

**Amendment No. 2
to the
Retiree Medical Plan
of the
Santa Monica Police Officers' Association Reimbursement trust**

The Board of Trustees of the Santa Monica Police Officers' Association Reimbursement Trust does hereby amend the "Retiree Medical Plan of the Santa Monica Police Officers' Association Reimbursement Trust (the Third Restatement, effective September 1, 2022)," as follows:

1. Effective January 1, 2024 and January 1, 2025, two new subsections both labelled as (g) are added to sections 3.2 and 3.5 under Article III, respectively.

Premiums submitted for reimbursement by the Eligible Retiree, which were paid to an employer (other than the City) on a pre-tax basis are not eligible for reimbursement by the Plan as a tax-deductible contribution or as a premium excludable under Code section 213(d) and as otherwise described in guidance set out in IRS Publication 502. However effective January 1, 2024, to the extent the Eligible Retiree or Beneficiary may elect to receive reimbursement for such pre-tax premiums from the Plan, the Plan shall report reimbursement for such pre-tax premiums as taxable income to the IRS and any applicable State Tax authority, using the appropriate forms such as Form 1099-MISC.

Beneficiaries receiving reimbursements under the Annual Verification Program must provide proof of all Premiums submitted for reimbursement and timely respond to the Plan's requests for substantiation. Effective January 1, 2025, Beneficiaries who fail to substantiate all reimbursements previously received without providing requested additional proof of Premiums paid to them shall have their reimbursements suspended and incur taxable reportable income. Further, the Beneficiary may be excluded from the Annual Verification Program as determined by the Board of Trustees in their sole discretion.

"3.2 Reimbursement Amount.

...

(g) Denial of Premiums Received on a Pre-Taxed Basis. Premiums submitted for reimbursement by the Eligible Retiree, which were paid to an employer (other than the City) on a pre-tax basis are not eligible for reimbursement by the Plan as a tax-deductible contribution or as a premium excludable under Code section 213(d) and as otherwise described in guidance set out in IRS Publication 502. Notwithstanding the foregoing, effective January 1, 2024, the Eligible Retiree or Beneficiary may still elect to receive reimbursement for such pre-tax premiums from the Plan, recognizing that the Plan shall report reimbursement for such pre-tax premiums as taxable income to the IRS and any applicable State Tax authority, using the appropriate forms such as Form 1099-MISC."

"3.5 Reimbursement Claim Procedure.

...

(g) Beneficiaries receiving reimbursements under the Annual Verification Program pursuant to subsection (b) above are responsible for providing proof of all Premiums submitted for reimbursement, including notifying the Plan in writing of any change in their Premiums within 30 days of such change. Effective January 1, 2025, Beneficiaries must respond in writing to the Plan's requests for substantiation, including requests for additional proof of Premiums incurred and paid, within 30 days of any notice from the Plan. Beneficiaries who fail to substantiate all reimbursements previously received without providing requested additional proof of Premiums paid to them shall cause suspension of their reimbursements pursuant to section 5.5. Moreover, Beneficiaries who fail to timely substantiate

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reimbursements shall cause the Plan to issue a Form IRS 1099-MISC in the Beneficiary's name under that Social Security number for the unsubstantiated amount paid by the Plan. Said unsubstantiated amount paid shall be deemed taxable income by the IRS and any applicable State Tax authority. If the Beneficiary's eligibility is reestablished under the Trust, the Beneficiary may be excluded from the Annual Verification Program as determined by the Board of Trustees in their sole discretion."

This Amendment No. 2 is adopted on October 10, 2024.

**For the BOARD OF TRUSTEES
SANTA MONICA POLICE OFFICERS'
ASSOCIATION REIMBURSEMENT TRUST**












