at the time of the Eligible Retiree's death) for support and maintenance for so long as the child is determined to be totally disabled by the Social Security Administration. The Surviving Child of an Employee or former Employee, who has satisfied all the requirements of Section 2.1(a), except the Employee dies prior to separation from employment and/or prior to age 50, shall also be considered a Surviving Child.

1.8 **"Code"** means the Internal Revenue Code of 1986, as amended.

1.9 **"Contribution"** means a mandatory transfer of money made by the employer to the Trust pursuant to a MOU between a Participating Employer and an Association, or a Special Agreement, that calls for either employer and/or employee transfers of money to the Trust.

(a) The term "Contribution" includes "**Pooled Contributions**" that are mandatory contributions, at the same level for every employee in a specific classification within a bargaining unit, represented by an Association, and made pursuant to a MOU or Special Agreement at the monthly level of $100 or more per month, and deposited to the Pooled Account within the Plan. The "**Pooled Account**" is a common investment account of the Trust for monthly Pooled Contributions that are not recorded in an Employee Account.

(b) The term "Contribution" includes "**Lump Sum Transfers**," that are Contributions to the Trust made pursuant to the terms of a MOU or Special Agreement with a Participating Employer that prohibits employees who are eligible to receive the transfer from receiving any portion of the Lump Sum Transfer in cash. Lump Sum Transfers include nonelective transfers of accrued leave, annually or upon retirement, but only the type of leave that the Internal Revenue Service allows for conversion to retiree medical benefits on a non-taxable basis. Lump Sum Transfers also include mandatory employer contributions made on behalf of all employees in a specific classification, as allowed by federal law, and as provided in a MOU or Special Agreement. Lump Sum Transfers shall be deposited to the Employee Account, pursuant to Section 3.5 hereof.

(c) All Contributions must be made without any election on the part of an individual employee and without any right to elect to receive the Contribution in cash. Provided however that a former Plan participant may elect to make contributions pursuant to continuation requirements of federal law under IRC Section 4980B (COBRA). Any elective contributions (other than under COBRA) will be returned within 30 days of discovery that the contribution was made by individual election, and Active Service Units granted based on an elective contribution will be rescinded.

1.10 **"Covered Expense"** means payment for the following:

(a) premium or contribution payment on behalf of a Beneficiary to a health, dental or vision insurance plan, for coverage of the Beneficiary in effect while the Beneficiary is eligible for benefits under this Plan, for the type of medical expenses excludible from gross income under Code Section 105(b);

(b) medical expenses, as defined in Code Section 213(d) (i.e., costs for the diagnosis, cure, mitigation, treatment, or prevention of disease or injury) including insulin, but excluding all other nonprescribed drugs, paid for by the Beneficiary while the Beneficiary is eligible for benefits under this Plan, and which have not been claimed by the Beneficiary as a deduction on his or her personal tax return; and

(c) premium payment for long-term care insurance, qualified under Code Section 7702B, for coverage of the Beneficiary in effect while the Beneficiary is eligible for benefits under the Plan, but for no other expenses associated with the costs of long-term care.

1.11 **"Disability"** means an injury or medical condition incurred in the course and scope of employment as a public safety employee that makes the Employee unable to work as a public safety employee, as determined by the federal Social Security Administration, or another appropriate governmental agency. The Employee must submit to the Trust Office written documentation of the disability determination from an appropriate governmental agency, including the determination of: (1) inability to work as a public safety employee; and (2) the disabling injury or medical condition was incurred during the scope of employment as a public safety employee.

1.12 **"Effective Date"** for an Employee means the date that the Employee, or his or her Participating Employer, was obligated to commence making Contributions to this Plan for the Employee, pursuant to a MOU.

1.13 **"Eligible Retiree"** means an Employee who is entitled to benefits under Section 2.1 of the Plan.

1.14 **"Employee"** means an individual employed full time by a Participating Employer on or after that Employee's Effective Date, who is a member of or promoted from a bargaining unit represented by a participating Association; and on whom the required Contributions are made to the Trust Fund pursuant to a MOU or Special Agreement.

1.15 **"Employee Account"** means the individual bookkeeping account maintained by the Trust in the name of an Employee, that reflects certain Contributions made to the Trust as set forth in Section 3.5.

1.16 **"Employer"** or **"Participating Employer"** means a public sector employer that contributes to this Plan pursuant to a MOU with an Association.

1.17 **"Memorandum of Understanding"** or **"MOU"** means a written agreement between a Participating Employer and an Association that requires Contributions to the Trust for retiree medical benefits, and subsequent amendments or successor agreements.

1.18 **"Missing Participant"** means an Employee, Eligible Retiree, Surviving Spouse, or known Surviving Child for whom the Trust Office has no address information on file in Trust records, or for whom Trust mail communications have been returned to sender without a valid forwarding address.

1.19 **"Operative Period"** means the dates during which the corresponding Unit Multiplier is effective for calculating a Beneficiary's Benefit Level. See Appendix A.

1.20 **"Plan"** means this separate written document, together with any amendments duly adopted by the Trustees.

1.21 **"QDRO"** means a qualified domestic relations order as defined in ERISA Section 206(d)(3)(B), 29 USC 1056 (d)(3)(B). A domestic relations order will not be treated as a QDRO until the Trust Office determines that it is a QDRO.

1.22 **"QMCSO"** means a qualified medical child support order as defined in ERISA Section 609(a)(2)(A), 29 USC 1169(a)(2)(A).

1.23 **"Special Agreement"** means a written agreement between an Employer and the Trustees, or a resolution of the governing body of the Employer, and any supplement, amendment, continuation, or renewal thereof that obligates the Employer to make Contributions to the Trust Fund for Employees, for the purpose of providing employee welfare benefits to the employees covered by said agreement, and their Beneficiaries.

1.24 "**Surviving Spouse**" means the lawful spouse of an Eligible Retiree, who was in that status at least 12 months on the date of the Eligible Retiree's death. The Surviving Spouse of an Employee or former Employee, who has satisfied all the requirements of Section 2.1(a), except the Employee dies prior to separation from employment and/or prior to age 50, shall also be considered a Surviving Spouse.

1.25 **"Trust"** or **"Trust Fund"** means the Southern California Firefighters Benefit Trust created by the Trust Agreement and all property and money held by such entity, including all contract rights and records.

1.26 "**Trust Office**" means office of the contract administrator hired by the Board of Trustees.

1.27 **"Trust Agreement"** means the Trust Agreement governing the Southern California Firefighters Benefit Trust, and any amendments thereto.

1.28 **"Unit Multiplier" or "UM"** means the variable amount periodically set by the Trustees, based on demographic and financial factors, and used in the determination of the monthly benefit level for Regular Beneficiaries, as set forth in Section 3.3(a). The Trustees may Adjust the UM from time to time.

ARTICLE II: ENTITLEMENT TO BENEFITS

2.1 Eligibility

(a) Eligibility as a Regular Beneficiary. An Employee shall become an Eligible Retiree entitled to Pooled Account monthly benefits as a Regular Beneficiary under Section 3.2 hereof when he or she meets all the following requirements:

(1) The Employee has earned 5 years of Active Service.

(2) Pooled Contributions have been made to the Trust on behalf of the Employee for all years of Active Service, except if the Active Service is earned under Section 2.2(a)(4) or 2.2(d) or (e) hereof;

(3) The Employee attains age 50, provided that if the Employee separates from service due to a Disability (as defined in Section 1.10) then the eligibility age shall be age 45; and

(4) The Employee has separated from all employment with all Participating Employers.

(b) Eligibility as a Limited Beneficiary: Employee Account Benefits. An Employee shall become eligible for benefits as a Limited Beneficiary when he or she meets all the following requirements:

(1) The Employee has separated from all employment with all Participating Employers; and

(2) The Employee has a positive balance in his or her Employee Account pursuant to Section 3.5 hereof.

(c) An Eligible Retiree can be both a Regular Beneficiary and a Limited Beneficiary.

2.2 Active Service

(a) Bargaining Unit Service. Active Service is used to determine an Employee's eligibility under this Plan. An Employee may earn Active Service in the following ways:

(1) For full-time employment as an Employee for a Participating Employer, after the Employee's Effective Date, provided Contributions are made to the Plan for these periods of employment;

(2) For time as an Employee on any authorized leave of absence from a Participating Employer, including authorized disability, illness, or injury, provided Contributions are made to the Plan during that time;

(3) For service in the Armed Forces, as required by federal law; and

(4) For conversion of Lump Sum Transfers to Active Service Units, pursuant to the rules in Section 2.2(c) hereof, for the purpose of meeting the Active Service required for eligibility under Section 2.1(a)(1) and/or for the purpose of increasing the Benefit Level as calculated for Regular Beneficiaries under Section 3.3(a). Provided that, for the purpose of meeting the Active Service required for eligibility under Section 2.1(a)(1), the number of Active Service Units to earn one year of Active Service through conversion is equal to the number of Active Service Units to earn one year of Active Service through Pooled Contributions for the Association of the Employee at the time of the conversion. Examples of the conversion of Lump Sum Transfers to Active Service Units are attached in Appendix C hereto.

(b) Nonbargaining Unit Service. An Employee, who has earned Active Service under subsection 2.2(a) hereof and later has transferred out of a participating Association (e.g., through promotion or other action), may continue to earn Active Service only if covered by a MOU or Special Agreement for continued Contributions in the new position.

(c) Conversion of Lump Sum Transfers to Active Service Units. An Employee who has a positive balance in his or her Employee Account from Lump Sum Transfers, pursuant to a MOU or Special Agreement that provides for mandatory deposit of Lump Sum Transfers, is entitled to earn Active Service in order to become a Regular Beneficiary, or if already eligible for benefits as a Regular Beneficiary, an Employee is entitled to increase his or her Benefit Level as calculated under Section 3.3(a), by conversion of funds in the Employee Account to Active Service Units, but only if the following rules and procedures are satisfied.

(1) The Lump Sum Transfer is pursuant to a provision in his or her MOU or Special Agreement that prohibits an election to receive a cash payment.

(2) The transfer of Lump Sum Transfers to the Pooled Account in the plan occurs by transfer of a sum of $3,000 or more from the Employee Account, except if the Employee is transferring the minimum amount to earn eligibility under Section 2.1(a)(1) hereof at separation from employment.

(3) The Employee may elect to transfer and convert Lump Sum Transfers deposited to the Employee Account to Active Service Units only one time per calendar year during employment, up to and during separation from

employment, pursuant to a written election received by the Trust Office from the Employee. An Employee may elect one additional transfer of Employee Account funds to the Pooled Account in the plan after separation from employment, if submitted within 60 days of the mailing date of the conversion packet.

(4) After the Employee's separation from service, the Plan converts the transferred funds from the Employee Account to Active Service Units according to an actuarial formula set by the Trustees and reflected in the Active Service Unit Conversion Table in Appendix B hereto, which may be revised by the Trustees from time to time. The Active Service Unit Conversion Table in effect on the date of transfer of Lump Sum Transfers to the Pooled Account under subsection 2.2(c)(2) shall apply. All versions of Appendix B adopted by the Board of Trustees are hereby incorporated and made a part of this Plan. Appendix C gives examples of the conversion calculation for different Employee circumstances and is hereby incorporated and made a part of this Plan.

(d) Contribution After Termination or Reduction of Employment (COBRA). An Employee whose employment is terminated may continue to earn Active Service and Active Service Units by periodic self-payment of Pooled Contributions at the same level as the Employee's Association, for a maximum of 18 months, pursuant to the federal law known as COBRA, and rules set by the Trustees.

(e) Spouse or Child Contribution After Death of Employee (COBRA). After death of an Employee, a Surviving Spouse, or Child may continue to earn Active Service and Active Service Units by periodic self-payment of Pooled Contributions at the same level as the Employee's Association, for a maximum of 36 months, pursuant to the federal law known as COBRA, and rules set by the Trustees.

2.3 No Rebate or Refund. No Employee or Beneficiary shall be eligible for rebate or refund of any Contributions made, except as benefits as set forth in the Plan. Any elective contributions (other than under COBRA) will be returned within 30 days of discovery that the contribution was made by individual election, and Active Service and Active Service Units granted based on an elective contribution will be rescinded.

ARTICLE III: BENEFITS

3.1 General

(a) An Employee may become a Beneficiary under either Section 2.1(a) or 2.1(b), or both. The rules in Sections 3.2, 3.3 and 3.4 apply to payments to Regular Beneficiaries (i.e., those Retirees who become eligible under Section 2.1(a)). The rules in Section 3.5 apply to payments to Limited Beneficiaries (i.e., those Retirees who become eligible under Section 2.1(b) for benefits from Employee Accounts). All benefit payments are subject to proper and timely submission of claims pursuant to Section 3.6 hereof, and the prohibition on assignment of rights and benefits in Section 3.7 hereof.

(b) Recoupment of Overpaid Benefits. If the Trust overpays benefits in regard to a Beneficiary, the Trust Office shall recoup the overpaid amount from the Beneficiary's future benefit payments or request repayment from the Beneficiary, as directed by the Trustees. The Beneficiary shall be obligated to repay the Trust for overpaid benefits, as allowed by law.

(c) Benefits Not Vested. The benefits of this Plan are not vested, and may be Adjusted or terminated for some or all Beneficiaries, including current and/or future Beneficiaries.

(d) Carryover of Excess Covered Expenses. Amounts of Covered Expenses properly claimed by a Beneficiary for reimbursement in excess of the Beneficiary's monthly Benefit Level shall be paid in subsequent months, up to the Beneficiary's monthly Benefit Level.

3.2 Commencement of Benefits for Regular Beneficiaries. Benefits for Regular Beneficiaries shall commence as set forth in this Section 3.2.

(a) Retiree. An Eligible Retiree shall be entitled to benefit payments starting the month after meeting the respective eligibility requirements of Section 2.1(a) or 2.1(b).

(b) Surviving Spouse. A Surviving Spouse shall be entitled to benefit payments as a Regular Beneficiary starting the month after the deceased Eligible Retiree or Employee would have attained age 50, or the month after the death of the Eligible Retiree or Employee, whichever is later.

(c) Surviving Children. A Surviving Child shall be entitled to receive monthly benefit payments as a Regular Beneficiary starting the month after the deceased Eligible Retiree or Employee would have attained age 50 or the month after the death of the Eligible Retiree or Employee, whichever is later.

(d) Alternate Payee. An Alternate Payee, pursuant to a QDRO, may commence receiving benefits at a time specified in the QDRO, but no earlier than the earliest date the Employee would be eligible to begin receiving benefits, if the Employee ceased employment with the Participating Employer on such date. The Surviving Children of the marriage of the Eligible Retiree and Alternate Payee shall commence receiving benefits based on the Alternate Payee's Benefit Level starting the month after the death of the Alternate Payee.

3.3 Benefit Levels for Regular Beneficiaries. An Employee who becomes an Eligible Retiree under Section 2.1(a), and his or her Beneficiaries shall be Regular Beneficiaries and entitled to monthly reimbursement of Covered Expenses in an amount not to exceed the Beneficiary's Benefit Level, calculated pursuant to this Section.

(a) Eligible Retiree. The maximum monthly Benefit Level for an Eligible Retiree shall be determined according the following methodology:

(1) Determine the total number of Active Service Units earned; and

(2) Multiply the total number of Active Service Units by the Unit Multiplier in effect on the date the claim was received at the Trust Office. See Operative Period in Appendix A, subject to subsection 3.3(b) hereof.

(b) Modifications. The Trustees reserve the right and power to modify the Unit Multiplier from time to time, and the new unit Multiplier may apply to current and/or future Beneficiaries, as determined by the Trustees. The applicable Unit Multiplier and the designation of Beneficiaries to whom it is applicable will be set forth in Appendix A hereto, which is by this reference incorporated herein.

(c) Surviving Spouse. The Benefit Level for a Surviving Spouse with Surviving Children shall be 75% of the Benefit Level of the Eligible Retiree at the time of his/her death. The Benefit Level for a Surviving Spouse without Surviving Children shall be 50% of the Benefit Level of the Eligible Retiree at the time of his/her death.

(d) Surviving Children. If there is no Surviving Spouse and there are Surviving Children, the Surviving Children's Benefit Level shall be 75% of the Benefit Level of the Eligible Retiree at the time of his/her death (to be divided amongst the Surviving Children subject to submission of claims). There shall be no survivor benefits for the family or dependents of an Alternate Payee on the death of the Alternate Payee, except that the Children from the marriage of the Eligible Retiree and Alternate Payee shall continue to have Surviving Child benefits calculated based upon the Benefit Level of the Alternate Payee, which shall commence as stated in Section 3.2(d) hereof.

(e) Alternate Payees Under QDROs. The monthly Benefit Level for an Alternate Payee pursuant to a QDRO will be determined as described in this subsection. A QDRO may award an Alternate Payee a portion of the Employee's Benefit Level and corresponding ASUs.

(1) Designation of Portion of Benefit Level and Actuarial Adjustment. A QDRO may designate a fixed amount or percentage of the Employee's or Eligible Retiree's Benefit Level earned during the marital period, as defined in the QDRO, to the Alternate Payee. No other method of division of the Employee's or Eligible Retiree's monthly benefit shall be permitted. The Trust Office, in consultation with the Plan's actuary, shall convert the Benefit Level thus designated for the Alternate Payee into an actuarially Adjusted Benefit Level of the Alternate Payee, based on the Alternate Payee's age and the month that commencement of benefits is first available to the Alternate Payee.

(2) Adjustment of Alternate Payee Benefit Level. The Benefit Level of the Alternate Payee shall Adjust from time to time, based on changes to the Unit Multiplier and otherwise, in the same manner and percentage as the Employee's or Eligible Retiree's monthly benefit changes. These Adjustments may occur before or after the commencement of benefit payments to the Alternate Payee.

3.4 Termination or Suspension of Pooled Account Monthly Benefits

(a) Eligible Retirees. An Eligible Retiree's monthly benefit coverage as a Regular Beneficiary under the Plan shall terminate on the following dates:

(1) Suspension of Benefit Payments. Benefit payments shall be suspended upon return to employment with a Participating Employer. Upon subsequent cessation of all employment with all Participating Employers, benefit payments shall resume. A Surviving Spouse, who is also an Employee, shall be eligible to receive Surviving Spouse benefits regardless of employment with a Participating Employer.

(2) Termination of Benefits. Subject to subsection 3.4(d), benefit payments shall terminate on the date of the Retiree's death; provided, however, that claims for Covered Expenses, that are properly and timely submitted on behalf of the deceased Retiree after death, will be paid for the months through and including the month in which the Retiree died, at the rate of the monthly Benefit Level for that Retiree.

(b) Surviving Spouse and Surviving Children. Subject to subsection 3.4(d), the coverage under the Plan of a Surviving Spouse shall terminate on the date of death of the Surviving Spouse; provided, however, that claims for Covered Expenses that are properly and timely submitted on behalf of the deceased Surviving Spouse after death, will be paid for the months through and including the month in which the Surviving Spouse died. The coverage under the Plan of Surviving Children shall terminate on the date of loss of Child status (as defined in Section 1.7 hereof) or death of the last Surviving Child.

(c) Alternate Payees Under QDROs. The benefits for an Alternate Payee under a QDRO shall terminate on the first of the month following the date of the Alternate Payee's death. An Alternate Payee's benefit shall not be suspended if the Employee on whom it is based returns to employment with a Participating Employer.

(d) Lifetime Benefits Not Guaranteed. The Plan is currently written to provide benefits for Regular Beneficiaries until death. However, this is not guaranteed. The Trustees reserve the right to Adjust, limit or terminate benefits as necessary to preserve the financial soundness of the Plan. Such changes may apply to some or all current and/or future Beneficiaries, including Alternate Payees, and may apply whether or not the Plan terminates.

3.5 Benefits From Employee Accounts for Limited Beneficiaries.

(a) Employee Account. An Employee who becomes an Eligible Retiree under Section 2.1(b) hereof as a Limited Beneficiary, is entitled to reimbursement of Covered Expenses from his or her Employee Account. The balance in the Employee Account shall include the following:

(1) Lump Sum Transfers to the Trust made pursuant to a nonelective requirement in a MOU or Special Agreement on behalf of all Employees in a specific classification, including but not limited to, accrued leave transfers, annually or upon retirement. Accrued leave shall only include the type of leave that the Internal Revenue Service allows for conversion to retiree medical benefits on a nontaxable basis (e.g., sick leave and vacation leave);

(2) Transfer of employee and employer Pooled Contributions, without any allotment for prior investment gains or losses, upon failure of the Employee to meet the eligibility requirements of Section 2.1(a)(1) for benefits as a Regular Beneficiary;

(3) Transfers from a Participating Association, if any;

(4) Investment earnings and losses on the Employee Account, minus administrative expenses and benefit payments, according to rules set by the Trustees. (Administrative expenses shall include a quarterly Maintenance Fees set by the Trustees and deducted from Employee Accounts of Limited Beneficiaries who are not also Regular Beneficiaries. The Trustees may Adjust the Maintenance Fee from time to time.); and

(5) A Regular Beneficiary's unused Pooled Account monthly benefits under Section 3.3 hereof, without any allotment for prior investment gains or losses, are credited to the Employee Account after each plan year end. The suspended Pooled Account monthly benefits of an Eligible Retiree who returns to employment with a Participating Employer shall also be credited to the Employee Account after each plan year end.

(b) Benefit Payment Amount From Employee Account. There shall be no maximum amount on a claim against the Employee Account, as long as all claims are for reimbursement of Covered Expenses (i.e., the monthly Unit Multiplier calculation does not apply to Employee Accounts) and the claim does not exceed the Employee Account balance.

(c) Commencement of Employee Account Benefits to Surviving Beneficiaries. Upon the death of the Eligible Retiree, the Surviving Spouse will be entitled to reimbursement from the Employee Account. If there is no Surviving Spouse, and there are Surviving Children, the Children will be entitled to reimbursement from the Employee Account (to be divided among the Surviving Children as long as they meet the definition of Child under Section 1.7). The benefits to surviving Beneficiaries will be according to the rules set forth in this Section 3.5.

(d) Termination of Benefits From Employee Account. Reimbursement from the Employee Account will terminate when the Employee Account balance reaches zero.

(e) Suspension of Benefit Payments From Employee Account. Benefit payments from an Employee Account shall be suspended on the date that the Eligible Retiree again becomes employed by a Participating Employer. Upon cessation of all employment with all Participating Employers, benefit payments shall resume. A Surviving Spouse, who is also an Employee, shall be eligible to receive Surviving Spouse benefits regardless of employment with a Participating Employer.

(f) Forfeitures. Any balance left in the Employee Account upon the death of the Eligible Retiree and his or her surviving Beneficiaries will forfeit to the Plan.

(g) Alternate Payee Under QDRO With Employee Account. If ordered in the QDRO, the Trust Office shall establish an Employee Account in the name of the Alternate Payee, and transfer the percentage of the Employee Account balance from the Employee's or Eligible Retiree's Employee Account to that account, as specified in a QDRO. The provisions of this Section 3.5 shall apply to the Employee Account of the Alternate Payee on the same terms as the Employee Account of an Eligible Retiree, except as follows:

(1) Commencement of Benefits From Employee Account. Benefit payments for reimbursement of Covered Expenses from the Employee Account shall commence on the date designated in the QDRO.

(2) Surviving Beneficiaries. There shall be no survivor benefits for the family or dependents of an Alternate Payee on the death of the Alternate Payee, except that the Children from the marriage of the Eligible Retiree and the Alternate Payee shall continue to have Surviving Child benefits from the balance of the Employee Account of the Alternate Payee, as long as they continue to meet the definition of Surviving Child in Section 1.7 hereof.

(h) Modification of Rules. The Trustees may amend the rules for benefit payments from Employee Accounts that may apply to current and/or future Beneficiaries, including Alternate Payees.

3.6 Benefit Claim Procedure

(a) Required Claims Documentation. To make a claim for Plan benefits, Beneficiaries must present independent third-party documentation of the following:

(1) the date that medical services or supplies were provided (which date must be prior to submission of the claim), or the dates of coverage for insurance premiums;

(2) the type of medical services or supplies, as defined in Section 1.9(b) hereof, or the type of insurance premiums as defined in Section 1.9(a) or (c) hereof; and

(3) the Beneficiary's payment of the Covered Expenses.

In addition to the documentation described herein, Beneficiaries must submit a completed claim form, approved by the Trustees, to the Trust Office. Prior to issuing payment, the Trust Office shall review such documentation and claim form and determine whether to grant or deny coverage under the Plan. Documentation must be submitted for each claim, except that documentation of a recurring Covered Expense, under Section 1.9(a) or (c), must be submitted upon request, but no less frequently than annually. If a Beneficiary has not provided sufficient written documentation of a recurring Covered Expense, the Trust Office shall suspend recurring benefit payments to the Beneficiary until the Trust Office receives sufficient documentation.

(b) Documentation of Beneficiary Payment. Documentation of payment under subsection 3.6(a)(3) shall include, but not be limited to the following, subject to Trust Office verification, as determined by the Trustees in their sold discretion:

(1) canceled check drawn to the name of the insurance provider or medical services or supplies provider;

(2) copy of confirmation of electronic payment to the insurance provider or medical services or supplies provider, including pension plan statement showing premium payment deduction; or

(3) receipt for payment from the medical insurance provider or medical service or supplies provider.

(c) Beneficiary Priority to Submit Claims. Beneficiaries may submit claims for reimbursement of Covered Expenses, in the order described below.

(1) Eligible Retiree. Subject to subsection 3.6(c)(4) below, only an Eligible Retiree may submit claims for reimbursement of Covered Expenses of a Beneficiary in his or her family.

(2) Surviving Spouse. Subject to subsection 3.6(c)(4) below, after the death of the Eligible Retiree, only a Surviving Spouse may submit claims for reimbursement of Covered Expenses of a Beneficiary.

(3) Surviving Children. If there is no Surviving Spouse, a Surviving Child may submit claims for reimbursement of his or her own Covered Expenses, subject to division of the Surviving Children's Benefit Level amongst all Surviving Children properly submitting a claim against that month's Benefit Level.

(4) Delegation of Authority to Submit Claims. An Eligible Retiree may delegate authority to submit claims to his or her legal spouse by completing and submitting to the Trust Office a form approved by the Trustees for that purpose. Similarly, a Surviving Spouse may delegate the authority to submit claims to a Surviving Child by completing and submitting to the Trust Office a form approved by the Trustees for that purpose.

(5) Revocation of Authority to Submit Claims. An Eligible Retiree or Surviving Spouse may revoke authority granted pursuant to subsection 3.6(c)(4) at any time by submitting a written revocation (including via email) to the Trust Office.

(6) Alternate Payee. An Alternate Payee shall have authority to submit claims for Covered Expenses of Children from the marriage of the Eligible Retiree and Alternate Payee.

(d) Claims Deadline. Claims for Plan benefits must be submitted no later than 3 months after the end of the calendar year in which the Beneficiary made the payment of Covered Expenses, i.e., by March 31st. However, the Trust Office may waive the deadline for good cause shown, according to guidelines set by the Trustees.

(e) Benefits Payable to Beneficiary. If the Trust Office grants coverage on the Beneficiary's claim, all Plan benefits are personal to the Beneficiary and payable only to the Beneficiary. The Trust Office shall not make any payments on behalf of a Beneficiary or distributions to any other person, except:

(1) as provided in subsection 3.6(g), regarding Beneficiary deemed to be incompetent;

(2) pursuant to a QDRO or QMCSO under federal law; or

(3) where the payment for Covered Expenses of the Beneficiary was made by a family member on the Beneficiary's behalf and the Beneficiary or Beneficiary's legal guardian signs the claim form allowing reimbursement to the family member directly.

(f) Denial of Claim. If the Trust Office denies coverage, in whole or part, on the Beneficiary's claim or the Plan takes other action adverse to the Beneficiary, the Beneficiary may appeal the denial of coverage or any other adverse determination of the Plan, by taking action pursuant to Section 4.3 hereof.

(g) Benefits Payable to Representative of Incompetent Beneficiary. If a Beneficiary is deemed to be incompetent by a lawful judicial forum, then the Trust Office may pay any benefit claims payment to the person that the judicial forum has appointed as the Beneficiary's representative, and the Beneficiary's representative may submit claims and take action on the Beneficiary's behalf, subject to the requirements of this Section 3.6. The Trustees shall not be under any duty to oversee the application of funds so paid, and receipt by the Beneficiary's representative shall be full acquittance to the Trustees, the Trust Office, and the Plan.

(h) Enforcement of Rights. A Beneficiary or Employee who does not have a claim for current benefits, but seeks to enforce his or her rights under the terms of the Plan or seeks to clarify his or her rights to future benefits or eligibility under the terms of the Plan, may submit a written request to the Trust Office explaining his or her position and asking for a decision or clarification. The Beneficiary or Employee should enclose any relevant documentation supporting the request. If the Beneficiary or Employee is not satisfied with the decision of the Trust Office, the Beneficiary or Employee may request an appeal of the Trust Office decision to the Board of Trustees pursuant to Section 4.3 hereof.

3.7 Prohibition of Assignment and Protection From Creditors

(a) No Assignment or Encumbrance of Benefits. No benefit payment under this Plan shall be subject in any way to assignment, alienation, sale, transfer, pledge, attachment, garnishment, or encumbrance of any kind. Any attempt by the Employee or Beneficiary, or any other person or entity, to assign, alienate, sell, transfer, pledge, attach, garnish, or encumber the benefits, Employee Accounts, or monies due from this Plan, whether for current or future benefits, shall be void. The Plan shall not honor any direct or indirect arrangement, whether revocable or irrevocable, whereby a person or entity acquires or receives from an Employee or Beneficiary any right or interest enforceable against this Plan for part or all of the Employee's or Beneficiary's current or future benefit payments. Any such arrangement shall be void under this Plan.

(b) No Assignment of Rights Under Law. Any attempt by the Employee or Beneficiary, or any other person or entity, to assign, alienate, sell, transfer, pledge, attach, garnish, or encumber the Employee's or Beneficiary's rights under this Plan shall be void including, but not limited to, the right to bring any action in court, file a lawsuit or appeal a coverage determination, the right to enforce rights or eligibility under the Plan, the right to benefits or eligibility under the Plan, the right to clarify rights to future benefit or eligibility under the Plan, and the right to request copies of Plan documents or annual reports. The Plan shall not honor any direct or indirect arrangement, whether revocable or irrevocable, whereby a person or entity acquires or receives from an Employee or Beneficiary any such right. Any such arrangement shall be void under this Plan.

(c) Protection of Benefits From Creditors. The Plan and Trust Fund are exempt from all claims from creditors or other claimants and from all orders, decrees, garnishments, and legal processes or proceedings, except in connection with QMCSOs or QDROs.

(d) Family Member Payment of Covered Expenses for Beneficiary. Notwithstanding Section 3.7(a) above, a Beneficiary may expressly authorize the Trust Office on the claim form to reimburse Covered Expenses paid by a family member on the Beneficiary's behalf directly to the family member. In the absence of such a specific authorization from the Beneficiary, or the Beneficiary's legal guardian, on the claim form, the Trust Office will pay claims only to the Beneficiary. The direct payment of benefits to a family member pursuant to Beneficiary authorization on the claim form shall not constitute an assignment of benefits under this Plan. Under no circumstance will the Trustees, Trust Office or the Plan deem the family member to be a participant or Beneficiary under this Plan, except pursuant to Section 1.4 hereof.

ARTICLE IV: CLAIM APPEAL PROCEDURES

4.1 Beneficiary's Duty to Notify Trust Office of Claim. The Beneficiary is required to notify the Trust Office of his or her claim for benefits pursuant to Section 3.6 hereof, before he or she is entitled to either receive benefits under this Plan or appeal the Trust Office's decision denying a request for benefits.

4.2 Acceptance or Denial of Claims by the Trust Office

(a) Standard Claim Decision—Timing. The Trust Office shall consider each claim for Plan benefits and determine whether to grant or deny coverage under the Plan. Subject to Sections 4.2(b) and (c), the Trust Office shall send written notification of its decision to the Beneficiary not later than 30 days after receipt of the Beneficiary's claim. If coverage is granted, the Beneficiary shall receive payment as stated in Section 3.6(d). If the claim is denied, the Beneficiary has the right to appeal the claim, pursuant to Section 4.3 hereof and the Plan's hearing procedures, if any, available from the Trust Office.

The denial notification shall include the following information:

(1) Specific reason(s) for such denial;

(2) Specific reference to the Plan provisions upon which the denial is based;

(3) Statement that the Beneficiary is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to the Beneficiary's claim for benefits;

(4) Description of any additional material or information necessary for the Beneficiary to perfect the claim and an explanation of why such material or information is necessary;

(5) Statement identifying any internal rules, guidelines, protocols, or other similar criteria relied upon in the denial, copies of which will be provided free of charge to the Beneficiary upon request; and

(6) Explanation of the Plan's hearing procedures, if any, with respect to the denial of benefits and a statement of the Beneficiary's right to bring an action under ERISA Section 502(a), after exhausting the plan's appeal procedures.

(b) Extension of Time—Special Circumstances. If the Trustees determine that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Beneficiary prior to the termination of the initial 30-day period. The extension notice shall indicate the special circumstances requiring the extension of time and the date by which the Trustees expect to render a benefit determination.

4.3 Appeal Procedures. Beneficiaries and any person who claims to be entitled to benefits under this Plan shall follow the provisions in this Article IV.

(a) Exclusive Procedures. The procedures specified in this Section, together with any written hearing procedures adopted by the Trustees, shall be the exclusive procedures available to a person dissatisfied with an eligibility determination, benefit claim decision, or response to written request pursuant to Section 3.6(h) hereof, or to a person who is otherwise adversely affected by any action of the Trustees.

(b) Request for Hearing. Any person whose claim has been denied may appeal to the Trustees to conduct a hearing in the matter, provided that he or she requests the hearing in writing within 181 calendar days after receipt of notification of the denial of benefits or other adverse determination. The letter requesting a hearing should also indicate the reasons why the Beneficiary believes that the grounds for denial of benefits are inapplicable. The Beneficiary may request and examine documents pertinent to the denial and may submit written comments, documents, records, and other information relating to the claim for benefits to the Trustees. The Beneficiary shall provide, upon request and free of charge, reasonable access to, and copies of all documents, records, and other information relevant to the Beneficiary's claim for benefits.

(c) Hearing Procedure. The Trustees shall conduct a hearing at the next regularly scheduled meeting of the Board of Trustees, unless the request for review is received by the Trust Office within 30 days preceding the date of such meeting. In such case, the hearing will be conducted no later than the date of the second meeting following the Trust Office's receipt of the request for review. If special circumstances require a further extension of the time for processing, a benefit determination shall be rendered no later than the third meeting of the committee or board following the Plan's receipt of request for review. If such an extension of time for review is required because of special circumstances, the Trustees shall notify the claimant in writing of the extension, describing the special circumstances and the date as of which the benefit determination will be made, prior to the commencement of the extension. The Trustees will review all comments, documents, records, and other information submitted by the Beneficiary related to the claim, regardless of whether such information was submitted or considered in the initial benefit determination. The Beneficiary shall be entitled to present his or her position and any evidence in support thereof at the hearing. The Beneficiary may be represented by an attorney or any other representative of his or her choosing at the Beneficiary's expense.

(d) Decision After Appeal Hearing. No later than five days after the benefit determination related to the hearing is made, the Trustees shall notify the claimant of the determination on review by issuing a written decision affirming, modifying, or setting aside the former decision.

4.4 Right to Court Review; Time Limit to Bring Lawsuit

(a) Exhaustion of Internal Appeal Procedures. An Employee or Beneficiary who is dissatisfied with an eligibility determination, benefit award, or response to written request pursuant to Section 3.6(h) hereof, must first exhaust the procedures in this Article IV before bringing an action in court.

(b) Limitation Period for Filing a Lawsuit Against the Trust for Benefit Payments. A Beneficiary has the right to bring action in federal court, pursuant to ERISA Section 502(a), no later than one year after the exhaustion of administrative remedies, which means the date of the written decision by the Board of Trustees on an appeal of a denied benefit claim, or other complaint described in Section 3.6(h).

(c) Broad Discretion. The Board of Trustees has broad discretionary authority to interpret the terms of the Plan and to grant or deny claims for benefits.

ARTICLE V: MISCELLANEOUS

5.1 Limitation of Rights. Neither the establishment of the Plan and the Trust, nor any modifications thereof, nor the creation of any fund or account, nor the payment of any benefits, shall be construed as giving any Beneficiary or other person any legal or equitable right of action, or any recourse against any participating Association or its employees, the RCFA or its employees, the Fallbrook FFA or its employees, any Participating Employer or its employees, the Trust or its employees, the Trust Office or the Trustees, except as provided in this Plan and the Trust Agreement.

5.2 Applicable Laws and Regulations. Reference in this Plan to any particular sections of any local, state, or federal statute shall include any regulation pertinent to such sections and any subsequent amendments to such sections or regulations. This Plan and the Trust shall be guided by ERISA, 29 U.S.C. 1001, et seq.

5.3 Confidentiality. It is agreed and understood that each Beneficiary who applies for benefits under this Plan is entitled to the same rights and consideration, including the right of confidentiality, and the Trustees shall not be required to nor shall they reveal to any other persons, including the participating Associations, its officers, agents, or employees, any matters revealed to them in confidence by such Beneficiary in the course of his or her application for benefits, except to the extent required by law. This Plan is subject to the federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), which imposes specific restrictions on the use and disclosure of protected health information.

5.4 Trustee Authority. The Trustees shall have the authority and broad discretion to determine eligibility for benefits, to interpret and apply the provisions of this Trust and Plan, or of the benefit Plans, or of their own motions, resolutions, and administrative rules and regulations, or of any contract, instruments, or writings they may have entered into or adopted. The Trustees' decision shall be binding and conclusive.

5.5 Divorce Court Orders: QDRO and QMCSO Review Costs and Procedures. The Trustees shall adopt reasonable procedures for accepting, evaluating, approving and administering QDROs and QMCSOs. The Trust reserves the right to deduct the reasonable costs associated with determining whether a domestic relations order qualifies as a QDRO or a medical child support order qualifies as a QMCSO from the benefits payable to the Eligible Retiree or Beneficiary, according to rules set by the Trustees.

5.6 Missing Participant Policies and Procedures. The Trustees shall establish policies and procedures for searching for Missing Participants and shall transmit those policies and procedures to the Trust Office.

(a) <u>Employee/Beneficiary Duty to Update Contact Information</u>. Each Employee and Beneficiary in this Plan has the duty to inform the Trust Office of changes in his or her contact information, including, but not limited to, home address (or post office box), phone number (cell phone if available), and email address.

(b) Missing Information Fee Charged to Missing Participant. In the event that the Trust incurs costs to search for Missing Participants, the Trustees shall have the right to establish and charge a reasonable Missing Information Fee to the Missing Participant, which may be deducted from the Missing Participant's future monthly benefits or Employee Account balance.

ARTICLE VI: AMENDMENTS AND TERMINATION

Trust resources for payment of benefits consist of Contributions required by the current MOUs and Special Agreements, assets held in the Trust, and investment returns of the Trust investments. All benefits are paid from Trust assets, and the Plan's obligation to make any benefit payment shall be limited by amounts held in the Trust and the financial stability of the Plan at the time of the payment. In order that the Board of Trustees may carry out its obligation to maintain, within the limits of Trust resources, a program dedicated to providing benefits for all Beneficiaries, the Trustees expressly reserve the right, in their sole discretion, any time and from time to time, provided that such action does not violate federal discrimination law:

(a) to modify the Unit Multiplier;
(b) to amend or rescind any provision of this Plan; and
(c) to terminate the Plan.

Any such changes may apply to some or all current and/or future Beneficiaries, as determined by the Board of Trustees.

ARTICLE VII: PRIVACY AND SECURITY OF PROTECTED HEALTH INFORMATION

7.1 General. This Plan is subject to the Privacy Rule, as set forth in the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The HIPAA Privacy Rule sets forth standards to ensure that personal health information is kept private. This Article describes the conditions under which the Plan may disclose Protected Health Information ("PHI") to the Board of Trustees, and the permitted and required use of such information by the Trustees. For purposes of this Article, the term Protected Health Information or PHI shall have the meaning provided in 45 CFR § 160.103.

7.2 Disclosure to the Board of Trustees

(a) Permitted Disclosure of Summary Health Information. Summary Health Information is information that summarizes claims history, claims expenses, or type of claims experienced by individuals for whom the Plan has provided benefits, which excludes all demographic information that identifies individual Beneficiaries or could reasonably be used to identify an individual Beneficiary. The Trust Office, on behalf of the Plan, may disclose Summary Health Information to the Board of Trustees for the purpose of modifying, amending or terminating this Plan.

(b) Permitted Disclosure of Individual Participation or Enrollment Status. The Trust Office, on behalf of the Plan, may disclose to the Board of Trustees information on whether an individual is participating or enrolled in the Plan.

(c) Permitted Disclosure of PHI. The Plan may disclose PHI to the Board of Trustees in order for the Trustees to carry out plan administration functions for this Plan.

(d) Conditions for Disclosure of PHI to Board of Trustees. The Board of Trustees agrees that all Trustees individually, or the Trust Office on behalf of the Board of Trustees, will take, or avoid, the following actions regarding the use of PHI disclosed to the Board of Trustees:

(1) To not use or further disclose PHI other than as permitted or required by this Plan, or as required by law.

(2) To ensure that any agents of the Plan and Trust, including independent contractors and subcontractors, to whom the Trustees and Plan provides PHI, agree to restrictions and conditions required by federal law with respect to PHI.

(3) To not disclose PHI to Employers or Associations for employment related actions and decisions or in connection with any other benefit or employee benefit plan.

(4) To report to the Plan any use or disclosure of PHI that is inconsistent with the uses or disclosures permitted by the Plan or federal law, of which the Trustees become aware.

(5) To make available to individual Plan participants access to their own PHI, amendment to their own PHI, and accounting of disclosures of PHI, to the extent required by 45 CFR §164.524 and 164.526.

(6) To make internal practices, books, and records relating to the use and disclosure of PHI received from the Plan available to the Secretary of Health and Human Services for purposes of determining compliance by the Plan with 45 CFR §164.504(f).

(7) Return or destroy all PHI received from the Plan that the individual Trustees maintain in any form, and retain no copies of such information, when no longer needed for the purpose for which the disclosure was made.

(8) To limit the access and use of PHI to plan administrative functions for this Plan.

7.3 Security of Electronic PHI. The Board of Trustees shall reasonably and appropriately safeguard electronic PHI created, maintained, or transmitted to or by the Board of Trustees on behalf of the Plan. The Board of Trustees will:

(a) Ensure that the Trust Office, and any agent of the Trust or Plan, including a subcontractor, to whom the Plan provides PHI, agrees to implement reasonable and appropriate security measures to protect the information and comply with federal law.

(b) Implement processes that reasonably and appropriately protect the confidentiality, integrity, and availability of electronic PHI created, received, maintained or transmitted on behalf of the Plan to the Trustees.

(c) Report appropriately any security incident of which the Trustees become aware.

Adopted by the Board of Trustees on April 14, 2021, and effective retroactive to March 1, 2021.

By the BOARD OF TRUSTEES,
SOUTHERN CALIFORNIA FIREFIGHTERS BENEFIT TRUST

Trustee	Trustee
Brandon Lucore	Matt Mathis
Print Name	Print Name

APPENDIX A: Table of Operative Periods for Unit Multiplier

Operative Period (Based on Date Claim Received by Trust Office)	Unit Multiplier
Before March 1, 2016	$0.21
March 1, 2016 to February 28, 2019	$0.22
On or after March 1, 2019	$0.23

$25 monthly contribution = 1 Active Service Unit (unless converted from Lump Sum Transfers using Appendix B Table)

Examples of Calculation of Benefit Level (Using 3/1/19 Unit Multiplier)

Example #1—6 years in Trust: An Association has a contribution rate of $100/month, and Employee Jones participates for 2 years (or 24 months) at that level. Then the Association increases the contribution rate to $150/month, and Jones participates for 4 years (or 48 months) at that level, and then retires. The Pooled Account monthly Benefit Level available to Jones for medical expense reimbursement will be calculated as follows:

Step 1: Convert monthly contributions to Active Service Units
$100/month = 4 Active Service Units/Month
$150/month = 6 Active Service Units/Month

Step 2: Find number Active Service Units
4 Active Service Units x 24 months = 96 Active Service Units
6 Active Service Units x 48 months = 288 Active Service Units
Total = 384 Active Service Units

Step 3: Multiply number Active Service Units by Unit Multiplier:
Pooled Account Monthly Benefit Level: 384 x $0.23 = $88.32

Example #2—12 years in Trust: An Association selects a contribution rate of $100/month, and Employee Jones participates for 7 years (or 84 months) at that level. Then the Association increases the contribution rate to $200/month, and Jones participates for 5 years (or 60 months) at that level, and then retires. The Pooled Account monthly Benefit Level available to Jones for medical expense reimbursement will be calculated as follows:

Step 1: Convert monthly contribution to Active Service Units.
$100/month = 4 Active Service Units/Month
$200/month = 8 Active Service Units/Month

Step 2: Find number Active Service Units.
4 Active Service Units x 84 months = 336 Active Service Units
8 Active Service Units x 60 months = 480 Active Service Units
Total = 816 Active Service Units

Step 3: Multiply number Active Service Units by Unit Multiplier.
Pooled Account Monthly Benefit Level: 816 x $0.23 = $187.68

Example #3—Career Employee—25 years in Trust: An Association selects a contribution rate of $100/month, and Employee Jones participates for 7 years (or 84 months) at that level. Then the Association increases the contribution rate to $200/month, and Jones participates for 18 years (or 216 months) at that level, and then retires. The Pooled Account monthly Benefit Level available to Jones for medical expense reimbursement will be calculated as follows:

Step 1: Convert monthly contributions to Active Service Units.
$100/month = 4 Active Service Units/ Month
$200/month = 8 Active Service Units/ Month

Step 2: Find number Active Service Units.
4 Active Service Units x 84 months = 336 Active Service Units
8 Active Service Units x 216 months = 1728 Active Service Units
Total = 2064 Active Service Units

Step 3: Multiply number Active Service Units by Unit Multiplier.
Pooled Account Monthly Benefit Level: 2064 x $0.23 = $474.72

Caveat: These are examples. The Trustees reserve the right to modify the Unit Multiplier and the formula used to calculate Benefit Levels at any time for both existing and future Beneficiaries. Such a modification is most frequently attributable to favorable or adverse demographic or financial experience of the Plan. For more details, please contact the Trust Office.

APPENDIX B: Active Service Unit Conversion Table

APPENDIX C: Sample Calculations of Conversion of Employee Account Balance Into Active Service Units (ASUs) Under Plan Section 2.2(c)

This Appendix addresses situations where an Employee has an Employee Account in the Plan and wants to convert some or all of the money in that Employee Account into Active Service Units, in order to increase his/her monthly lifetime benefit from the Plan. The conversion rates in the calculations below differ, depending on when the Employee firefighter decides to transfer money from the Employee Account into the Pooled Account. This is because of the time value of money (i.e., the closer one is to retirement, the less interest the Plan can earn on the money, so it costs more to purchase each ASU).

The conversion rates are based on the applicable Conversion Table in Appendix B to the Plan. The date that the Employee's Conversion Election Form is received at the Trust Office determines the Conversion Table applicable to the conversion calculation. The Conversion Table is developed with the advice of the Plan's actuary. These examples use the Conversion Table effective for Conversion Election Forms received on or after March 1, 2019. If you submitted your Conversion Election Form earlier than March 1, 2019, then the Trust Office will use an earlier version of the Conversion Table to perform your conversion calculation, which is available from the Trust Office or on the Trust Website at www.firefightertrust.org.

These two examples show conversion of the entire Employee Account balance. However, you can elect to convert less than your entire Employee Account balance in any amount of $3,000 or more. You can only elect conversion one time per calendar year.

Example #1—Transfer of Employee Account During Employment: If Firefighter converts the entire Employee Account balance five years prior to separation from service, how much additional monthly benefit will he/she receive?

Firefighter ("FF") is 50 years old and has an Employee Account balance of $103,606 in the Trust. This example assumes FF works until age 55 (i.e., for 5 more years).

Conversion of Employee Account balance to Active Service Units: FF elects to transfer the entire $103,606 into the Pooled Account[1] at age 50 and submits a Conversion Election Form to the Trust Office on his 50th birthday.

> Step 1: The Trust Office irrevocably transfers the entire $103,606 Employee Account balance from the Employee Account to the Pooled Account within the Trust upon receipt of the Conversion Election Form.
>
> Step 2: At the time that the FF does eventually separate from service (in this example, 5 years later), the Trust Office will then convert into ASUs the amount that the FF transferred 5 years earlier into the Pooled Account. Because the FF actually worked another 5 full years after the transfer date, the Trust Office will use the conversion rate in the 5-year column of the Conversion Table ("Years From Transfer to Separation"). Since the FF was

[1] The Pooled Account is a common investment account that receives the monthly payroll contributions from Employees. See Plan Section 1.8(a).

50 years old when he/she elected conversion, the Trust Office will use the 50-year-old row of the Conversion Table ("Age at Transfer"), and the Trust Office concludes from the Conversion Table that each ASU will cost $34.50. The Trust Office will then calculate how many ASUs the FF earned from conversion of the Employee Account balance, as follows:

$103,606 / $34.50 (from conversion table) = 3,003.07 ASUs.

Step 3: The Trust Office will then calculate the additional monthly benefit due to the conversion (which will be added to the previously earned monthly benefit level from regular monthly payroll contributions).

3003.07 ASUs X $0.23 (current Unit Multiplier) = **$690.71 Additional** monthly benefit for reimbursable Covered Expenses.

Example #2—Transfer of Employee Account at Retirement: If Firefighter converts the entire Employee Account balance at time of separation from service/retirement, how much additional monthly benefit will he/she receive?

FF is 55 years old and has an Employee Account balance of $103,606 (same amount as in Example #1) in the Trust at separation from service.

Conversion of Employee Account balance to Active Service Units: FF elects to transfer the entire $103,606 into the Pooled Account at age 55 at separation from service (i.e., zero years from transfer to separation from service) and submits a Conversion Election Form to the Trust Office within 60 days of the mailing date of the conversion packet.

Step 1: The Trust Office irrevocably transfers the entire $103,606 Employee Account balance from the Employee Account to the Pooled Account within the Trust upon receipt of the Conversion Election Form.

Step 2: At the time that the FF separates service, the Trust Office will convert into ASUs the amount transferred into the Pooled Account. Because the FF transferred the Employee Account balance at separation from service and was 55 years old when he elected conversion, the Trust Office will use the conversion rate in the 0-year column of the Conversion Table ("Years From Transfer to Separation") and the 55-year-old row of the Conversion Table ("Age at Transfer"). The Trust Office concludes from the Conversion Table that each ASU will cost $44.25. The Trust Office will then calculate how many ASUs the FF earned from conversion of the Employee Account balance, as follows:

$103,606 / $44.25 (from Conversion Table) = 2,341.38 ASUs

Step 3: The Trust Office will then calculate the additional monthly benefit due to the conversion (which will be added to the previously earned monthly benefit level from regular monthly payroll contributions).

2,341.38 ASUs X $0.23 (current Unit Multiplier) = **$538.52 Additional** monthly benefit level for reimbursable Covered Expenses.

Note: The additional monthly benefit is less than in Example 1 because the transfer of the Employee Account balance did not have time to earn interest in the Pooled Account investments before it was converted to ASUs.

Conversion of Part of the Employee Account Balance: If you are interested in converting only **a part** of your Employee Account balance (e.g., to achieve the 5 years of Active Service needed for the lifetime monthly benefit), please contact the Trust Office, who will help you calculate how much you need to convert form your Employee Account and guide you regarding use of your COBRA rights.

Caveat: These are examples. The Trustees reserve the right to modify the Unit Multiplier, the Active Service Unit Conversion Table, and the formula used to calculate Benefit Levels at any time for existing and/or future Beneficiaries. Such a modification is most frequently attributable to favorable or adverse demographic or financial experience of the Plan. For more details, please contact the Trust Office.