RESTATED
MEDICAL EXPENSE REIMBURSEMENT PLAN
OF THE
SOUTHERN CALIFORNIA FIREFIGHTERS BENEFIT TRUST

Restated March 1, 2016

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Dr. 11/13/15 (incl. Amendment Nos. 1-5)
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TABLE OF CONTENTS

PREAMBLE ........................................................................................................... 1

ARTICLE I DEFINITIONS .................................................................................. 2

ARTICLE II ENTITLEMENT TO BENEFITS ....................................................... 5
  2.1 Eligibility ..................................................................................................... 5
  2.2 Active Service .......................................................................................... 7
  2.3 No Rebate or Refund ............................................................................... 8

ARTICLE III BENEFITS ..................................................................................... 8
  3.1 General ..................................................................................................... 8
  3.2 Commencement of Benefits ..................................................................... 9
  3.3 Benefit Levels for Regular Beneficiaries .................................................. 9
  3.4 Termination of Benefits ........................................................................... 10
  3.5 Benefits from Employee Accounts .......................................................... 11
  3.6 Benefit Claim Procedure ........................................................................ 11
  3.7 Prohibition of Assignment and Protection from Creditors ................. 13

ARTICLE IV CLAIM APPEAL PROCEDURES .................................................. 14
  4.1 Beneficiary’s Duty to Notify Trust Office of Claim .................................. 14
  4.2 Acceptance or Denial of Claims by the Trust Office .............................. 14
  4.3 Appeal Procedures ................................................................................... 15
  4.4 Right to Court Review, Time Limit to Bring Lawsuit ............................ 17

ARTICLE V MISCELLANEOUS ...................................................................... 17
  5.1 Limitation of Rights ................................................................................ 17
  5.2 Applicable Laws and Regulations ........................................................... 17
  5.3 Confidentiality ........................................................................................ 17
  5.4 Trustee Authority .................................................................................... 18

ARTICLE VI AMENDMENTS AND TERMINATION ....................................... 18
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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”) have entered into 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; and

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; and

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; and

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 Memorandum of Understanding, wherein the City and the RCFA agreed in Section 14 that contributions would be made to a retiree medical trust fund for the purpose of funding in whole or in part, retiree health reimbursement payment benefits; and

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; and

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; and

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; and

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;

WHEREAS, the Board of Trustees has amended the Plan five (5) times since its adoption and now wishes to incorporate those amendments into a restated Plan, including further modifications for clarity and scrivener’s corrections;

NOW, THEREFORE, the Board of Trustees does hereby adopt this Restated Medical Expense Reimbursement Plan of the Southern California Firefighters Benefit Trust, including Amendment Nos. 1 – 5, effective March 1, 2016, unless otherwise specifically stated, 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” 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, or other objectively defined group (e.g., management employees of a fire department), which represents employees of a public sector fire fighting department, and is party to a Memorandum of Understanding 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; and an Eligible Retiree’s Surviving Spouse, and the Eligible Retiree’s Surviving Children. 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 “Board of Trustees” or “Trustees” means the duly selected board which administers the Plan and Trust, pursuant to the Trust Agreement.
1.6 "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.

1.7 "Code" means the Internal Revenue Code, as amended.

1.8 "Contribution" means a mandatory transfer of money made by the employer to the Trust pursuant to a Memorandum of Understanding between a Participating Employer and an Association, which calls for either employer and/or employee transfers of money to the Trust.

(a) The term “Contribution” includes “Pooled Contributions” which 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 an MOU at the monthly level of $100 minimum and increasing in increments of $25 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, which are not recorded in an Employee Account.

(b) The term “Contribution” includes “Lump Sum Transfers,” which are Contributions to the Trust made pursuant to the terms of an 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 non-elective 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 an MOU. 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 to receive a portion of 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 Sec. 4980B (COBRA). Any elective contributions (other than under COBRA) will be returned within thirty (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.
“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 non-prescribed 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 Sec. 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.

“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 an MOU.

“Eligible Retiree” means an Employee who is entitled to benefits under Section 2.1 of the Plan.

“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 Memorandum of Understanding or Special Agreement, as defined in the Trust Agreement.

“Employee Account” means the individual bookkeeping account maintained by the Trust in the name of an Employee, which reflects certain contributions made to the Trust as set forth in Section 3.5.

“Employer” or “Participating Employer” means a public sector employer whose primary purpose is fire fighting, which contributes to this Plan pursuant to an MOU.

“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. The term MOU may also include an agreement covering management employees during the period that the employer is also making contributions to the trust on the employees in the bargaining unit of the same employer.
1.16 “Plan” means this separate written document, together with any amendments duly adopted by the Trustees.

[For definitions of “Pooled Account” and “Pooled Contributions,” see Section 1.8 above.]

1.17 “Special Agreement” means a written agreement between an entity and the Trustees and any supplement, amendment, continuation, or renewal thereof that obligates the entity 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.

1.18 “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, except the Employee dies prior to separation from employment and/or prior to age 50, shall also be considered a Surviving Spouse.

1.19 “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. “Trust Office” means office of the contract administrator hired by the Board of Trustees.

1.20 “Trust Agreement” or “Agreement” means the Trust Agreement governing the Southern California Firefighters Benefit Trust, and any amendments thereto.

1.21 “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 in this Section 2.1(a). An Employee may also be entitled to Employee Account benefits under Section 3.5, if earned by transfer of accumulations under Section 2.1(b).

(1) Years of Active Service Threshold.
a. General Requirement. The Employee has earned five years of Active Service;

b. Disability Requirement. An Employee who becomes disabled will be subject to the following rules:

   i. An Employee whose employment terminates due to an on-duty disability will need only one month of Active Service, to meet this requirement. An Employee whose employment terminates due to an off-duty disability will need five years of contributory Active Service.

   ii. Definition of Disability. The disability must be a disability that makes the employee unable to work as a public safety employee, as determined by the federal Social Security Administration, or other appropriate governmental agency.

   (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 however that if the Employee becomes disabled due to an on-duty disability (as defined in Section 2.1(a)(1)), then age 45; and

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

(b) Eligibility as a Limited Beneficiary: Employee Account Benefits. For an Employee who does not meet the requirements under Section 2.1(a)(1) and (2) of this section, the Employee shall become eligible for benefits as a Limited Beneficiary under this Plan. A Regular Beneficiary who has a balance in his or her Employee Account from deposits pursuant to Section 3.5 of the Plan shall also become eligible as a Limited Beneficiary under this Plan. A Limited Beneficiary is entitled to receive benefits from his or her Employee Account after separation from service with a Participating Employer, if there have been deposits thereto, pursuant to Section 3.5 of the Plan. If the Limited Beneficiary returns to employment with a Participating Employer, eligibility for this benefit shall be suspended until termination of such employment and any benefit payments received may be recouped from future benefits under Section 3.3 hereof.

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;

(2) For time as an Employee on any authorized leave of absence from a Participating Employer, including authorized disability, illness, or injury, provided that 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 Threshold 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 Threshold under Section 2.1(a)(1), the number of Active Service Units to earn one (1) year of Active Service through conversion is equal to the number of Active Service Units to earn one (1) 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) Non-Bargaining Unit Service. An Employee who has earned Active Service under subsection 2.2(a) hereof and who has transferred out of a participating Association (e.g., through promotion or other action) may continue to earn Active Service only if covered by an MOU (as defined herein) or Special Agreement 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 an MOU 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 deposit is pursuant to a provision in his or her MOU 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 a lump sum of $3000.00 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 (1) additional transfer of Employee Account funds to the Pooled Account in the Plan after separation from employment, if submitted within sixty (60) days of receipt of the COBRA Notice of Right to Elect.

(4) After 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) above shall apply. Appendix B is hereby incorporated and made a part of this Plan (current version marked Eff. 5/31/13 is attached hereto and all future versions will be attached to this Plan with effective dates indicated). 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 eighteen 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 thirty-six months, pursuant to rules set by the Trustees.

(f) Self-Pay Rules. Self payment rules for purposes of this (d) and (e) of Article II shall be set by the Trustees and may be obtained from the Trust Office.

2.3 No Rebate or Refund. Employees shall not be eligible for rebates or refunds of any contributions made, except as benefits as set forth in the Plan.

ARTICLE III
BENEFITS

3.1 General. An Employee may become a Beneficiary under either Section 2.1(a) or 2.1(b), or both. The rules in Sections 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, etc., of rights and benefits in Section 3.7 hereof.

3.2 Commencement of Benefits. Benefits for 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 starting the month after the deceased Eligible Retiree would have attained age 50 or the month after the death of the Eligible Retiree, whichever is later.

(c) **Surviving Children.** If there is no Surviving Spouse, an Eligible Retiree’s Surviving Child shall be entitled to receive monthly benefit payments starting the month after the Eligible Retiree died, subject to Section 3.4 hereof.

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 to the following methodology:

1. Determine the number of Active Service Units

2. Multiply the number of Active Service Units by the Unit Multiplier in effect on the date that the Employee separates from employment with a Participating Employer, 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 and Surviving Children.** The benefit level for a Surviving Spouse shall be 50% of the benefit level of the Eligible Retiree at the time of his/her death. If there is no Surviving Spouse and there are surviving Children, the 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).
3.4 Termination 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 earliest of the following dates:

(1) Return to employment with a Participating Employer; provided however that upon subsequent cessation of all employment with Participating Employers, benefit payments shall resume.

(2) Date of the Retiree’s death; provided however that claims for Covered Expenses, which 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.** 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, which 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, subject to Section 3.3(d) hereof. The coverage under the Plan of Surviving Children shall terminate on the date of loss of Child status or death of the last Surviving Child (as defined in Section 1.6 hereof).

(c) **Modifications to Benefits.** Benefit coverage may be modified or terminated pursuant to Article VI hereof, and such changes may apply to current and/or future Beneficiaries.

3.5 Benefits from Employee Accounts.

(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 non-elective requirement in an MOU 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 non-taxable basis (e.g. sick leave and vacation leave); and

(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) for benefits as a Regular Beneficiary; and

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

(4) Investment earnings and losses on the Employee Account, minus administrative expenses and benefit payments, according to rules set by the Trustees; 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.

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

(c) 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 equally among the Surviving Children so long as they meet the definition of Child under Section 1.6). The benefits to surviving beneficiaries will be according to the same rules set forth in this Section 3.5.

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

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

(f) Modification of Rules. The Trustees may adjust or amend the rules for benefit payments from Employee Accounts, which may apply to current and/or future Beneficiaries.

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 premium;
(2) the medical services or supplies, as defined in Section 1.9(b) hereof, or 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)(1) above shall include, but not be limited to, the following, subject to Trust Office verification, as determined by the Trustees in their sole 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) Claims Deadline. Claims for Plan benefits must be submitted no later than 90 days after the end of the calendar year in which the Beneficiary made the payment of Covered Expenses.

(d) 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, except as provided in subsection 3.6(f), regarding Beneficiary deemed to be incompetent.

(e) 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.
(f) **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. 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.

(g) **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, 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 fund are exempt from all claims from creditors or other claimants and from all orders, decrees,
garnishments, executions, and legal processes or proceedings, except in connection with qualified medical child support orders or qualified domestic relations orders.

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 4.2(c) below, the Trust Office shall send written notification of its decision to the Beneficiary not later than thirty (30) days after receipt of the Beneficiary’s claim. If coverage is granted, the Beneficiary shall receive payment as stated in Section 3.5(b). If the claim is denied, the Beneficiary has the right to appeal the claim, pursuant to Section 4.3 hereof and the Plan’s “Appeal Procedures,” if any, available from the Trust Office.

The denial notification shall include the following information:

(1) The specific reason(s) for such denial;

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

(3) A 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) A 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) A 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) An explanation of the Plan’s “Appeal 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 thirty (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. In no event shall such extension exceed a period of fifteen (15) days from the end of the initial period (45 days total).

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(g) 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 one hundred eighty one (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 also be provided, 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 thirty (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 not 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 (5) 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. Any notification of a denial of benefits shall include the following information:

(1) The specific reason(s) for such denial;

(2) Reference to the specific Plan provisions, or internal rule, guideline, protocol or similar criterion, upon which the denial is based, and a statement that a copy will be provided free of charge to the claimant upon request;

(3) A 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) A statement that the Beneficiary may have other voluntary alternative dispute resolution options, such as mediation; and that one way to find out what may be available is to contact your local U.S. Department of Labor Office.

(e) External Review Process. The Trustees shall adopt an external review process that meets the minimum standards for such process established under Section 2719 of the Public Health Services Act (42 USC Section 300gg-19(b)). The Trustees will provide all Beneficiaries with notice of the availability of both the internal appeal hearing and the external review process.

4.4 Right to Court Review, Time Limit to Bring Lawsuit.

(a) General. Upon exhaustion of these procedures in this Article IV, a Beneficiary, who is dissatisfied with an eligibility determination, benefit award or response to written request pursuant to Section 3.6(g) hereof may bring an action in federal court pursuant to ERISA Section 502(a).

(b) Limitation Period for Filing a Lawsuit Against the Trust for Benefit Payments. A Beneficiary has the right to bring action as described in Section 4.4(a) hereof 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 4.4(a).
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 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.

ARTICLE VI
AMENDMENTS AND TERMINATION

In order that the Board of Trustees may carry out its obligation to maintain, within the limits of its 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.
(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.

Adopted by the Board of Trustees on November ____, 2015, and effective March 1, 2016.

By the BOARD OF TRUSTEES,
SOUTHERN CALIFORNIA FIREFIGHTERS BENEFIT TRUST

______________________________  ________________________________
Trustee  Trustee
Table of Effective Dates for Unit Multiplier

<table>
<thead>
<tr>
<th>Operative Date (Date Claim Received by Trust Office)</th>
<th>Unit Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before March 1, 2016</td>
<td>$0.21</td>
</tr>
<tr>
<td>On or after March 1, 2016</td>
<td>$0.22</td>
</tr>
</tbody>
</table>

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

Examples of Calculation of Benefit Level (using 10/1/15 Unit Multiplier)

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

Step 1: Convert monthly contributions to Active Service Units
\[ \begin{align*}
$100/\text{month} &= 4 \text{ Active Service Units/Month} \\
$150/\text{month} &= 6 \text{ Active Service Units/Month}
\end{align*} \]

Step 2: Find number Active Service Units
\[ \begin{align*}
4 \text{ Active Service Units} \times 24 \text{ months} &= 96 \text{ Active Service Units} \\
6 \text{ Active Service Units} \times 48 \text{ months} &= 288 \text{ Active Service Units} \\
\text{Total} &= 384 \text{ Active Service Units}
\end{align*} \]

Step 3: Multiply number Active Service Units by Unit Multiplier:

\[ \text{Pooled Account Monthly Benefit Level: } 384 \times 0.22 = 84.48 \]

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

Step 1: Convert monthly contribution to Active Service Units.
\[ \begin{align*}
$100/\text{month} &= 4 \text{ Active Service Units/Month} \\
$200/\text{month} &= 8 \text{ Active Service Units/Month}
\end{align*} \]

Step 2: Find number Active Service Units.
\[ 4 \text{ Active Service Units} \times 84 \text{ months} = 336 \text{ Active Service Units} \]
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.

\[
\text{Pooled Account Monthly Benefit Level: } 816 \times 0.22 = 179.52
\]

Example #3 – Career Employee – 25 years in Trust: An Association selects a contribution rate of $100/month, and Employee Jones participates for seven 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. Then Jones’ Pooled Account monthly benefit will be calculated as follows:

Step 1: Convert monthly contributions to Active Service Units.

\[
\begin{align*}
\text{\$100/month} & = 4 \text{ Active Service Units/Month} \\
\text{\$200/month} & = 8 \text{ Active Service Units/Month}
\end{align*}
\]

Step 2: Find number Active Service Units.

\[
\begin{align*}
4 \text{ Active Service Units} \times 84 \text{ months} & = 336 \text{ Active Service Units} \\
8 \text{ Active Service Units} \times 216 \text{ months} & = 1728 \text{ Active Service Units} \\
\text{Total} & = 2064 \text{ Active Service Units}
\end{align*}
\]

Step 3: Multiply number Active Service Units by Unit Multiplier.

\[
\text{Pooled Account Monthly Benefit Level: } 2064 \times 0.22 = 454.08
\]

*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

[INSERT ALL CONVERSION TABLES]
APPENDIX C

How to Calculate Conversion of Employee Account Funds into Pooled Account Active Service Units (ASUs)

Example #1: Transfer from Employee Account to Pooled Account several years prior to separation from service:

Fire Fighter is 50 years old and has an Employee Account balance of $103,606 in the Trust. FF plans to work until age 55, or for 5 more years.

Alternative 1: Conversion of Lump Sum Transfer to Active Service Units: FF elects to transfer the entire $103,606 into the Pooled Account at age 50.

Step 1: At the time that the FF actually separates service, the Trust Office will convert into ASUs the amount transferred into the Pooled Account. If the FF actually works another 5 full years and separates from service 5 years after the transfer date, then the Trust Office will use the conversion rate in the 50 year old row (“Age at Transfer”) and the 5 year column (“Years from Transfer to Separation”), which is $33/ASU.

$$\frac{103,606}{33} \text{ ASUs} = 3,139.58 \text{ ASUs}.$$  

Step 2: The FF will also have earned ASUs from monthly salary contributions to the Pooled Account during employment (assume 5 full years of contributions). Active Service Units earned from monthly salary contributions are earned at a rate of $25/ASU.

$$60 \times 4 = 240 \text{ ASUs}.$$  

Step 3: The Trust Office will then add the 3139.58 ASU (from conversion) and 240 ASU (from monthly salary contributions) and calculate the Pooled Account monthly benefit level

$$3139.58 + 240 = 3379.58 \text{ ASUs} \times 0.22 = \$743.51.$$  

Pooled Account monthly benefit for reimbursable expenses.  

Note: Employee Account is still available for rollover of any Pooled Account monthly benefit that is unused.

Alternative 2: Keep Funds in Employee Account: Same Fire Fighter leaves funds in his/her Employee Account.

Step 1: Trust Office calculates Pooled Account monthly benefit from monthly salary contributions.
240 ASUs (from monthly contributions only) X $0.22 (current Unit Multiplier) = $52.80

Step 2: Employee Account will begin at $103,606 plus investment returns from investment selection in Employee Account during and after employment and less administrative expenses. FF can access Employee Account for reimbursement up to account balance at anytime until Employee Account is depleted.

Note: For Eligible Retirees who have a Pooled Account monthly benefit and an Employee Account, their claims for reimbursement will be paid from their Pooled Account monthly benefit first and then any remainder will be paid from the Employee Account.

Alternative 3: Conversion of Part of Employee Account Balance: FF elects to transfer a portion of the Employee Account balance to the Pooled Account.

Step 1: Fire Fighter’s Pooled Account monthly benefit will be calculated by the same method as illustrated in Alternative 1 above, but the amount of the Pooled Account monthly benefit from conversion will be less due to the conversion of less of the Employee Account funds into ASUs.

Step 2: The FF will also have a balance left in the Employee Account and will receive both Pooled Account monthly benefits and Employee Account benefits, similar in structure to Alternative 2, but with a higher Pooled Account monthly benefit level.

Example #2: Transfer from Employee Account to Pooled Account at Separation from Service:

Fire Fighter is 55 years old and has an Employee Account balance of $96,284 in the Trust at separation from service. FF is retiring at 55 and has five years of Active Service toward eligibility for the Pooled Account monthly benefit.

Alternative 1: Conversion of Lump Sum Transfer to Active Service Units: FF elects to transfer the entire $96,284 into the Pooled Account at age 55 and at separation from service, i.e., zero years from transfer to separation from service. (Calculations are explained in detail above in Example #1.)

Step 1: $96,284 / $44.25 (from conversion table – using age 55 row and 0 year column) = 2,175.91 ASUs

Step 2: 60 months of active participation at $100 per month = 60 X 4 ASUs = 240 ASUs

Step 3: 2,175.91 + 240 = 2415.91 total ASUs X $.22 (current Unit multiplier) = $531.50

Pooled Account monthly benefit for reimbursable expenses.
Alternative 2: Keep Funds in Employee Account: If FF leaves funds in his/her Employee Account, FF will have a minimum Pooled Account monthly benefit for 60 months participation in the plan.

Step 1: 240 ASUs X $.22 = $52.80 Pooled Account monthly benefit

Step 2: Employee Account will begin at: $96,284

Example #3: Transfer from Employee Account to Pooled Account to Attain Eligibility for Pooled Account Monthly Benefit:

Fire Fighter is 45 years old and has an Employee Account balance of $6,000 in the Trust at separation from service. FF is separating from service at 45 and has only four years of Active Service toward eligibility for the Pooled Account monthly benefit.

Alternative 1: COBRA Contributions for 12 Months to Attain Minimum Eligibility: FF elects to transfer into the Pooled Account the minimum amount necessary to earn one more year of Active Service. But instead of using a Conversion Election (which is more expensive per ASU), the FF elects COBRA in order to get ASUs for $25 each. FF can elect to use COBRA payments for up to 18 months at the same rate as the current active employees in his/her bargaining unit.

Step 1: 12 months X 4 ASUs per month (contribution rate for bargaining unit) = 48 additional ASUs needed for minimum eligibility

Step 2: 48 ASUs X $25.00 (COBRA rate) = $1200.00 transferred to Pooled Account to purchase 1 more year of Active Service

Step 3: 48 ASUs (from COBRA) + 192 ASUs (from monthly salary contributions) = 240 ASUs X $.22 = $52.80 Pooled Account monthly benefit amount

Note: FF ends up with same Pooled Account monthly benefit amount as if he/she contributed monthly for 5 years of active employment.

FF also has $6,000 - $1200 = $4800 in his Employee Account for reimbursement of benefit claims above his $52.80 Pooled Account monthly benefit.

Alternative 2: Keep All Funds in Employee Account: If FF leaves funds in his/her Employee Account, FF will not have a Pooled Account monthly benefit because he/she did not have 60 months participation in the plan to receive a Pooled Account monthly benefit from the monthly salary contributions. In addition to his/her lump sum amount, an additional $4800 will be added to the Employee Account from his/her 48 months (four years of Active Service) of monthly salary contributions to the Plan.

Step 1: $0 Pooled Account monthly benefit

Step 2: Employee Account will begin at: $6000 + $4800 = $10,800
Alternative 3: COBRA Contributions for 18 Months and Convert All Employee Account Funds to Active Service Units: FF can purchase more than the minimum Active Service required for eligibility and his/her Pooled Account monthly benefit will increase correspondingly as his/her Employee Account balance decreases. The Pooled Account monthly benefit would be calculated by the same method as illustrated above, but the FF would have to pay $34.75 per ASU (45 years and 5 years to eligibility) for any months of active service beyond 18 extra months (COBRA limit). If FF converted his entire Employee Account balance to ASUs, the calculation would be as follows:

Step 1 (monthly contributions during employment): 48 months X 4 ASUs = 192 ASU

Step 2 (COBRA contributions): 18 months X 4 ASUs per month (contribution rate for bargaining unit) = 72 additional ASUs available from maximum COBRA contributions

Step 3 (COBRA cost): 72 ASUs X $25.00 = $1800.00 (from 18 months of $100 per month post-tax COBRA contributions following separation)

Note: The savings from contributing pre-tax dollars to the Trust is lost with monthly post-tax COBRA contributions, but the FF can contribute additional amounts above his/her Employee Account balance, as opposed to converting a portion of the Employee Account balance at the COBRA rate.

Step 4 (Conversion of Employee Account): Since the FF elected conversion of the Employee Account at age 45 and eligibility starts at age 50, i.e., 5 years later, the Trust Office will use the conversion rate in the 45 year old row (“Age at Transfer”) and the 5 year column, which is $34.75/ASU.

\[ \text{Conversion rate} = \frac{6000}{34.75} = 172.66 \text{ ASUs.} \]

Step 5 (Total Monthly Benefit): 192 ASUs (from monthly salary contributions during employment) + 72 ASUs (from COBRA contributions post-tax after separation) + 172.66 ASUs (from conversion of entire Employee Account balance) = 436.66 ASUs X $0.22 = $96.07 Pooled Account monthly benefit amount.

Employee Account balance = $0

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 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.