

AFL Hotel & Restaurant Workers HEALTH & WELFARE TRUST FUND

c/o BENEFIT & RISK MANAGEMENT SERVICES, INC.

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Date: March 1, 2024

To: Eligible Hotel Active Trust Fund Participants

From: Board of Trustees
AFL Hotel & Restaurant Workers Health & Welfare Trust Fund

Subject: **Dependent Care Benefit**

We're pleased to inform you that the AFL Hotel and Restaurant Workers Health and Welfare Trust Fund will be offering a new Dependent Care Benefit to help Eligible Employees pay child care expenses so you can work. For plan year 2024 the Plan will begin accepting applications to the program commencing April 1, 2024 for eligibility for reimbursement through December 31, 2024. The Trust Fund expects to continue the program every year, beginning on January 1. Included in this mailing is a Summary of Material Modification to the AFL Hotel and Restaurant Workers Health and Welfare Trust Fund detailing the Dependent Care Benefit. Below is a summary overview.

Description of the Dependent Care Benefit: Eligible employees can apply to receive financial reimbursement for child care expenses for children under age 13. Eligible employees may apply for one of two types of providers:

- **Informal Provider** is a friend, relative or neighbor who cares for your child. The reimbursement amount is \$200/month
- **Formal provider** is a person or organization that is licensed or registered by the city or state, or license-exempt. The reimbursement amount is up to \$325/month

Scope of Program: Every year, the Trust Fund will determine the budget for this benefit and allocate "benefit slots", meaning an award for the benefit. In 2024, the projected number of slots is as follows:

625 Informal Child care

128 Formal Child care

Because the number of benefit slots is limited, slots will be awarded on a first come, first served basis. For this reason, we encourage you to apply online via your smart phone or computer.

Eligibility: Employees must meet the eligibility criteria set forth in the Summary of Material Modification (see pages 2,3)

When will you receive reimbursement? The program will pay for dependent care services that have been rendered. You can expect a direct deposit to your bank account around the first week of the month following the month you received child care services, as long as you have submitted the required provider form and proof of payment.

How to apply: You may apply using your smart phone, your computer, mail your forms or submit the forms in person.

To apply by smart phone, scan this QR Code using the camera on your mobile phone:



To apply via computer, click:
<https://local5.sterlingadministration.com/>

To apply in person or to submit the forms by mail, go to BRMS,
560 North Nimitz Highway, Suite 219; Honolulu, Hi. 96817-5315

*****IMPORTANT NOTICE*****

SUMMARY OF MATERIAL MODIFICATIONS:

This notice is a Summary of Material Modifications (“SMM”) that describes changes to the terms of the Plan. Please read it carefully and keep it with your Summary Plan Description and other Plan information so that you will have complete information about your health benefits. If there is any discrepancy between the Plan Information previously provided to you and the changes described in this notice, the rules described in this notice will govern. The Trustees of the Plan reserve the right to amend, modify or terminate the Plan at any time. For further information regarding these changes to the Plan, please contact the Trust Fund Office at (808) 523-0199 (Oahu) Toll free: 1-(866) 772-8989 (Neighbor Islands)

Establishment of New AFL Hotel and Restaurant Workers Trust Fund Dependent Care Benefit

This is to inform you that the AFL Hotel and Restaurant Workers Health and Welfare Trust Fund will offer a new Dependent Care Benefit effective April 1, 2024. Below you will find a description of the benefit, eligibility for the benefit, and application procedures.

I. General Information

The AFL Hotel and Restaurant Workers Trust Fund Dependent Care Benefit (“Benefit”) provides a benefit program designed to enable Eligible Employees to work in the hospitality industry while meeting their diverse dependent care needs. This Summary of Material Modifications (“SMM”) is effective April 1, 2024 and provides information on eligibility, benefits, application process and legally required information.

The Benefit provides subsidy benefits which reimburses participants for the partial cost of providing care to their Eligible Dependents. The subsidy benefits will include Child Care Benefits, which provide financial assistance for formal or informal child-care for children under the age of thirteen.

Part I of this SMM describes who is eligible to receive the Benefit. If you are eligible to receive the Benefit, you may apply for a Benefit Slot. Part II of this SMM describes the application process in greater detail.

There are a limited number of slots available for each type of subsidy benefit. Details of all these benefits are provided in Part III of this SMM.

The Benefit is maintained pursuant to collective bargaining agreements between Local 5 and various Employers. The Benefit is administered by the Board of Trustees of the AFL Hotel and Restaurant Workers Health and Welfare Trust Fund (“Plan”, “Fund” or “Trust Fund”), who have the final authority and discretion to amend, modify or discontinue all or any part of the Benefit whenever, in their sole discretion, the condition of the Trust Fund so requires, to change

the subsidy amounts and number of available benefit slots, to interpret, construe and apply the terms of the Plan and to decide all issues of eligibility, amount of benefits that may become payable, and any and all other issues arising under the Plan, without limitation. The Benefit is funded by Employer contributions and any investment earnings . There is no liability upon the Board of Trustees, individually or collectively, to provide payments over and beyond the amounts available through the Trust Fund for such purposes.

The address and telephone number of the administrator for the Dependent Care Benefit is:

Sterling Administration Sterling Health Services
1000 Broadway, Suite 250
Oakland California 94607
(844) 534-4676
Email: local5support@sterlingadministration.com
Website: <https://local5.sterlingadministration.com/>

The rest of this SMM contains other important information about the Benefit, claims procedures and other information concerning your rights under federal law. Keep this SMM and the enclosures, together with any notices you receive about amendments the Plan in a safe place for future reference.

If any term in this SMM conflicts with a term in the AFL Hotel and Restaurant Workers Health and Welfare Trust Fund Plan Document or Summary Plan Description, this SMM will control.

II. Eligibility

A. Eligibility for the Benefit

To be eligible to participate in the Benefit, you must meet two requirements. First, your employer must make contributions to the AFL Hotel and Restaurant Workers Health and Welfare Trust Fund for the purpose of providing dependent care benefits, pursuant to a collective bargaining agreement with UNITE HERE Local 5 (the “Union”) or a participation agreement with the Plan.

Second, you must meet certain Health and Welfare eligibility requirements and have enrolled in coverage under the AFL Hotel and Restaurant Workers Health and Welfare Plan. You must work sufficient hours to be eligible for benefits under the AFL Hotel and Restaurant Workers Health and Welfare Plan, which provides that to establish initial eligibility, you must work at least 80 hours in a month. After working at least 80 hours in any month, you are eligible for benefits on the first day of the third consecutive month following the month in which you worked at least 80 hours. Your eligibility continues month-to-month as long as you work 80 hours in each subsequent month and your employer makes the required contributions to the Fund on your behalf. If you do not earn the 80 required hours needed for eligibility, you may still retain eligibility by using hours from your hour bank, as provided in the AFL Hotel and Restaurant Workers Health and Welfare Plan. You may also earn eligibility under special eligibility rules established by the Health and Welfare Trustees from time to time.

Employees who meet the above requirements are Eligible Employees. Please note that only employees enrolled in the Plan and not their enrolled dependents can be an Eligible Employee.

B. Benefit Slots

If you are eligible to receive the Benefit, you may apply for one "Benefit Slot." You are not eligible for any Benefit payments unless you have been granted a Benefit Slot and you satisfy the specific eligibility requirements applicable to that type of benefit.

There are a limited number of Benefit Slots for each type of benefit provided for each Benefit Year. A "Benefit Year" is January 1 through December 31. The initial Benefit Year in 2024 will be a short Benefit Year running from April 1, 2024 through December 31, 2024. If all the Benefit Slots for a particular subsidy benefit have already been filled, you will be placed on a waiting list for that benefit. Your priority on the waiting list will be determined by the date and time of your application. More than one Eligible Employee may apply for a Benefit Slot for a certain dependent, but no more than one Benefit Slot will be awarded for the care of that dependent in any one Benefit Year. Only one Benefit Slot per family will be awarded.

C. Application Procedure

Applications for all Benefit Slots will be accepted each year during beginning on the date set by the Fund, and may be submitted online using your phone, computer, or may be submitted in person or by mailing a hard copy application to the Fund Office located at 560 North Nimitz Highway, Suite 209, Honolulu 96817-5315. Benefit Slots will be allocated to complete applications on a first-come, first-served basis. The dates of the annual application due date and other enrollment information will be mailed to members each year.

D. Termination of Benefits

Once you are granted a Benefit Slot for a particular subsidy benefit, you will retain that slot until the end of the Benefit Year, or until your dependent no longer meets the requirements for that particular benefit, whichever comes first. For example, if you obtain a Child Care Benefit Slot for a child whose thirteenth birthday is in April, you will lose that Benefit Slot on May 1. These Benefit Slots may then be made available to other Eligible Employees for the remainder of the Benefit Year.

If you have been granted a slot, but you fail to meet the hours eligibility requirements for any month(s) during the Benefit Year, you will not be eligible for the subsidy benefit for that month(s). However, you will not lose the Benefit Slot, unless (i) your Dependent Child no longer meets the requirements for the Benefit; or (ii) you have reached the end of the Benefit Year. You will not lose your Benefit Slot as provided in (i) if you have another Dependent Child who meets the requirements for the Benefit and you provide the Plan requested documentation within the time frame prescribed by the Plan. Provided neither of the events described above apply, if you meet the covered service requirements at a later time but during the Benefit Year, you will be allowed to resume the subsidy benefit without reapplying for a Benefit Slot during

that same Benefit Year. For example, suppose that you are granted a Benefit Slot and are receiving financial assistance in the form of a monthly Child Care Benefit. If you work less than 80 hours in January (and do not have sufficient hours bank to bring the total to 80 hours or are not eligible under a special eligibility rule), you will not be eligible for the subsidy benefit in April, but you will keep your slot through the end of the Benefit Year. If you work sufficient hours in February, you will be eligible for the subsidy again in May.

III. Description of Benefits

A. Rules Applicable to All Subsidy Benefits

1. Eligible Dependents

Eligible Dependents include Dependent Child(ren) defined as an Eligible Employee's natural and/or adopted children, those of their spouse or domestic partner and child(ren) who is/are claimed as dependents on current annual federal income tax return. Dependent Child(ren) must reside in Hawaii.

To apply for subsidy benefits, you must submit a signed affidavit providing all required information concerning your Dependent Child(ren), including that person's residence in Hawaii, and a photocopy of the child's birth or adoption certificate or other supporting documentation as required by the Plan. You will lose your subsidy benefits and forfeit your Benefit Slot at the end of the month in which your dependent loses eligibility or no longer resides in Hawaii.

2. Selection of Care Providers

As an Eligible Employee, it is your responsibility to screen, interview and select all child care providers. Neither the Plan, the Union, the Trustees, your employer, nor the organizations through which benefits are provided are liable in any way for the care you or your Eligible Dependents receive. This is your sole responsibility.

3. Reimbursement

After receiving a Benefit Slot you will be eligible to receive a monthly reimbursement for either formal or informal child care. If you are receiving a formal child care benefit, you must submit a provider form and proof of payment or receipt of services with information required by the Plan in order to receive your reimbursement. If you are receiving an informal child care benefit, you must submit a provider form prior to receiving reimbursement. You may be reimbursed as often as monthly if the required documentation is received.

For either a formal care or informal care benefit, the reimbursement you receive must be for care that your Dependent Child has already received. For example, if you pre-pay for care to be provided in April, you can only be reimbursed in May after the care has been provided.

4. Taxation of Subsidy Benefits

The subsidy benefits you receive from the Plan are designed to meet certain requirements to be

tax exempt under Section 129 of the Internal Revenue Code. You will be required to certify in your application that you meet these requirements. The Plan is entitled to rely on your certifications. You may be subject to income tax and penalties if you make any misrepresentations to the Fund. You will receive a W-2 from the Plan showing the amount of benefit received for filing with your tax return.

Please note that exemption from income for childcare reimbursement under Section 129 applies to the extent that the value of childcare reimbursement you receive in a calendar year does not exceed \$5,000 (\$2,500 if you are married and filing separately). If your spouse also participates in another childcare reimbursement plan, your combined reimbursements will be considered for purposes of the \$5,000 limit. Combined reimbursements above \$5,000 will result in taxable income to you.

Reimbursement under the Plan may also impact your ability to take a “Childcare and Dependent Care Tax Credit”.

Please consult with a competent tax advisor regarding your particular situation.

5. Court-Ordered Child Support

Subsidy benefits may not be used to satisfy or offset any court-ordered child support payments.

B. Schedule of Subsidy Benefits

The Board of Trustees will determine the amount of Benefit Slots and the maximum monthly reimbursement amount each year. The amounts are subject to change at the sole discretion of the Board of Trustees. For the 2024 plan year, the maximum monthly reimbursement for each type of subsidy benefit are as follows:

TYPE OF SUBSIDY BENEFIT	MAXIMUM MONTHLY REIMBURSEMENT
Informal Child Care	\$200
Formal Child Care	\$325

If you are granted a slot, the Plan will notify you of the reimbursement schedule and amount.

C. Formal Child Care

A formal child-care provider is a person or facility providing child care that is licensed or registered by the city or state, or exempt from licensing requirements (such as school-age child care provided by community associations or multi-service organizations). Licensed providers have proof of their formal status and have completed the required training and background checks.

To apply for the Formal Child Care Benefit, you must have the provider submit the name, address and EIN, licensure documentation or exempt-license confirmation and program information. This information must be received along with proof of payment prior to any reimbursement. If you do not submit the provider information within 45 days, you will lose your Benefit Slot and be moved to the end of the waitlist.

Participants lose the Formal Child Care Benefit and forfeit their Benefit Slot at the end of the month in which the child reaches age thirteen or at the end of the benefit year (December 31), whichever comes first, unless the Participant has another Dependent Child that qualifies for the benefit, timely notifies the Plan that the Participant has another qualifying Dependent Child and provides all required documentation.

D. Informal Child Care

An informal child-care provider is a person or provider that is not licensed or registered with the city or state. Informal providers generally include relatives, neighbors or friends, but not the member or the member's spouse or domestic partner. To apply for the Informal Child Care Benefit, you must submit the name, address of the provider and proof of informal childcare benefit completed by the caregiver.

Participants lose the Informal Child Care Benefit and forfeit their Benefit Slot at the end of the month in which the child reaches age thirteen or at the end of the benefit year (December 31), whichever comes first, unless the Participant has another Dependent Child that qualifies for the benefit, timely notifies the Plan that the Participant has another qualifying Dependent Child and provides all required documentation.

IV. Claim and Appeal Procedure

If your claim is denied you may file an appeal as described in the "General Appeals" section of the Plan's Summary Plan Document.

AFL Hotel and Restaurant Workers Health and Welfare Trust Fund

DEPENDENT CARE BENEFIT 2024

This is a summary overview of the Dependent Care Benefit. Please refer to the Summary of Material Modification for details of the Plan. If there is any conflict between this summary and the SMM, the SMM will control.

DEPENDENT CARE BENEFITS

Dependent Care Benefit helps pay for caregiving services for dependents under the age of 13 to enable you to go to work.

Eligible Dependents: Eligible Dependents include Dependent Children who are defined as an Eligible Employee's natural children and those of your spouse or domestic partner. Adopted children, stepchildren, foster children, or other children who depend upon you for support and whom you claim as a dependent on your federal income tax also qualify for these benefits.

Ineligible Providers: No reimbursement will be paid under any of these benefits for care provided by the child's parent, participant or their spouse or domestic partner.

BENEFIT CHART

CATEGORY	DESCRIPTION	REQUIRED DOCUMENTS FOR
INFORMAL Under age 13 \$200/Month	An informal provider is a person or a provider not licensed or registered by the city or state who provides child care. Informal providers often include relatives, neighbors, and friends	<ol style="list-style-type: none">1. Childcare Affidavit2. Child's birth or adoption certificate in English3. Proof of child's address no more than 90 days old: current tax return, report card, official (not handwritten) mail with child's name & address.4. Banking statement form5. Proof of Care Form.
FORMAL Under age 13 Up to \$325/Month	Formal child care provider is a person, program or facility legally licensed or license exempt by the county or state.	<ol style="list-style-type: none">1. Childcare Affidavit2. Child's birth or adoption certificate in English3. Proof of child's address no more than 90 days old: current tax return, report card, official (not handwritten) mail with child's name & address.4. Banking statement form5. Proof of Payment Form with receipts6. Care Provider Form, completed by provider.

TO APPLY FOR BENEFITS YOU NEED...

- ... to work for an employer that contributes to the Dependent Care Benefit.
- ... to have worked sufficient hours to qualify for the benefits.
- ... to meet the residence requirement. Benefits are limited to children and participants who live in the state of Hawaii
- ... to enroll using your mobile phone or computer or completing the forms and mailing to BRMS.
- ... to complete all forms and upload all required documents. See above for the list of required documents for each benefit.

APPLICATION TIMELINE

- Benefits are granted on a yearly basis: for 2024, the Plan year will begin April 1st and runs until December 31st. After 2024, the plan year begins January 1st and runs until December 31st. You will need to reapply each year. Because the number of slots for each benefit is limited, slots are awarded on a first come first served basis upon receipt of completed enrollment.
- The Application Period for 2024 begins April 1, 2024. Each subsequent year the Plan will notify participants of the specific dates for the Application Period.
- An email or text notification will be sent regarding your application status.
- When a benefit has no more slots available, applicants will be put on a waitlist. Remember that applications will continue to be accepted even after all available slots have been filled. Slots are processed on a first come first served basis.
- If you disagree with any benefit decision, for example about your eligibility for a benefit, you have the right to appeal that decision. Please refer to the General Appeals section in your Summary Plan Description for procedures and timeline on filing an appeal. You may also request a copy of the Plan's appeals procedures from the Plan administrator, BRMS by calling 808-523-0199.

BENEFIT CHOICES

- When applying, determine whether the childcare provider is informal (relative, friend, neighbor) or formal (licensed by the county or state or license exempt).
- Only 1 slot per family is available, even if two members of the same family are eligible for benefits.
- Normally, your benefit will stop at the end of the Plan year. However, a benefit may stop earlier if the dependent no longer qualifies (for example your dependent child no longer qualifies when she/he reaches age 13).

REQUIRED DOCUMENTATION WITH APPLICATION

- This benefit requires that you submit proof that the child you are applying for still lives in the state of Hawaii. This proof can be a document like a report card, mail addressed to the relative, or a tax return that lists your child as your dependent.
- Birth certificates or adoption certificates in a foreign language must be translated into English then verified by a notary public.
- Child Care Provider Information: Form to provide information on the care provider (for both informal care and formal care).

AFL Hotel and Restaurant Workers Health and Welfare Trust Fund

DEPENDENT CARE BENEFIT (CHILD CARE)

ANNUAL APPLICATION TIME

- APRIL 1, 2024

Parents may receive some financial reimbursement for childcare services. Child care providers can be informal (friend or relative) or formal (licensed providers). For the plan year that starts in April, you may begin applying on **APRIL 1:** on our website –

<https://Local5.sterlingadministration.com>

Ways to apply for this benefit:

- Using your mobile phone: Scan the QR code.
- Using a computer and apply online:
<https://Local5.sterlingadministration.com>
- By mail and sending into BRMS:
560 North Nimitz Highway, Suite 209
Honolulu, Hawaii 96817-5315

APPLY HERE:

Use your phone to Scan QR code:



Or
Apply Online:
<https://Local5.sterlingadministration.com>

APPLICATION TIPS:

- Determine the benefits you want by reviewing the benefit chart on the Application Requirement hand out.
- You will see the required documents on the right side of the benefit chart.
- Choose your benefit, complete the initial forms, and upload ALL your required documents.

Questions? Call: (844) 534-4676 or Email: local5support@sterlingadministration.com
Monday – Friday between 8am HST – 4pm HST

FAQs

Please refer to the Summary of Material Modification for details of the Dependent Care Benefit (“SMM”). If there is any conflict between the FAQs and the SMM, the SMM will control.

How do I apply for benefits?

Welcome to AFL Hotel and Restaurant Workers Health and Welfare Trust Fund Dependent Care Benefit. When you are ready, you have the option to apply online via your mobile phone or computer or print the forms and deliver/mail to BRMS. Ensure that any/all forms are completed and submitted for informal care and formal care.

Are benefits for Hawaii residents only?

Yes. The participant and the dependent must both reside in Hawaii.

What if both spouses are participants?

Only 1 slot is available per dependent and per family whether or not both spouses are participants.

How and When do I file a claim?

You will file your claim upon applying for your benefit. For formal care, you will need to submit a provider form (once per year prior to reimbursement or when you change providers) and either a provider Proof of Payment form or receipt verifying the payments you have made. For both formal and informal care, you will need to submit a new benefit election form if your information changes throughout the year. The forms include an affidavit that will ask you to certify that the disbursements meet the criteria for covered dependent(s) and covered services. You may be reimbursed as often as monthly if the required documentation is received.

Where is my reimbursement?

Reimbursement is made by direct deposit to your bank account. Banking information is collected from the form you submit when you first file a claim. Usually, if you do not receive reimbursement as expected, it may be because your banking details are incorrect, or you forgot to submit the forms that are required upon the award of the benefit. For details on what paperwork you need to submit to get reimbursed, visit <https://local5.sterlingadministration.com>.

When will I receive my reimbursement?

Provided all required documentation is timely submitted, reimbursements will be deposited about the first week of the following month after services are rendered. For formal care, you must fill out the Proof of Payment form and provide a receipt with required information, otherwise reimbursements will be pended.

Is the Dependent Care childcare benefit taxable to me?

Generally, the childcare reimbursements are exempt from taxable income. However, reimbursement may also impact your ability to take a Child and Dependent Tax Credit. You may still be able to claim this tax credit, but please consult a competent tax advisor regarding your particular situation.

