

Popular Master Plan Update:

Key Amendments and Sponsor Considerations

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WHAT WE WILL COVER

01

Master Plan Overview

Full name, purpose and restatement objectives

02

Key Amendments

Eligibility, distributions and new definitions

03

ERISA Participation Rules

Hours-of-service and elapsed-time requirements

04

Sponsor Actions

Vesting and Adoption Agreement considerations

P o p u l a r M a s t e r P l a n

WHAT IS THE FULL NAME:

BANCO POPULAR DE PUERTO RICO MASTER DEFINED
CONTRIBUTION RETIREMENT PLAN

WHY IT IS A MASTER PLAN

IT HAS A TRUST THAT WILL SERVE AS A FUNDING MEDIUM FOR THE EMPLOYER PLANS CONSTITUTED BY ADOPTING THE POPULAR MASTER PLAN.

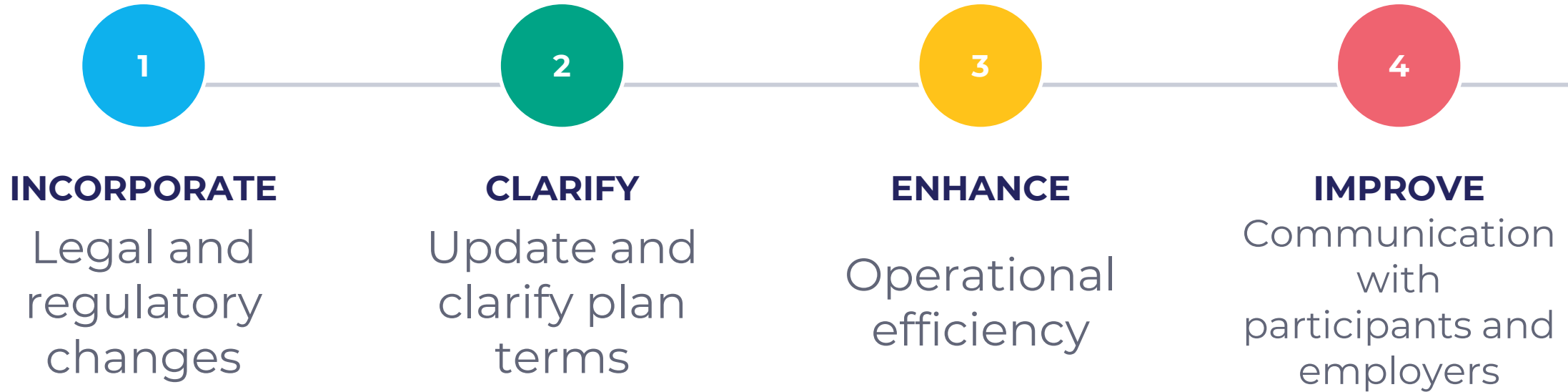
The structure connects adopting employer plans to a common master trust.

IMPORTANT

Exceptions may apply

Plan-specific terms and circumstances should be reviewed before applying the general framework.

OBJECTIVES OF THE POPULAR MASTER PLAN RESTATEMENT



A coordinated restatement designed to modernize the document and support clearer plan administration.

WHAT CHANGED?

The restatement affects terms, definitions and several participant events.

SCOPE

- ✓ Changes also apply to PMP Adoption Agreements
- ✓ Includes clean-up changes that do not affect employer plan operations

New and clarified definitions

- Account
- Eligible Employee
- Part-time Employee
- Profit-Sharing Contributions Account
- Spouse
- Terminated Participant
- Affiliate
- Highly Compensated Employee
- Partial Termination
- Seasonal Employee
- Suspended Participant
- True-up Matching Contribution
- Committee
- Investment Committee
- Participating Employer
- Separation From Service
- Temporary Employee

ELIGIBILITY RULES CLARIFIED

RECLASSIFICATION



RETURNS TO SERVICE AFTER 5 BREAK-IN-SERVICE



DISTRIBUTION PROVISIONS UPDATED

\$7,000



AUTOMATIC DISTRIBUTION THRESHOLD

Previously \$5,000

Age 72

NEW !

OPTIONAL DISTRIBUTION TIMING

If elected in the Adoption Agreement, participants may choose to begin receiving vested-balance distributions by April 1 of the calendar year following the year they turn 72.

New provisions also address declared disaster distributions.

SECURE ACT 2.0 DRIVES SIGNIFICANT ERISA UPDATES

PART-TIME, SEASONAL AND TEMPORARY EMPLOYEES

PART-TIME

Scheduled hours below the employer's full-time requirements

TEMPORARY

Hired for a specific period or project

SEASONAL

Works during specific periods of the year

Part-time, temporary or seasonal employees who meet Plan's eligibility requirements must be allowed to participate.

WHICH EMPLOYER PLANS ARE AFFECTED?

ALL EMPLOYER PLANS WITH A QUALIFIED CASH OR DEFERRED ARRANGEMENT ARE AFFECTED

Hours-of-service method

Plans using this method may require more changes to comply with the new ERISA participation requirements.

Elapsed-time method

Plans using elapsed time remain affected, but the participation and employer-contribution treatment differs.

CHALLENGES OF BOTH METHODS

Hours-of-service method

- eligibility and vesting depend on the hours credited under the plan
- requires tracking, additional calculations, and maintain accurate records of hours worked
- errors in tracking hours may affect eligibility or vesting determinations
- may be difficult to administer for part-time, temporary or seasonal employees (LTPT's)

Elapsed-time method

- does not require tracking hours worked
- requires determining period of service
- errors in determining employment periods or applying break-in-service rules may affect eligibility or vesting
- simplify administration for employees with irregular work schedules

LTP T ELIGIBILITY REQUIREMENTS

Hours-of-Service Method | Plans with Cash or Deferred Arrangement

2023

COUNTING START

Service from Jan. 1, 2023

21+

MINIMUM AGE

Employee is age 21 or older

+

500

MINIMUM HOURS / YEAR

In each year

+

2

CONSECUTIVE YEARS

Required duration

=

**LTP T ELIGIBILITY
USING HOURS-OF-
SERVICE**

PARTICIPATION RULES BY ELIGIBILITY METHOD

Effective January 1, 2025, under the Popular Master Plan for part-time, temporary or seasonal employees

HOURS-OF-SERVICE

LIMITED PARTICIPATION



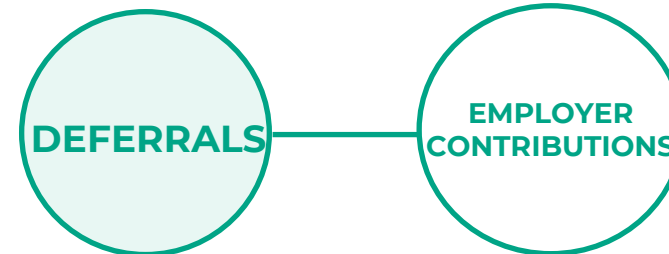
Elective deferrals

Participation may be limited to pre-tax contributions

Employer contributions may be excluded

ELAPSED

FULL PARTICIPATION*



*All applicable plan provisions

Participation includes elective deferrals and employer contributions

Employer contributions may not be excluded

DOES THE NEW ERISA REQUIREMENT AFFECT VESTING?

Hours-of-Service Method | Plans with Cash or Deferred Arrangement

DOES THE EMPLOYER CONTRIBUTE FOR LTPT EMPLOYEES?

YES

NO

500-hour vesting threshold applies

Vesting service continues to use the 500-hour in 1 Year threshold even if the employee later ceases to be an LTPT employee.

No vesting impact

The 500-hour vesting requirement does not apply to plans using elapsed-time method.

DO THE CHANGES REQUIRE AN ADOPTION AGREEMENT AMENDMENT?

It depends on the terms of the Employer Plan

Review your Adoption and discuss the plan-specific impact with your Plan's advisor.

Hacienda filing and guidance

Administrative Determination 25-03 states that amendments made to comply with SECURE Act 2.0, whether optional or mandatory, are not qualification amendments that must be filed with Hacienda for an updated favorable determination letter.

Thank you!

Questions and discussion