

**\*\*\*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).*

**AFL HOTEL AND RESTAURANT WORKERS  
HEALTH and WELFARE TRUST FUND**

**DEPENDENT CARE BENEFIT - NEW ELDER/DISABLED CARE**

This is to inform you that the AFL Hotel and Restaurant Workers Health and Welfare Trust Fund will now offer **Elder/Disabled Care** as part of its Dependent Care Benefit, **effective January 1, 2026**. 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 Health and Welfare Trust Fund Dependent Care Benefit ("Dependent Care Benefit" or "Benefit") provides a benefit program designed to enable Eligible Employees to work in the hospitality industry while meeting their diverse dependent care needs.

The Dependent Care Benefit provides subsidy benefits which reimburses participants for the partial cost of providing care to their eligible dependents and relatives. The subsidy benefits currently include Child Care Benefits, which provide financial assistance for formal or informal child-care for children under the age of thirteen. **Effective January 1, 2026, the Dependent Care Benefit will be expanded to include Elder/Disabled Care, which will provide assistance for formal or informal care for elder or disabled relatives 13 years and older.**

Part I describes who is eligible to receive the Elder/Disabled Care benefit. If you are eligible to receive the Elder/Disabled Care benefit, you may apply for a Benefit Slot. Part II describes the application process in greater detail.

There are a limited number of slots available for the Elder/Disabled Care. Details of all the Elder/Disabled benefits are provided in Part III.

## **II. Eligibility**

### **A. Eligibility for Elder/Disabled Care**

To be eligible to participate in the Dependent Care Benefit - Elder/Disabled Care, 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 Elder/Disabled Care 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. 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 for Elder/Disabled Care.

### **C. Application Procedure**

Applications for all Benefit Slots will be accepted each year 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 Elder/Disabled Relative no longer meets the requirements for that particular benefit, whichever comes first. 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 Elder/Disabled Relative no longer meets the requirements for the Benefit, or dies; 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 Elder/Disabled Relative 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 a monthly reimbursement for Elder/Disabled Care. 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 Elder/Disabled Care**

### **A. Rules Applicable to Subsidy Benefits**

#### **1. Eligible Relatives – Elder/Disabled Care**

“Eligible Relative” is an individual who meets all the following qualifications:

- An Eligible Employee's spouse or domestic partner, a disabled child 13 years and older, a parent, a current parent-in-law, current step-parent or step-parent-in-law or a grandparent;

- Is mentally or physically incapable of self-care; and
- Resides with the Eligible Employee in Hawaii for more than half the calendar year

To apply for subsidy benefits, you must submit a signed affidavit providing all required information concerning your Eligible Relative, including that person's residence in Hawaii, and documentation that your relative has a serious need for caregiver services.

Required documentation includes the following:

- (i) Completed Doctor's Form showing that your Eligible Relative has a seriously disabling condition and requires assistance with basic daily activities. Qualifying conditions may include restricted mobility, severe dementia, blindness, autism, or being bed-bound, among other conditions.
- (ii) Evidence that you are currently paying, or will pay, for caregiver services.
- (iii) Proof of your relationship to the relative, such as a copy of a birth certificate, marriage certificate, or domestic partnership certificate.
- (iv) A copy of your relative's Social Security Card or other official government document with Social Security number displayed.
- (v) Proof of your relative's residence, such as a recent Social Security or SSI check, a senior identification card, or a letter from a doctor or insurance company showing your relative's address. (Proof must be dated within 90 days of the application date).

## 2. Eligible Expenses

Eligible Services and Expenses:

- **In-home caregiving services** related to custodial care for an Eligible Relative.
- **Adult Day Care Center services** related to care for an Eligible Relative, where the center provides services for more than six individuals (other than individuals who reside at the facility).
  - For any care provided outside an Eligible Employee's home, the Eligible Relative must regularly spend at least 8 hours a day in the Eligible Employee's home.

Ineligible Expenses:

- No reimbursement will be provided for care delivered directly by you, your spouse, domestic partner, a child, foster child or stepchild under the age of 19 at the close of the taxable year or someone you (or your spouse if filing jointly) can claim as a dependent.
- Cost of prescription drugs, medical care, nursing home care or assisted living care are not eligible for reimbursement.

### **3. Selection of Care Providers**

As an Eligible Employee, it is your responsibility to screen, interview and select all 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 your Eligible Relatives receive. This is your sole responsibility.

### **4. Reimbursement**

After receiving a Benefit Slot you will be eligible to receive a monthly reimbursement for either formal or informal care. If you are receiving a formal care benefit, you must submit a provider form and proof of payment or receipt of services which includes the provided EIN, license number, a description of the service, dates provided and monthly amount. If you are receiving an informal care benefit, you must submit a provider form prior to receiving reimbursement which includes a description of the service, dates provided and monthly amount. You may be reimbursed as often as monthly if the required documentation is received.

The reimbursement you receive must be for care that your Eligible Relative 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.

### **5. Taxation of Elder/Disabled Care Benefits**

The benefits you receive from the Plan **may be taxable**. You will be asked to provide a W-4 and HW-4 for the benefit. You will receive a W-2 from the Plan showing the amount of benefit received for filing with your tax return.

Please note that any exemption from income tax for child and dependent care reimbursement under Section 129 applies to the extent that the value of child and dependent care reimbursement you receive in a calendar year does not exceed a certain threshold amount. Commencing January 1, 2026, these amounts are \$7,500 (\$3,750 if you are married and filing separately) and may be revised in future tax years. If your spouse also participates in another child and dependent care reimbursement plan, your combined reimbursements will be considered for purposes of the limit. Combined reimbursements above the threshold amount will result in taxable income to you.

Reimbursement under the Dependent Care Benefit 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.

### **6. 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 – Elder/Disabled Care**

The Board of Trustees will determine the amount of Elder Care/Disabled Care 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 2026 plan year, the maximum monthly reimbursement for each type of subsidy benefit are as follows:

TYPE OF SUBSIDY BENEFIT	MAXIMUM MONTHLY REIMBURSEMENT
Informal or Formal Elder/Disabled Care	\$325 (gross payment, subject to tax withholding, if taxable)

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

**C. Formal Provider for Elder/Disabled Care**

A formal care provider is a home care agency or Adult Day Care Center facility (as defined in Section III.A.2 above) providing care that is licensed by the State of Hawaii. Licensed providers have proof of their formal status and have completed the required training and background checks.

To apply for the Elder/Disabled Care - Formal Provider Benefit, you must have the provider submit the name, address and EIN, license number 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 Elder/Disabled Care - Formal Provider Benefit and forfeit their Benefit Slot at the end of the month in which the Eligible Relative is no longer eligible, dies or at the end of the benefit year (December 31), whichever comes first, unless the Participant has another Eligible Relative that qualifies for the benefit, timely notifies the Plan that the Participant has another qualifying Eligible Relative and provides all required documentation.

**D. Informal Provider for Elder/Disabled Care**

An informal care provider is a person that is not licensed by the State of Hawaii. Informal providers generally include relatives, neighbors or friends, but it cannot be you, your spouse, domestic partner, your child, foster child or stepchild under the age of 19 at the close of the taxable year, or someone you (or your spouse if filing jointly) can claim as a dependent. To apply for the Elder/Disabled Care - Informal Provider Benefit, you must submit the name, address of the provider and proof of informal elder/disabled care benefit completed by the caregiver.

Participants lose the Elder/Disabled Care - Informal Provider Benefit and forfeit their Benefit Slot at the end of the month in which the Eligible Relative is no longer eligible, dies or at the end of the benefit year (December 31), whichever comes first, unless the Participant has another Eligible Relative that qualifies for the benefit, timely notifies the Plan that the Participant has another qualifying Eligible Relative 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.

#### **V. Contact Information**

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](mailto:local5support@sterlingadministration.com)  
Website: <https://local5.sterlingadministration.com>