



Hospital Sisters
HEALTH SYSTEM



Your HSHS Retirement Program

(For HSHS colleagues hired prior to July 1, 2014)



YOUR HSHS RETIREMENT PROGRAM

The HSHS retirement program provides a comprehensive retirement benefit designed to help you build financial resources for your future.

The HSHS retirement program includes the:

- **HSHS Defined Benefit Pension Plan** that allows you to earn a benefit based on a defined benefit formula using your pay and years of service.
- **HSHS 403(b) Retirement Savings Plan** that provides an opportunity to build on your pension benefit through your contributions and investment earnings.

HSHS colleagues actively employed on June 30, 2014 are eligible for the HSHS retirement program as described in this guide. The following colleagues are not eligible:

- Colleagues who are members of a collective bargaining unit whose contract does not provide for membership in the HSHS Pension Plan.
- Temporary or leased colleagues, as classified by the Internal Revenue Service.

Medical residents are not eligible for Pension Plan benefits. However, they can participate in the HSHS 403(b) Retirement Savings Plan.

We hope this guide helps you understand how the program works and how you can get the most out of it. Please read it carefully and share this information with your family.

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HSHS PENSION PLAN

The Hospital Sisters Health System Pension Plan provides you with a source of regular income during retirement. You will be eligible to receive a pension benefit if you have at least five years of service when you retire or terminate employment.

The plan is free — you contribute nothing. Your employer makes all the contributions necessary to provide retirement benefits. Here is how the plan works and how you qualify for benefits.

Participating in the Plan

Participation is automatic. All colleagues of the designated Affiliates of Hospital Sisters Health System are eligible for the Retirement Plan except:

- Temporary or leased colleagues, as classified by the Internal Revenue Service,
- Colleagues who are members of a collective bargaining unit whose contract provides for membership in another retirement plan.

In most cases, participation in this plan begins on the January 1 or July 1 that coincides with or follows the date you complete 12 consecutive months of employment and are credited with at least 1,000 hours of service during that time or in any later calendar year after the date you are employed.

For example, if you were hired on October 1, 2010 and completed the required 1,000 hours of service between then and October 1, 2011, you automatically become a plan participant on January 1, 2012.

Qualifying for Benefits

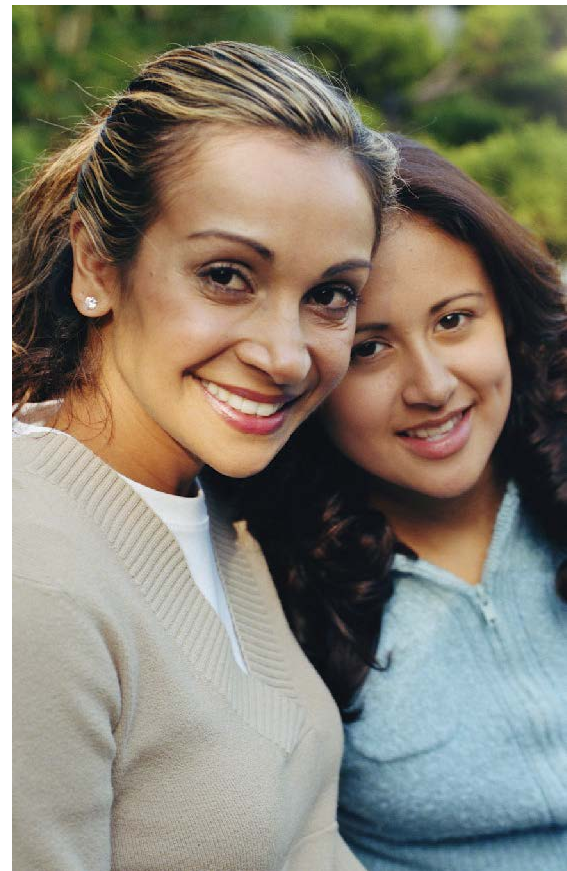
Your length of employment is counted two ways:

- As **service**, which is used to determine eligibility for benefits, and
- As **credited service**, which is used to calculate your retirement benefit.

Generally, you can earn a year of service and a year of credited service for each calendar year in which you are credited with at least 1,000 hours of service. Because benefits under this plan are “portable” within the HSHS family, your service and credited service will go with you if you transfer to another HSHS facility that participates in this plan. That means you will continue to earn benefits without interruption.

You will be fully vested after you are credited with five calendar years of service. This means you will be eligible to receive a benefit from this plan when you retire.

You should be aware that you may forfeit service earned in the past if you terminate employment before you are fully vested. In this case, your prior service will be restored only if your break-in-service is less than the greater of 5 years or your prior service. A break-in-service is any calendar year in which you have fewer than 500 hours of service because you terminated employment. You may be credited with up to 501 hours of service in connection with approved leaves of absence.



About Your Pension Benefit

Your pension benefit is based on the following three factors:

Credited Service: Your credited service is the number of calendar years (January 1st - December 31st) in which you not only work, but are also paid for 1,000 hours of service. This corresponds with the wages reported annually on your W-2. You receive partial years of credited service for your first and last calendar years of employment if you have not earned the full 1,000 hours. This applies to all eligible colleagues including casual and PRN colleagues, but does not include:

- Temporary or leased colleagues, as classified by the Internal Revenue Service,
- Colleagues who are members of a collective bargaining unit whose contract provides for membership in another retirement plan.

If you are receiving Long Term Disability benefits and have 10 years of service prior to becoming disabled, you will continue to earn credits under the HSHS Pension Plan unless you elect early retirement. If you leave your job for the military and return after service, the time spent in the military counts toward retirement. You may earn a maximum of 5 years of credit for retirement through military service. If you leave HSHS after becoming vested but are later re-employed, you may receive credited service for your earlier period of employment. Contact the HSHS Colleague Service Center for more information.

Final Average Pay: This is the average of your earnings for the five highest-paid consecutive completed calendar years of service within the last 15 completed calendar years of service. Your earnings are your W-2 earnings, plus any pre-tax contributions; subject to IRS limits, \$275,000 in 2018. The total amount of earnings which can be included in this calculation is limited by law. You will be notified if this limit applies to you.

Excess Pay: Excess pay is the part of your final average pay that exceeds 30% of the Social Security taxable wage base in the previous calendar year. Each year, the Social Security taxable wage base is adjusted for cost of living changes.



The Benefit Formula

In most cases, when it's time to receive benefits from the plan, your basic monthly benefit will be calculated using the following formula.

1.2% of your final average pay

plus

.6% of your excess pay

multiplied by

your years of credited service (up to a maximum of 25 years)

plus

.5% of your final average pay

multiplied by

your years of credited service over 25

A sample benefit calculation

Let's say you retire in 2015 at age 65 with 30 years of service, final average pay of \$50,000 for the highest five years. In this example, your monthly retirement plan benefit would be \$1,540.42, calculated as follows:

$$.012 \times \$50,000 = \$600.00$$

plus

$$.006 \times [\$50,000 - (.30 \times \$117,000)] = + \$89.40$$

\$689.40

$$\$689.40 \times 25 \text{ years credited service} = \$17,235.00$$

plus

$$.005 \times \$50,000 \times 5 = \$1,250.00$$

\$18,485.00

$$\$18,485.00 \text{ divided by } 12 \text{ months} = \$1,540.42 \text{ monthly pension}$$

This would be your *monthly benefit*, the amount paid to you if you were unmarried, retire on your normal retirement date, and elect payment in monthly installments for life. The actual amount you will receive may be different, depending on the payment method you choose and the date you retire.

Your Pension Benefit — An Example

You earn a benefit based on a defined benefit formula using your pay and service. Here's a look at the estimated monthly benefit payable at age 65 for an eligible colleague who was hired on January 1, 2014 and works full-time for HSHS. This example assumes a starting annual pay of \$30,000 and 2% increases each year in pay and the Social Security taxable wage base. *Keep in mind that this is only an example. Your actual benefit will depend on your age at retirement, years of service and pay history.*

Age	Years of Service	Annual Pay	Estimated Monthly Pension Plan Benefit Payable at Age 65 for Life
40	5	\$32,473	\$156
45	10	\$35,853	\$345
50	15	\$39,584	\$571
55	20	\$43,704	\$840
60	25	\$48,253	\$1,160
65	30	\$53,275	\$1,387

Normal Retirement

You will be eligible for benefits under this plan if you reach your normal retirement date with at least five calendar years of service. Your normal retirement date is the first of the month on or immediately after the later of:

- your 65th birthday, or
- the date you have completed five years of service.

Early Retirement

You may retire as early as age 55 if you have at least five years of service. Your early retirement benefit will be based on your accrued benefit as of your early retirement date. Depending on your years of service, and the age when you start receiving pension benefits, your accrued benefit may be reduced as follows:

If you retire at the following age:	You will receive the following portion of your accrued benefit:
55	50.0%
56	53.3%
57	56.7%
58	60.0%
59	63.3%
60	66.7%
61	73.3%
62	80.0%
63	86.7%
64	93.3%

Note: Upon reaching age 55, if you are disabled and receiving Long Term Disability (LTD) benefits, you may start receiving your HSHS Early Retirement Pension benefit. If you elect Early Retirement, you will no longer earn credits under the plan. This is true even if you have 10 years of service prior to becoming disabled.

Late Retirement

If you retire after age 65, your monthly benefit may be more than your normal retirement benefit because of your additional service and any increase in your average monthly earnings. Your late retirement date is the first of the month following the date you leave employment.

Rehired Retirees

If you return to work after retirement, you will continue to receive pension payments as long as you work less than 1,000 hours per year.

If you are scheduled to work 1,000 or more hours per year, your pension payments will stop at the beginning of the next year. These "missed" payments will be paid to you in a single lump sum (plus interest) when you retire again. If you work 1,000 or more hours per year, you will also receive additional pension credits that will be used to recalculate your pension when you again receive a monthly pension benefit.





How Benefits Are Paid

There are basic forms of payment, as well as several optional methods of payment. You should apply for benefits at least three months before the date you plan to retire. At that time, you choose how you want your benefit paid.

Basic payment methods. There are two basic forms of payment, depending on your marital status:

- **If you are single**, the basic form of payment is a monthly income for life, with no survivor benefits.
- **If you are married**, the basic payment method is a Qualified Joint and Survivor Annuity. Under this form, you will receive a reduced monthly benefit for life. At your death, your spouse will receive benefits for life equal to half the amount you were receiving. (Married persons can also elect the basic benefit for single persons if they have spousal consent.)

Optional payment methods. If you do not want one of the basic forms of payment, you may choose one of the optional methods. If you are married, your spouse must consent to your selecting an optional form of payment. His or her consent must be in writing and be witnessed by a notary public. Options available to you are:

- A monthly income for life, with guaranteed payments for 10 years. Any guaranteed payments remaining at your death will be paid to your beneficiary. If no guaranteed payments remain, there will be no survivor's benefits.
- A joint and survivor annuity that pays you a reduced monthly income for life, with either 50 percent, 75 percent, or 100 percent of that amount continuing to your spouse or other designated beneficiary after you die.

Death Benefits

If you die before you retire and if you have 5 years of service, a survivor benefit will be available to your spouse or beneficiary. If you die after benefit payments have started, your beneficiary will receive death benefits only if the payment method you chose provides survivors' benefits. For more information about death benefits, contact the HSHS Colleague Service Center.

Qualified Domestic Relations Order (QDRO)

Colleagues who receive a notification of a pending Qualified Domestic Relations Order should contact the HSHS Colleague Service Center.

If You Terminate Employment

If your employment ends before you are eligible to retire and you have at least five years of service, you will be eligible for a monthly retirement benefit. You can start receiving benefits at age 65, or receive reduced benefits before then, starting as early as age 55. Your retirement benefit will be based on your final average pay and credited service as of your termination date. It may also be adjusted to reflect the payment method you select.

If you have 5 or more years of service and your employment ends, you will receive a single total payment for the value of your pension if its value is equal to or less than \$5,000. This allows you to receive the entire amount from your pension either as a rollover to another qualified plan or as cash less federal withholding.

HSHS 403(b) RETIREMENT SAVINGS PLAN

The HSHS 403(b) Plan gives you the opportunity to build on the foundation of your pension benefit. It's an important source of your overall retirement income.

Your 403(b) Plan account grows through:

- Your contributions – up to 100% of your pay in pre-tax dollars, after-tax (Roth) dollars, or a combination of both — up to IRS limits (\$18,500 in 2018, or \$24,500 if age 50 or older). You may also need to consider other required deductions from pay, such as insurance premiums.
- Investment earnings.

You are always fully vested (100%) in all contributions.

To contact the 403(b) Plan administrator, Transamerica Retirement Solutions, call 800-755-5801 or go online to hshs.trsuretire.com

Participating in the Plan

At HSHS, we believe that retirement saving is part of financial well-being — with active planning and investing at every stage in your career. While participation is voluntary, you are encouraged to consider the advantages of investing in the 403(b) Plan.

Review your contribution level and investment options regularly to ensure you're getting the most out of the Plan. You can increase, decrease, or stop your contributions at any time.

It's a good idea to consult your financial advisor for help deciding how best to use the 403(b) Plan to help you reach your financial goals.

About Transamerica Retirement Solutions

Transamerica Retirement Solutions is the administrator of the HSHS 403(b) Retirement Savings Plan. Transamerica is an industry leader in retirement plan administration and services and has offered retirement plans for more than 75 years, helping people save and invest wisely through their employer-sponsored plans.

Transamerica offers HSHS colleagues:

- Diversified choices among investment funds.
- Low administration and investment fees, to help maximize potential return on investment.
- Both in-person support and 24/7 access to online self-service tools and resources.
- A proven track record of customer service.
- Solid administrative capabilities.



403(b) Plan Investment Options

Colleagues have a diverse mix of fund options to choose from, including index, equity, fixed income and target date funds.

Investment options include:*

- Transamerica Guaranteed Pooled Fund
- Vanguard Inflation Protected Securities: Admiral (VAIPX)
- Vanguard Total Bond Market Index: Admiral (VBTIX)
- Dodge & Cox Core Fixed Income (DODIX)
- T. Rowe Price Instl US Structured Rsrch (TRISX)
- Vanguard S&P 500: Admiral (VFIAX)
- Eaton Vance - Atlanta Capital SMID Cap R6 (ERASX)
- Fidelity Extended Market Index: Premium (FSEVX)
- Vanguard Total International Stock Index: Admiral (VTIAX)
- MFS International Equity (MIEIX)
- Vanguard Target Retirement Funds: Investor Share Class

**Investment option performance will be monitored periodically, and fund options may change from time to time.*

As an alternative, you can set up a Schwab Personal Choice Retirement Account, which provides access to many additional investment options through Charles Schwab & Co., Inc. Find out more at hshs.trretire.com.

How and When You Can Receive Your 403(b) Benefit

Your 403(b) account may be paid in full when you terminate employment with HSHS. To defer taxes and avoid penalties for early withdrawal, your account balance may be rolled over directly to an Individual Retirement Account (IRA) or another qualified employer plan that allows rollovers. You may also leave your 403(b) Plan account open until you reach age 70½. As long as you are eligible and actively employed at HSHS, you can continue to participate in the 403(b) Plan, even past age 70½, and you do not have to take a distribution.

If you are age 59½ or older, you can withdraw your contributions and any rollover contributions while you are still working at HSHS. The 403(b) Plan also offers you access to your money while you are still employed by HSHS through a loan. In some cases, you may also be eligible for a hardship withdrawal.

WHAT ARE TARGET RETIREMENT FUNDS?

Target retirement funds (sometimes called lifecycle funds) offer a diversified investment approach based on the year nearest to your projected retirement date.

In these funds, your investment portfolio adjusts automatically to a more conservative mix as your retirement date nears – simplifying your investment decisions because you don't need to change funds or rebalance your account.

When you are first eligible to participate in the 403(b) Plan and are automatically enrolled, your contributions are invested in the Vanguard Target Retirement Funds, unless you choose different investment options.



If You are Rehired After July 1, 2014: A Word About Your Pension Benefit

If you terminate employment and are rehired on or after July 1, 2014, you will be eligible for a different HSHS retirement benefit for service after you are rehired.

You may have earned a pension benefit while previously employed by HSHS if you were vested in that benefit with five years of vesting service when you left HSHS. This benefit is payable at retirement. If you were not vested when you left, you may be able to continue to earn years of service toward vesting in the previous benefit if your total break-in-service was less than the greater of 5 years or your prior service.

SOCIAL SECURITY

How and When You Can Receive Your 403(b) Benefit

As you can see, the HSHS Retirement Program is an important factor in planning for a comfortable retirement.

Social Security benefits will be another source of retirement income. Although changes in the Social Security program have been discussed for many years, the basic structure remains unchanged and Social Security continues to be the largest source of income for people over age 65.

You should be aware that Social Security was designed to be a safety net and not to completely replace your income. In fact, Social Security benefits will replace a lower percent of your income the higher your working income is. For example, for those who are age 66 today, Social Security benefits will replace about 56% of the income of someone earning \$20,000, but only about 34% of the income of someone earning \$70,000.

The percentage of pre-retirement income replaced by Social Security needs to be considered when planning for retirement. You can estimate your own Social Security benefit using the Retirement Estimator on the Social Security Administration's website at www.ssa.gov.

Who Pays For Social Security

The amount of tax deducted from your pay is only half the actual tax for Social Security and Medicare. Your employer pays the other half of the tax. There is a limit on the level of pay taxed for Social Security, but there is no limit on the wages taxed for Medicare.

Benefits Are Not Just For Retirement

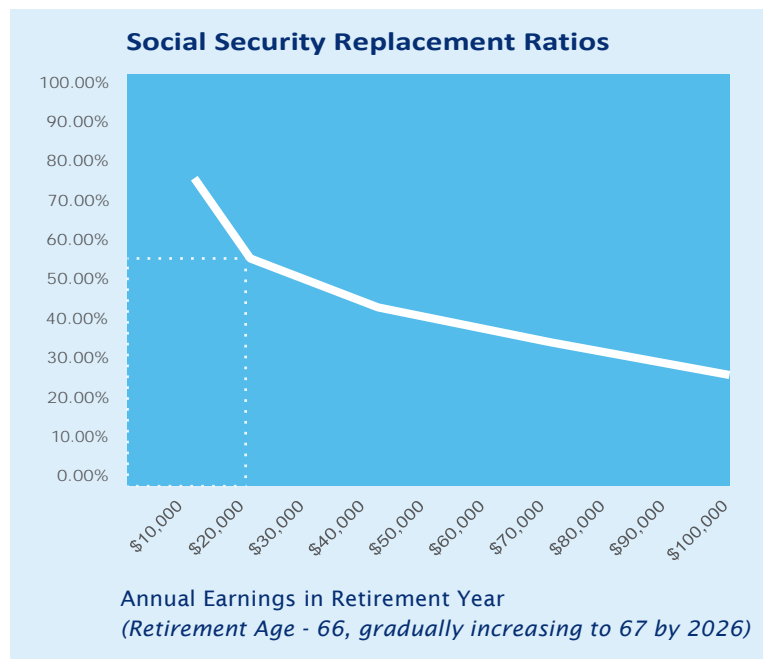
Although many of us think of Social Security only as a retirement benefit, it also pays other benefits if you have worked the required time in jobs covered by Social Security.

Social Security retirement benefits are payable to you and your eligible spouse as early as age 62.

Benefits may also be payable to your children if they are under age 18 (or are age 18 if in high school) or to your disabled children of any age as long as they became disabled before age 22.

You, your spouse and eligible dependent children can receive monthly disability benefits if you become severely disabled more than six months before your normal retirement age (for reasons other than alcoholism or drug addiction).

If you die, Social Security pays benefits based on your earnings history to your surviving spouse and other dependents (including children and parents) if they are eligible for survivor's benefits.



How to Obtain Benefits

Social Security benefits do not start automatically. You have to apply for them. The recommended time to file for benefits is at least three months before you plan to retire, or as soon as possible after disability or death occurs. Your local Social Security office can answer questions or help you file for benefits. Or you can start the application process by calling the Social Security Administration's toll-free number, **800-772-1213**, or visiting the Social Security Administration's website at **www.ssa.gov**.

Things to Do In Advance

There are important things you can do prior to applying for benefits.

1. You will need certain papers to become entitled to benefits. These may include certified copies of your birth certificate, marriage certificate or divorce decree. It is wise to have these items on hand ahead of time.
2. If you lose your Social Security card, call your Social Security office and give them the information they request. They will arrange for you to receive a replacement card with the same number. You may also obtain the necessary form for obtaining a new card online. Do not apply for a new Social Security number.

Remember, you must apply for benefits before you can receive benefits. If you think you are entitled to Social Security retirement, disability or survivor benefits, file an application.

CONSIDER ALL OF YOUR POTENTIAL RETIREMENT INCOME AND SAVINGS.

Your Social Security benefits and your personal savings can combine with your HSHS Retirement Program benefit to provide additional retirement income.

**Defined Benefit
Pension Benefit**

+

**403(b) Plan
Benefit**

+

**Social Security
Benefits**

+

**Personal
Savings**

TAKE ACTION FOR YOUR FUTURE

You can never start too early, or save too much, to build the income you'll need for a financially secure future. Here are a few tips:

- ▶ Participate in the 403(b) Plan and consider increasing your contribution level on a regular basis. Diversify your investment mix using the investment options available through the 403(b)
- ▶ Plan. Review your financial plan and investment mix on a regular basis.

Before making financial decisions, it's a good idea to consult a trusted financial advisor.

OTHER IMPORTANT INFORMATION

Sponsor of the Plan

Hospital Sisters Health System
Springfield, Illinois

Participating Employers

St. Elizabeth's Hospital
Belleville, Illinois

HSHS Medical Group, Inc.
Springfield, Illinois

HSHS Wisconsin
Medical Group, Inc.
Chippewa Falls, Wisconsin

St. Joseph's Hospital
Breese, Illinois

Hospital Sisters Health
System Springfield, Illinois

St. Joseph's Hospital
Chippewa Falls, Wisconsin

St. Mary's Hospital
Decatur, Illinois

Prairie Cardiovascular
Consultants, Ltd.
Springfield, Illinois

Sacred Heart Hospital
Eau Claire, Wisconsin

St. Anthony's Memorial Hospital
Effingham, Illinois

St. John's Hospital
Springfield, Illinois

St. Mary's Hospital Medical Center
Green Bay, Wisconsin

St. Joseph's Hospital
Highland, Illinois

Prairie Education and
Research Cooperative
Springfield, Illinois

St. Vincent Hospital
Green Bay, Wisconsin

St. Francis Hospital
Litchfield, Illinois

HSHS Holy Family Hospital
Greenville, IL

St. Nicholas Hospital
Sheboygan, Wisconsin

Administrator of the Plan

Hospital Sisters Health System
P.O. Box 19456
Springfield, Illinois 62794-9456
(217) 523-4747

HSHS St. Clare Memorial Hospital
Oconto Falls, Wisconsin

This Plan is intended, designed and administered as a "church plan" as defined by federal tax law and ERISA (Employee Retirement Income Security Act of 1974). This means that the plan is designed to benefit colleagues of church-sponsored entities, and is administered by one or more individuals who are appointed to their position by a church-sponsored governance body. Because the plan is a "church plan", certain federal laws do not apply, including but not limited to ERISA.

This is only a summary of the Hospital Sisters Health System retirement program effective July 1, 2014. Details of all the benefits described in this summary are found in the official plan documents. The information here is subject to those official documents, which will control in the event of any conflict, difference or error. HSHS reserves the right to change or terminate any of the retirement program benefits in the future.

Securities offered by Transamerica Investors Securities Corporation (TISC), 440 Mamaroneck Avenue, Harrison, NY 10528. Hospital Sisters Health System has selected Transamerica Retirement Solutions as your 403(b) retirement savings plan administrator, but there are no other affiliations between Hospital Sisters Health System and Transamerica or its affiliate, TISC.