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TO: Participants in the PORAC Retiree Medical Trust with
an Individual Account

RE: Cover Letter to the Portfolio Selection Form Your
Investment Portfolio Options in the Trust

Dear Participant:

You are a participant in the PORAC Retiree Medical Trust (“Trust”), and your employer has transferred money to an Individual Account in the Trust on your behalf. Enclosed with this cover letter, you will find a “Portfolio Selection Form” regarding the assets credited to your Individual Account in the PORAC Retiree Medical Trust. It is important that you read the investment portfolio options (“Portfolios”), choose one, and return the Portfolio Selection Form in the enclosed envelope, postmarked **NO LATER THAN 30 days after the date of this letter**. If we do not receive your investment portfolio option within the given time period, the funds will automatically transfer to the default investment account.

Currently, you can only change your Portfolio selection once per year, during the annual investment selection period. This is an opportunity to select the investment of the funds in your Individual Account.

IMPORTANT OPTION: As an alternative to selecting the investment portfolio for your Individual Account, the Plan allows you, once per year, to elect to convert the amount in your Individual Account to “Active Service Units” in the Plan, which would increase your monthly level after you retire. See below for more information on conversion.

Background: The PORAC Retiree Medical Trust. The PORAC Retiree Medical Trust was set up as a tax-favored way of saving for medical expenses after retirement.¹ Most contributions to the Trust are invested in a pooled account to fund your monthly benefit level. However, for those Associations that have negotiated a transfer of sick leave or vacation leave, the Trust Office maintains an individual recordkeeping account in your name, which is called your “Individual Account.” These mandatory accrued leave transfers are made pursuant to a provision in your labor agreement. You will also have an Individual Account if you did not attain eligibility for monthly benefits or if you are receiving Retiree Contributions from your employer.

Portfolio Options for Your Individual Account. The Board of Trustees of the PORAC Retiree Medical Trust, in consultation with the Trust’s professional investment manager, has developed the following Portfolio options for investing your Individual Account:

1. *Money Market Portfolio* – this Portfolio option has the lowest volatility and has the lowest expected return in the long-term. 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.
2. *Bond Portfolio* – this Portfolio option has a higher expected return, but more principal fluctuation, than the Money Market Portfolio. It is a more conservative choice than the Pooled Stock/Bond Portfolio due to generally less price and principal fluctuation.

¹ Members of participating bargaining groups have also been making monthly contributions to the Plan from payroll pursuant to an MOU. These amounts are held in a pooled account and invested by the Trustees.
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3. *Money Market Portfolio* – this Portfolio option has the lowest volatility and has the lowest expected return in the long-term. 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.
4. *Bond Portfolio* – this Portfolio option has a higher expected return, but more principal fluctuation, than the Money Market Portfolio. It is a more conservative choice than the Pooled Stock/Bond Portfolio due to generally less price and principal fluctuation.
5. *Pooled Stock/Bond Portfolio* – this Portfolio option is the riskiest option but has the highest expected return. The asset allocation of this Portfolio targets 60% to equities (e.g., stocks) and 40% to fixed income (e.g., bonds and cash), but with an allowance for the allocation to be adjusted by 10 percentage points in either direction (i.e., between 70% stocks and 30% bonds to 50% stocks and 50% bonds).

If this a newly established Individual Account, your Individual Account will not be credited with any investment gains/losses until the Trust Office transfers your contributions to the investment Portfolio that you select. Any investment gains/losses earned prior to the Trust Office transferring your Individual Account contributions to the investment portfolio that you select will be credited/debited to the Trust's pooled account.

Conversion to Active Service Units (ASU). Once per year, during the annual investment selection period, you may also convert all or a portion of your Individual Account into ASUs at actuarial cost, which 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 lifetime² monthly benefits, by purchasing ASUs with your Individual Account funds. Please contact the Trust Office for information on how many ASUs you would receive if you converted your Individual Account to ASUs. Please note that conversion to ASUs is an irrevocable election upon receipt of your Portfolio Selection at the Trust Office, i.e., your Individual Account funds will be transferred to the pooled account to purchase ASUs and the funds cannot be transferred back to your Individual Account.

Please carefully review the enclosed Informational Bulletin to make an informed decision. You may also want to seek assistance from your personal accountant or investment adviser to make an informed decision, based on your own personal circumstances.

Trust participants with questions about the Portfolio Selection Form may contact the Trust Office at (877) 808-5994 or PORACRMT@bpabenefits.com.

Regards,

Terry A. Moore
Chairman, Board of Trustees PORAC
Retiree Medical Trust

²The Plan is designed to provide monthly reimbursement benefits to Eligible Retirees until death. However, this feature is not guaranteed. The Trustees reserve the right modify (up or down), limit, or terminate benefits as necessary to preserve the financial soundness of the Trust.