

## "BCU PUERTO RICO RETIREMENT SAVINGS PLAN"

### A. INTRODUCTION

Your Employer has established a retirement plan to help you supplement your income during retirement. In this Summary Plan Description, you will find details about how the Plan works. This Summary Plan Description describes the main provisions of the Plan but does not include all the Plan's limitations or details, which can be found in the Plan Document. If there is any discrepancy between this Summary Plan Description and the official Plan Document and/or Adoption Agreement, the Plan Document and/or Adoption Agreement shall prevail. You may obtain a copy of the Plan Document and the Adoption Agreement from the Plan Administrator, for which the Plan Administrator may charge a reasonable fee.

### B. GENERAL PLAN INFORMATION

1. **Name of the Plan: BCU Puerto Rico Retirement Savings Plan**
2. **Trust EIN: 66-1057844**
3. **Plan number: 002**
4. **Type of Plan:** Profit sharing contribution plan with cash contribution agreement, pursuant to the Puerto Rico Internal Revenue Code of 2011, as amended, section 1081.01.
5. **Effective Date:** The Effective Date of the Plan is January 1, 2024.
6. **Plan Year:** The 12-month period beginning January 1 and ending December 31.
7. **Plan Sponsor:**
  - Name: Baxter Credit Union (dba BCU)
  - Address: 340 North Milwaukee Ave.  
Vernon Hills IL, 60061
  - Employer Identification Number (EIN): 23-7250155
8. **Plan Administrator (or "Administrator"):**
  - Name: Baxter Credit Union (dba BCU)
  - Address: 340 North Milwaukee Ave.  
Vernon Hills IL, 60061
  - Phone: 1-800-388-7000

9. **Fiduciary:**

Name: Oriental Bank & Trust  
Address: PO Box 195115, San Juan, PR, 00919-5115  
Phone: 787-771-6800

10. **Serving Agent:** The Plan Fiduciary will also serve as Serving Agent.

11. **Recordkeeper:**

Empower Retirement  
Address: P.O. Box 173764  
Denver, CO, 80217-3764  
Phone. 1-800-664-4559

**C. DEFINITIONS**

1. **Year of Service:** This means the applicable calculation period during which an employee has completed at least 1,000 hours of service.
2. **Compensation:** Compensation shall mean base salary excluding one-time bonuses, educational reimbursements, expense allowances, disability income not paid by the employer, imputed income, discretionary awards, reimbursements from other plans and workers' compensation payments. Each participant may defer up to 50% of their compensation.
3. **Normal Retirement Age:** It is the later of the Participant's 65th birthday.
4. **Early Retirement Age:** The date when the participant has reached the age of fifty-five (55) and completed ten (10) years of service.
5. **Highly Compensated Employee:** A highly compensated employee refers to any employee who is an officer of the participating employer; owns more than five (5) percent of the voting shares or total value of all classes of shares of the corporation sponsoring the plan; owns more than five (5) percent of the capital or interest in the earnings of the employer, in the case of an entity other than a corporation; or who, for the preceding fiscal year, received compensation from the employer in excess of the applicable limit for a given taxable year under Section 414(q)(1)(B) of the Internal Revenue Code of 1986, as amended, or any successor provision, as adjusted by the Internal Revenue Service.

6. **Date of Entry:** Immediately upon date of hire.
7. **Disability (Total and Permanent):** This shall mean the existence of a physical or mental condition which, based on medical reports and other evidence deemed suitable by the Plan Administrator, is presumed to render you unable to perform your customary services to the Employer or to perform the duties of any other position or job that the Employer may offer you for which you are qualified, whether by reason of training, education or experience, and that is expected to result in death or has lasted or is expected to last for a continuous period of not less than twelve (12) months. A Participant's Disability shall be determined by a licensed physician. However, if the condition constitutes a total disability under federal Social Security laws, the Administrator may rely on such determination that the Participant is totally and permanently disabled for the purposes of this Plan.

#### **D. ELIGIBILITY FOR PARTICIPATION IN THE PLAN**

You will become eligible to participate in the retirement plan on your hire date. Enrollment will be automatic, starting with a contribution of 4% of your compensation on each paycheck. There will also be an annual increase, effective March 1, of one percent (1%) up to ten percent (10%) of compensation.

All employees eligible to participate will have a 30-day period to decline or validate their deferral election to the plan. If no response is received, the employee will be automatically enrolled.

Employees who are not residents of Puerto Rico, employees hired through an agency (“leased employees”) and employees affiliated with a union are not eligible to participate.

1. **Rollover Contributions.** Rollover Contributions are permitted. You may be able to roll over your vested benefits from another qualified retirement plan in Puerto Rico into this Plan. If you have received a lump sum cash payment from another qualified retirement plan in Puerto Rico, you may be eligible to roll over that payment into this Plan. If you believe you are eligible to make a rollover contribution, contact the Plan Administrator for more details. You must make the transfer to this Plan no later than 60 days after receiving the distribution from the other qualified retirement plan in Puerto Rico. A rollover may also occur if the fiduciary of the previous plan transfers your assets directly to this Plan.

2. **Voluntary After-Tax Contributions.** Voluntary After-Tax Contributions are not permitted under this Plan.
3. **Tax-Deferred Contributions ("Pre-Tax Contributions").** Any eligible employee may make tax-deferred contributions to the plan in an amount not exceeding 50% of their compensation. Tax-deferred contributions are contributions that the employer makes to the plan, when you have so elected by deducting them from your salary, rather than paying them to you in cash as part of your salary. Tax-deferred contributions and investment earnings thereon will not be subject to Puerto Rico income tax until they are paid to you as provided in the plan.

You may increase, reduce, or suspend the percentage of tax-deferred contribution prior to the payroll period, through the company's investment system, or by notifying the Plan Administrator.

As permitted by law, the employer may reduce or suspend contributions if required to maintain the plan's qualification.

4. **Catch-Up Contributions.** Catch-Up Contributions are permitted under this Plan and will be taken into account when applying Employer Matching Contributions. To be eligible, you must be at least 50 years old and contribute the maximum amount permitted by law (\$15,000 per year). Such additional contribution shall not exceed \$1,500.

## **E. EMPLOYER CONTRIBUTIONS**

1. **Employer Matching Contributions.** Employer Matching Contributions will be equal to \$1.00 for each \$1.00 of Tax-Deferred Contributions made by the participant from their eligible Compensation, up to a maximum of four percent (4%) of the participant's eligible Compensation.
2. **Profit Sharing Contribution:** The employer will make a fixed contribution equal to 3% of the eligible portion of the participant's compensation. To be eligible for this benefit, the participant must be employed on the last day of the plan year, unless their absence is due to death, total or partial disability and/or early or normal retirement.

## F. PARTICIPANT ACCOUNTS

The Plan Administrator will establish an account in your name which will show the value of your retirement benefit. The Employer shall add the following amounts to your account:

1. Your share of the Employer Matching Contributions; and
2. Your share of earnings from investments and appreciation in the value of investments.

The Employer shall deduct from your account:

1. Withdrawals or distributions made to you;
2. Your share of losses from investments and depreciation in the value of investments; and
3. If applicable, your share of Plan expenses.

The Employer will provide you with a statement showing the amounts added to and deducted from your account on a monthly or quarterly basis.

## G. VESTING

1. **Determination of Vesting of Your Benefits.** Vesting refers to when you earn or acquire a non-forfeitable right to a portion or all of your account(s) balance. You are 100% vested in your Rollover Contributions and Pre-Tax Deferred Contributions, plus any gain or minus any loss, and such contributions may not be forfeited for any reason.

The vested percentage of your Profit-Sharing Contributions will be measured on a tiered basis as follows:

Year of Service	Vested Percentage
1	0%
2	0%
3	100%

2. **Payment of Your Vested Benefits** If you separate from Service prior to your retirement, death, or Disability, you may request an early payment of your benefit by notifying the Plan Administrator in writing. If, at the time of termination, the value of your account exceeds \$1,000, you may defer receipt of your benefit payment until your Normal Retirement Age.

3. **Loss of Benefits.** There is one event that may cause the loss of all or part of your account, namely a decrease in the value of your account due to investment losses or administrative expenses and other costs related to maintaining the Plan.
4. **Reemployment.** If you leave your employment with the Employer, and are later reemployed, you will become a participant on the next Entry Date after the date you returned to employment. If you are not a member of a class of employees that is eligible to participate in the Plan and you later become a member of a class that is eligible, you will participate in the Plan on the next Entry Date provided you meet the minimum age and service requirements. If you become ineligible to participate because you are no longer a member of an eligible class, you will automatically become eligible to participate on the Entry Date following the date you return to an eligible class.

## H. IN-SERVICE WITHDRAWALS

1. **In-Service Withdrawals** Distributions may be made while a Participant remains in service from the following sources:
  - a. Rollover Contributions
2. **Withdrawals Due to Extreme Financial Hardship.** You may submit a written request to make a withdrawal for Extreme Financial Hardship solely from (i) Tax-Deferred Contributions, (ii) Employer Matching Contributions, (iii) Profit Sharing Contributions, and (iv) Rollover Contributions accounts. Prior to receiving a distribution because of Extreme Financial Hardship, you must have taken any other non-taxable distributions and borrowed, if permitted, the maximum non-taxable amount that is allowed under this and any other Employer plans. Withdrawals for Extreme Financial Hardship may be authorized by the Employer for the following reasons:
  - a. To assist you in the purchase (excluding mortgage payments) of a residence that is your primary residence,
  - b. To assist you in paying for post-secondary tuition expenses for the next academic year for you or your dependents,
  - c. To assist you in paying medical expenses incurred by you or your dependents, or

- d. To prevent eviction or foreclosure of the mortgage of your primary residence, or
- e. Funeral expenses for the employee, the employee's spouse, children, dependents, or beneficiaries, or
- f. Any other event or circumstance permitted by the Secretary of the Puerto Rico Treasury Department or your Employer.

Extreme Financial Hardship distribution is not limited to a minimum amount or frequency limit. Extreme Financial Hardship withdrawals must be approved by the Employer and will be administered on a non-discriminatory basis. Such withdrawals will not affect your eligibility to continue participating in the Employer Contributions to the Plan. The amount you receive under these rules may not be returned to the Plan and may be taxable. If you receive a withdrawal of your Tax-Deferred Contributions due to Extreme Financial Hardship, you will be required to suspend Tax-Deferred Contributions to the Plan for a period of twelve (12) months and Tax-Deferred Contributions made by you during the year in which you took the withdrawal and the year following the mandatory twelve (12) month suspension may not exceed the maximum allowed by law.

## I. DISTRIBUTION OF BENEFITS

1. **Retirement Benefits.** If not already paid to you, the full value of your account balance is generally payable when you reach Normal Retirement Age under the Plan. If you work beyond your Normal Retirement Age, and you have not separated from the Service, you may request to start your benefit payments. In any event, you will continue to participate in the Plan. The latest date you can receive your benefit payment is your Normal Retirement Age or the date of your separation from Service.
2. **Beneficiary.** If you have accrued benefits under the Plan, you may name one or more persons to receive them in the event of your death. The designation must be made on a form provided by the Plan Administrator, which must be returned to the Plan Administrator once completed. You may change your designation at any time. If you are married, your spouse will automatically be your beneficiary. If you and your spouse wish to waive this automatic designation, you must complete a beneficiary designation form. The form must be signed by you and your spouse in the presence of a Plan representative or a Notary Public.

3. **Death Benefits.** In the event of your death, the full value of your account will be payable to your beneficiary. If you die after you have begun receiving benefit payments under a payment option, your beneficiary will continue to receive payments in accordance with the payment option you have elected.
4. **Form of Payment.** When your benefits become payable, you or your representative must request payment of your account from the Employer. The normal or automatic form of payment is a lump-sum cash payment, partial payments, or periodic monthly, quarterly, semi-annual, or annual payments for a minimum period of five (5) years. Any lump-sum withdrawals will be subject to a 20% withholding, and any partial withdrawals will be subject to a 10% withholding for tax purposes.
5. **Time of Payment:**
  - a. If you retire, become disabled or die, payments will begin as soon as administratively feasible following the date on which you request a distribution, or the distribution becomes payable.
  - b. If you terminate employment for any reason other than death, disability, or retirement, payments will begin as soon as administratively feasible following the date you request a distribution or the distribution becomes payable.

## J. LOANS

1. Loans are permitted under this plan. The most important rules applying to loans are listed below.
  - a. A participant may only have two (2) active loans at a time and per Plan Year, regardless of whether a previous loan has been paid off during that Plan Year.
  - b. Up to a maximum of 50% of the total vested benefits in the participant's account or up to \$50,000, whichever is less, will be approved. (Example: if the total balance of vested benefits in the account is \$2,000, half or 50% will be approved, in this case \$1,000).
  - c. The loan must be for a minimum amount of \$1,000.
  - d. A participant has up to 5 years to repay their general loan and up to 10 years when the loan is used for the purchase of their primary residence.



- e. The loan distribution amounts will be prorated among the funds from the following accounts: (i) Tax-Deferred Contributions, (ii) Employer Matching Contributions, (iii) Profit Sharing Contributions and (iv) Rollover Contributions.

The interest rate applicable to your loan is the Prime Rate published in the Wall Street Journal on the first day of the month in which you apply for the loan, plus one percent, as established in the Plan's loan policy.

The details of the loan procedure under the Plan shall be governed by the terms of the Plan's governing documents, including any Loan Administration Policy that may be established from time to time.

## **K. TAX ADVANTAGES**

### **1. Tax Issues Applicable to the Distribution of Benefits under the Plan**

This section provides you with some basic information about the effects of Puerto Rico tax laws on the distribution of your benefits under the Plan.

You are not required to pay income tax in Puerto Rico on the balance of: (i) your Rollover Contributions (only amounts not previously subject to income tax), (ii) Employer Contributions, (iii) your Tax-Deferred Contributions, (iv) your Catch-Up Contributions and (v) investment income from these contributions, until such time as they are distributed to you.

If all your benefits under the Plan are distributed to you within a single calendar year due to your termination of employment with your Employer, such distribution will be subject to the payment of taxes at the preferential rate of 20% of the taxable amount. This tax must be withheld and submitted to the Treasury Department by the Employer.

In addition, you may defer payment of Puerto Rico income tax if all your benefits under the Plan are distributed to you within a single calendar year due to your retirement, death, or termination of employment, and are rolled over within 60 days of their distribution to another qualified retirement plan in Puerto Rico or to a qualified individual retirement account in Puerto Rico.

If your benefits under the Plan are distributed to you in periodical payments established over a set number of years for a minimum of five (5) years, such distributions will be deemed to be ordinary income of the participant in each distribution year with an annual exemption of \$11,000 (under age 60) or \$15,000 (age 60 and older). Likewise, these distributions will be subject to a 10% withholding on the excess of \$31,000 (under age 60) or \$35,000 (age 60 and older) annually.

On the other hand, distributions made in partial payments will be considered ordinary income of the participant for each year of distribution and will be subject to a 10% tax withholding on the annual taxable amount.

If, when you receive your benefit distribution, you are a resident of Puerto Rico, you will not be required to pay federal income tax on the amount received. However, if you are a resident of the United States or a foreign national, there may be tax consequences that you should consider.

We recommend that you consult a qualified tax advisor before making any decisions in this regard, as the tax regulations applicable to the distribution of benefits under the Plan can be extremely complex and technical.

2. **Impact of your Contributions on Social Security and Other Employer-Provided Benefits**

Although your Tax-Deferred Contributions and Catch-Up Contributions reduce the amount of your income subject to Puerto Rico income tax, they do not reduce your federal Social Security liability. Since, regardless of your contributions to the Plan, you will be required to pay Social Security taxes on your entire salary, your Social Security benefits will also be based on your total compensation.

## L. INVESTMENTS

1. **Investment Fund.** The Employer will notify you of the investment vehicles for the Plan's capitalization.
2. **Investment Direction Under the Trust Fund.** Investments in each participant's accounts will be made under the written direction of each participant from among the funds provided by the employer under the Plan. Any portion of your account for which no investment directions have been received will be automatically invested at the Target Date Fund provided under the Plan at that time.
  - You may direct investments among the different investment vehicles.
  - You can change your investment selection and move money from one fund to another on a daily basis through the investment company's system.

## M. ADMINISTRATION

The Plan will be administered by the following parties:

1. **Plan Administrator.** Baxter Credit Union (the Employer) is the party to whom full control and authority over the administration of the Plan has been delegated. The duties of the Committee as Plan Administrator include, but are not limited to:
  - a. Appointing such professional advisors as may be necessary to administer the Plan including, but not limited to, an accountant, an attorney, an actuary, or an administrator.
  - b. Directing the Fiduciary regarding payments to be made from the Fund.
  - c. Communicating with Employees regarding their participation and benefits under the Plan, including the administration of all claim procedures and domestic relationship orders.
  - d. Filing any forms and reports with the Puerto Rico Treasury Department, the Puerto Rico Department of Labor, the United States Internal Revenue Service, the United States Department of Labor, or any other government agency.
  - e. Reviewing and approving any financial reports, investment reports, or other reports prepared by any entity appointed by the employer.
  - f. Establishing a capitalization policy and investment objectives consistent with the purposes of the Plan and the Employee Retirement Income Security Act of 1974 ("ERISA").
  - g. Interpreting and resolving any questions regarding the interpretation of the Plan.
2. **Fiduciary.** The Fiduciary shall be responsible for the administration of the investments in the Fund. These duties shall include:
  - a. Receiving contributions under the terms of the Plan;
  - b. Investing Plan assets in accordance with the written instructions of the Employer and/or Participants;
  - c. Making distributions from the Fund in accordance with written instructions received from the Plan Administrator;

- d. Maintaining accounts and records of the financial transactions of the Fund.
- e. Presenting an annual report on the Fund showing the financial transactions for the Plan Year.

## **N. AMENDMENT AND TERMINATION**

The Employer (or the designated entity) may amend the Plan at any time, provided that no amendment shall divert any part of the Plan's assets for any purpose other than for the exclusive benefit of the Plan or the Plan Participants. The Employer (or the designated entity) may also terminate the Plan. In the event of termination, you will be 100% vested in all amounts credited to your account, and such amounts will be paid to you.

## **O. LEGAL PROVISIONS**

1. **Rights of Participants.** As a Participant under the Plan, you have certain rights and protections under the Employment Retirement Income Security Act of 1974, known as ERISA. Said law states that the participant has the right to:
  - a. Examine, at no cost, all documents related to the operation of the Plan and any documents filed with the U.S. Department of Labor. These documents are available for your inspection at the offices of the Plan Administrator and/or other specified locations during business hours.
  - b. Obtain, upon written request to the Plan Administrator, copies of the documents governing the operation of the plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report and summary plan description. The Administrator may charge a reasonable fee for copies.
  - c. Receive a summary of the plan's annual financial report. The Plan Administrator is required by law to provide each participant with a copy of this annual summary report.
  - d. Obtain a statement indicating whether you are entitled to receive a pension at Normal Retirement Age and, if so, what your benefits would be at Normal Retirement Age if you stop working under the Plan. If you are not entitled to a pension or retirement benefits, the statement will tell you how many more years you must work to become entitled to such benefits. This statement must be requested in writing and is not required to be provided more than once every twelve (12) months. The Plan must provide the statement at no charge.

- e. Obtain, at least once a year, a report of the total benefits that have been accrued on your behalf and your nonforfeitable rights (vested rights) to benefits, if any. The Plan provides that you will receive this statement automatically. If you are not vested, you may request a statement indicating when you will become vested in your account.
  - f. If you request a copy of the Plan documents or the latest annual report of the Plan and do not receive them within 30 days, you may file a claim in federal court. In such a case, the court may require the Plan Administrator to provide you with the documents and pay you up to \$110 per day until you receive the documents unless the documents have not been sent for reasons beyond the Administrator's control. If you have a claim for benefits that is denied or ignored, in whole or in part, you may file a lawsuit in state or federal court.
2. **Fiduciary Responsibility.** ERISA also imposes obligations on the individuals who are responsible for the operation of the Plan. These individuals are known as "fiduciaries". Fiduciaries must act solely in your best interest as a Participant under the Plan and must exercise prudence in the performance of their duties. Should the plan fiduciaries misuse Plan money, or should they discriminate against you for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file a lawsuit in federal court.
  3. **Employment Rights.** Participation in the Plan is not a guarantee of employment. However, the Employer may not fire you or discriminate against you to prevent you from being eligible to participate in the Plan or to obtain a benefit or exercise your rights under ERISA.
  4. **Claims Procedure.** If you believe you are entitled to a benefit under the Plan, mail or deliver your written claim to the Plan Administrator. The Plan Administrator will notify you, your beneficiary, or your authorized representative of the action taken within 90 days (or 45 days in the case of disability benefit claims) of receiving the claim.

If you believe that you have been wrongfully denied a benefit in whole or in part, the Administrator must provide you with a written explanation of the reason for the denial.

If the Employer denies your claim, you may, within 60 days after receiving the denial, submit a written request asking the Employer to reconsider your claim. Any such request must be accompanied by documents or records supporting your request for appeal. You, your beneficiary, or your authorized representative may review the relevant documents and submit written statements and observations. If the Employer does not resolve your request, you have the right to seek assistance from the U.S. Department of Labor or you may file a lawsuit in a Puerto Rico or federal court. The Plan Fiduciary or the Plan Administrator may be subpoenaed. If you win the lawsuit, the court may require the Employer to pay your legal expenses, including attorney's fees. If you lose, and the court finds that your claim is frivolous, you may be required to pay the Employer's legal expenses.

6. **Assignment.** Your rights and benefits under this Plan may not be assigned, sold, transferred, or pledged by you nor claimed by your creditors (subject to state law) or by any other person except under a qualified domestic relations order ("QDRO"). A "QDRO" is a court order issued under state family law relating to divorce, legal separation, custody, or child support proceedings. The QDRO acknowledges that a person other than you is entitled to receive your benefits under the Plan. You will be notified if a QDRO is received that requires the distribution of your benefits.
  
7. **Conflicts with the Plan.** This summary is not the Plan Document, but only a Summary Plan Description and its main provisions, and does not include all the limitations or details of the Plan. Every effort has been made to provide concise and accurate information. However, if there is any discrepancy between this summary and the Plan Document and/or the Adoption Agreement, the Plan Document and/or Adoption Agreement shall prevail.

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