

# PORAC RETIREE MEDICAL TRUST PORTFOLIO SELECTION FORM

Participant Name: \_\_\_\_\_

Social Security Number: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Once you make your initial Portfolio selection, you may change it only during the Portfolio selection open enrollment period, which typically occurs from June 1st through July 31st of each year. Portfolio selection applies to all existing assets, earnings/losses and future contributions credited to your Individual Account. Please refer to the accompanying Informational Bulletin for an explanation of the Portfolio options and a description of the default Portfolio option. You are allowed to select only one Portfolio.

## Portfolio Options:

*(Participant should check one box and initial on the line)*

\_\_\_\_\_  **Money Market Portfolio\***

\_\_\_\_\_  **Bond Portfolio\*\***

\_\_\_\_\_  **Pooled Stock/Bond Portfolio\*\***

\_\_\_\_\_  **Convert to Active Service Units**

## Portfolio Allocations

Money Market	Bonds	Stocks
100%		
	100%	
	Approx. 40%	Approx. 60%

*\*None of the Portfolios, including the Money Market Portfolio, are covered by FDIC Insurance. \*\*The Bond and Pooled Stock/Bond Portfolios may experience fluctuations in investment returns and principal value. The investment may be worth more or less than their original cost when sold. No guarantee is made regarding future performance of these investments.*

Please read the "Cover Letter to the Portfolio Selection Form" before you complete this Portfolio Selection Form. You must deliver this Portfolio Selection Form to the **Trust Office of the PORAC Retiree Medical Trust on or before Friday August 13, 2022.** (See below for instructions on how to return the Form to the Trust Office.) If you do not return this Portfolio Selection Form by the due date, your account will remain invested to your current Portfolio selection. If you need to know your current Portfolio selection, please contact the Trust Office. If you are receiving this Portfolio Selection Form for a new Individual Account and do not return the Form by the due date, then your account will be allocated to the Money Market Portfolio.

## INDIVIDUAL ACCOUNT - PORTFOLIO OPTIONS

### INFORMATIONAL BULLETIN

The Medical Expense Reimbursement Plan ("Plan") of the PORAC Retiree Medical Trust provides **three (3)** Portfolio selections, allowing participants to select a Portfolio that best suits their time horizon and personal risk tolerance. Participants may now also convert their Individual Account into Active Service Units to increase the monthly benefit amount after retirement.

#### **Money Market Portfolio:**

This Portfolio allocates Individual Account funds in very short maturity debt instruments, the majority being U.S. government issues. The Portfolio seeks to earn competitive money market interest rates while offering high credit quality and liquidity. This selection would be appropriate for an individual drawing down an account in a short time frame or who does not wish to experience principal fluctuations.

#### **Bond Portfolio:**

This Portfolio allocates Individual Account funds in several bond funds to earn competitive yields with a low level of price fluctuations. The Portfolio allocates assets to securities with high credit quality, the majority being U.S. government issues. This selection would be appropriate for an individual drawing down an account in a short time frame or who is seeking a low level of principal fluctuations.

#### **Pooled Stock/Bond Portfolio:**

The remaining Portfolio choice is a "balanced" equities (i.e. stocks) and fixed income (i.e. bonds and cash) allocation. If an individual has a longer time to retirement or use of funds, this Portfolio could be an appropriate selection.

The rationale for equities is to seek higher multi-year returns than those available in the Money Market or Bond Portfolios. While equities offer the potential for higher returns, equities are more volatile than bonds in their price movements. The greater the equities proportion in a portfolio, the greater the risk of principal fluctuation due to market conditions. The equities assets are focused on large, established U.S. companies and from time to time may also include allocations to other equity sectors, such as smaller companies and non-U.S. companies. There can be no guarantee that allocating funds in equities over a multi-year period will indeed generate higher returns than bonds or money market funds. Approximately 60% of the assets in this Portfolio will be allocated to equities.

The fixed income assets consist of a diversified selection of income-producing bonds and may include money market assets. The bonds are focused on high-grade, intermediate-maturity U.S. issues, including Treasuries, corporate and mortgage-backed bonds. Other sectors may be included for

diversification and potential yield enhancement. Approximately 40% of the assets in this Portfolio will be allocated to bonds.

### **Conversion to Active Service Units:**

One other option, aside from selecting one of the three Portfolios listed above, is to convert the balance of the Individual Account, or a portion thereof into Active Service Units (ASU). You may select to convert your Individual Account into ASUs only once per year. Converting the Individual Account to ASUs allows you to increase your monthly benefit level. Depending on how many years of Active Service you have earned at retirement, the conversion to ASUs might also help you qualify for the lifetime<sup>1</sup> monthly benefits, by purchasing ASUs with your Individual Account funds.

The Individual Account is converted to ASUs at actuarial cost, which is based on the actual age of the Employee at the date of transfer. To find out the actuarial cost of the leave conversion, please refer to Appendix C at the back of the Plan's Summary Plan Description SPD, "Leave Conversion Tables."<sup>2</sup> Please contact the Trust Office for information on how many ASUs you would receive if you converted your Individual Account to ASUs.

## **INSTRUCTIONS ON HOW TO RETURN THE FORM**

You must complete and return the "Portfolio Selection Form" to the Trust Office at the address shown below. **The Trust Office must receive your Portfolio Selection Form on or before Friday, August 13, 2022.** You may also return the Form via fax or email. Contact information for the Trust Office is as follows:

PORAC Retiree Medical Trust, c/o Vimly Benefit Solutions, Inc.

P.O. Box 6, Mukilteo, WA 98275-0006

Phone: (877) 808-5994, Fax: (866) 676-1530, Email: [PORAC@vimly.com](mailto:PORAC@vimly.com)

**You may want to seek assistance from your personal accountant or investment adviser to make an informed decision, in light of your personal circumstances.** If you would like further information about Individual Accounts, the Portfolio choices, and the conversion to ASUs, you may contact the Trust Office for a copy of the "Informational Bulletin to the Individual Account Initial Enrollment Packet," which you received when the Trust first opened an Individual Account for you.

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<sup>1</sup>The Plan is designed to provide monthly reimbursement benefits to Eligible Retirees until death. However, this feature is not guaranteed. The Trustees reserve the right to modify, limit or terminate benefits as necessary to preserve the financial soundness of the Trust.

<sup>2</sup> Appendix C to the Plan is also included as Appendix C to the Summary Plan Description for the Medical Expense Reimbursement Plan of the PORAC Retiree Medical Trust (dr. 11/12/21)  
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