



Hospital Sisters
HEALTH SYSTEM



Your HSHS Retirement Program



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 Pension Plan with a Cash Balance Benefit**, featuring an account balance that shows the value of your accumulated benefit. You automatically participate in the plan and HSHS pays the full cost.
HSHS credits your account each year with:
 - *Contribution credits* equal to 3% to 7% of your eligible pay, depending on your years of service (credits increase as your service increases).
 - *Interest credits* based on the 10-year Treasury rate (reset annually), with a minimum of 3% and a maximum of 6%.
- **HSHS 403(b) Retirement Savings Plan** with matching contributions from HSHS of 50¢ for every \$1 you save on the first 4% of your eligible pay.

HSHS colleagues hired or rehired on or after July 1, 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 non-matching 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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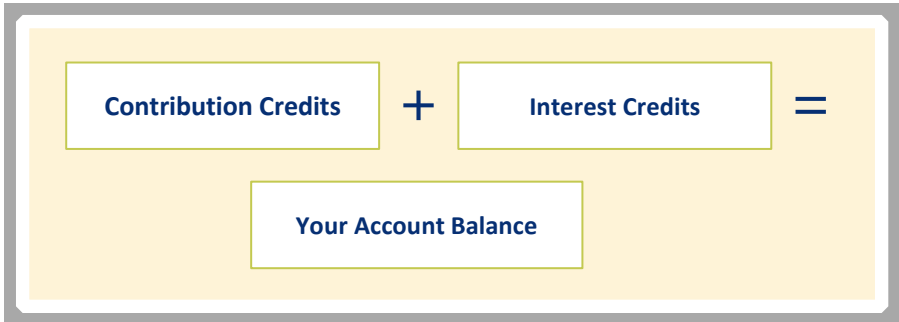
HSHS PENSION PLAN – CASH BALANCE BENEFIT

An HSHS-funded benefit that grows steadily throughout your career with HSHS, the Cash Balance Benefit forms the foundation of the retirement income you build. It rewards your service with higher contributions as your years of service increase.

How the Cash Balance Benefit Works

The Cash Balance Benefit is funded entirely by HSHS. Without an employer-paid pension benefit, you would have to save significantly more for retirement. The amount of HSHS's contributions are determined by the plan's actuary.

Your pension benefit will be expressed in the form of a cash balance account, showing your benefit as a lump sum dollar amount as it grows. The account will grow each year through two types of contributions from HSHS:



Cash Balance Benefit: *What's in It for You*

- Growth you can see as your account balance increases with credits from HSHS.**
- Higher contribution credits over time to reward your service.**
- A benefit you can take with you if you terminate employment with HSHS after three years of vesting service.**

With your account growing from contribution and interest credits, you receive a meaningful benefit throughout your career. You'll receive annual statements that show how much you have in the account.

You can take your vested Cash Balance Benefit with you as a single payment (lump sum) when you terminate employment with HSHS. Or, you can delay payment until a later date. You can also elect to receive your benefit as a monthly lifetime annuity starting at any time (at any age) following your termination of employment.



About Contribution Credits

A contribution credit is a percentage of your eligible pay and is the amount HSHS adds to your cash balance account for each calendar year in which you are paid for at least 1,000 hours. Your contribution credit percentage depends on your years of service as of the end of the current year. The following chart shows how contribution credit percentages for each year are determined based on your service as of December 31 of the current year.

If your years of service are	Your contribution credit provided by HSHS will be
1-5	3% of pay
6-10	4% of pay
11-15	5% of pay
16-20	6% of pay
21+	7% of pay

About Interest Credits

In addition to contribution credits, an interest credit is added to your account each year. The amount of the credit is set annually based on the 10-year Treasury rate, with a minimum of 3% and a maximum of 6%. Your interest credit for each year will be added to your account balance at the end of the year. Interest credits give you steady growth that you can count on over time.

How and When You Can Receive Your Pension Benefit

If you are vested with three years of vesting service, you may receive your benefit when you terminate employment with HSHS.

Your Cash Balance Benefit can be paid as:

- A lump sum distribution of your account balance, or
- An equivalent monthly benefit, based on your account balance.

To receive your benefit as a lump sum, your spouse's written consent is required.

You can also delay distribution to a later date. To avoid taxes and penalties on a distribution, you can roll over your benefit to an Individual Retirement Account (IRA) or another qualified employer plan that allows rollovers.

If You Are A Rehire: A Word About Your Pension Benefit

If you are rehired on or after July 1, 2014, you are eligible to begin earning a Cash Balance Benefit as described in the guide. Any previous years of service for which you retain credit will count toward vesting in the Cash Balance Benefit and the amount of your contribution credits.

At the same time, you may have earned a pension benefit while previously employed by HSHS. Generally, if you were vested in that benefit with five years of vesting service when you left HSHS, this benefit is payable at retirement and is in addition to any Cash Balance Benefit you earn. 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.



KEY TERMS

- ▶ **Vesting:** You have a vested right, or ownership, in all credits made to your cash balance account after three years of vesting service.
- ▶ **Service:** You earn a year of service for both vesting and benefit accrual purposes for each calendar year you are paid for at least 1,000 hours.
- ▶ **Eligible pay:** The definition of eligible pay is the pay shown on your W-2 statement plus any pre-tax contributions you make for benefits, including the 403(b) Plan; subject to IRS limits, \$290,000 in 2021.

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 up to IRS limits (\$19,500 in 2021, or \$26,000 if age 50 or older).
- HSHS matching contributions – 50 cents for every dollar you contribute up to 4% of your pay (subject to IRS limits, \$290,000 in 2021)
- 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.trretire.com

Automatic Enrollment

At HSHS, we believe that retirement saving is part of financial well-being — with active planning and investing at every stage in your career. To encourage early investing and simplify the 403(b) Plan enrollment process, all eligible HSHS colleagues hired or rehired with HSHS on or after July 1, 2014 are enrolled automatically at a 4% of pay contribution level. And unless you choose otherwise, your contribution level will continue to increase by 1% each year until you're eventually contributing 8% of your pay.

These automatic contributions will be invested in the Vanguard Target Retirement Funds based on your date of birth, unless you choose different investment options.




You can increase, decrease, or stop your contributions at any time.

How The Match Works

HSBS contributes 50 cents for every dollar you contribute on the first 4% of your eligible pay. Contributions that are made in each calendar year in which you are paid for at least 1,000 hours are matched, if you are actively employed on December 31st of that year. **The maximum match you can receive in a calendar year is 2% of eligible pay.** HSHS matching contributions will also be made upon your retirement after age 55 or upon death or disability.

An Example:

HSBS matching contributions help your account balance grow! For this example, assume a \$30,000 starting salary for each colleague during their first year of participation in the 403(b) Plan.

Colleague	Colleague Contributions	HSBS Match (\$.50 for every \$1 on the first 4% of eligible pay contributed)	Total 403(b) Account Contributions
 A Automatically enrolled at 4% of pay	\$1,200	\$600	\$1,800*
 B Increases contribution level to 6% of pay	\$1,800	\$600	\$2,400*
 C Decreases contribution level to 3% of pay	\$900	\$450	\$1,350*

*Amounts do not reflect potential investment earnings.

See the difference the HSHS match can make! Colleague A and B contribute enough to receive the maximum match - \$600 – while Colleague C receives \$150 less in HSHS matching contributions to his account.

About Transamerica Retirement Solutions

Transamerica Retirement Solutions is the administrator of the HSHS 403(b) Retirement Savings Plan, effective July 1, 2014. 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 administrative 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 (VBTLX)
- 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 employee 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.



PUTTING IT ALL TOGETHER – HOW THE CASH BALANCE BENEFIT AND 403(B) PLAN WORK TOGETHER

This example shows how the Cash Balance Benefit and 403(b) Plan work together to build retirement savings over time – in five year increments up to 30 years of service.

For the example, assume an eligible colleague:



- Is hired on January 1, 2015 and continues to work at HSHS for 30 years.
- Has eligible starting pay of \$30,000 (assuming a 2% pay increase each year).
- Receives interest credits to the cash balance account equal to an annual rate of 3% (note: this is the minimum rate; it could go as high as 6%).
- Begins contributing 4% annually to the 403(b) Plan, and due to auto-escalation, the contribution level increases by 1% each year up to 8% of pay; receives full HSHS match on first 4% of eligible pay contributed.
- Earns 5% investment return annually on 403(b) contributions.

Years of Service	Annual Pay	Cash Balance Account funded by HSHS	403(b) Savings Plan Account, including your contributions and HSHS' match	Total Cash Balance Benefit + 403(b) Plan Savings
5	\$32,473	\$4,967	\$13,932	\$18,899
10	\$35,853	\$13,071	\$37,174	\$50,245
15	\$39,584	\$25,245	\$68,855	\$94,100
20	\$43,704	\$42,637	\$111,518	\$154,155
25	\$48,253	\$66,651	\$168,429	\$235,080
30	\$53,275	\$96,282	\$243,779	\$340,061

Keep in mind that this is only an example. Your actual benefit will depend on many factors, including the amount you choose to contribute to your 403(b) Plan account, future pay increases, interest rates, your actual investment earnings in your 403(b) Plan account, and your years of service when you retire.

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.

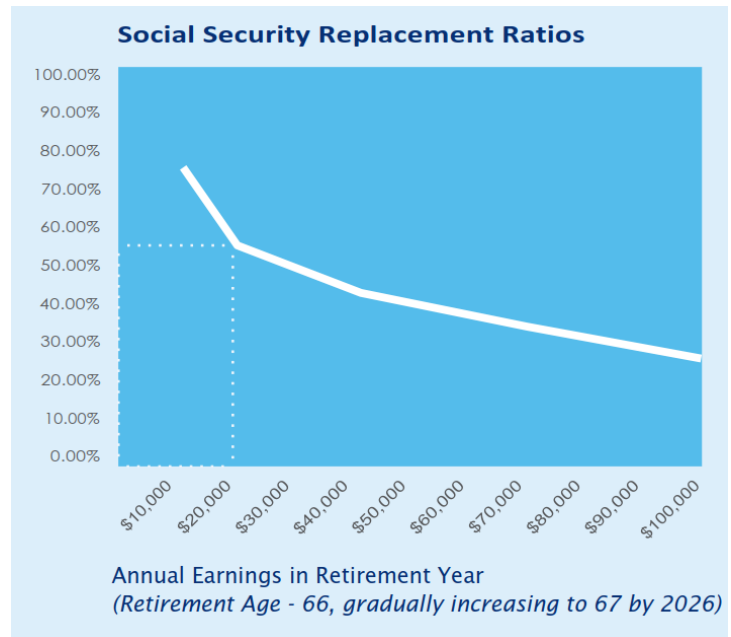
Benefits Are Not Just For Retirement

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.

Cash Balance
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:

- ▶ Keep saving at least 4% in the 403(b) Plan so you can take full advantage of the HSHS matching contributions.
- ▶ 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 Plans

Hospital Sisters Health System
P.O. Box 19456
Springfield, Illinois 62794-9456

Plan Names and Numbers

The Hospital Sisters Health System Employees Pension Plan 001
The Hospital Sisters Health System Tax Deferred Annuity Program 002

Plan Year

July 1 through June 30

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, Illinois

St. Nicholas Hospital
Sheboygan, Wisconsin

St. Mary's Hospital
Streator, Illinois

HSHS Good Shepherd
Hospital
Shelbyville, Illinois

HSHS St. Clare Memorial
Hospital
Oconto Falls, Wisconsin

Administrator of the Plans

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



Important Restrictions and Consequences

You may receive less than you expect from the plans in the following situations:

- You are not vested in your Pension Plan benefits if you terminate employment before you are credited with three years of vesting service. This means that you will not be entitled to benefits from the Pension Plan. You are always fully vested (100%) in all contributions in your 403(b) Plan account.
- IRS rules may mandate the commencement of your plan benefits.
- You do not make an application for benefits.
- The plans may be amended or terminated at any time.
- The Pension Plan may terminate with insufficient assets to meet all benefit obligations. Benefits under both plans are not insured by the Pension Benefit Guaranty Corporation.
- Benefits may be eliminated or suspended as permitted by law. For example, if you continue employment past your normal retirement date, payment of your Pension Plan benefits generally will be suspended while your employment continues.
- The Plan Administrator may correct any mistake concerning your plan benefits and its payment when the mistake is discovered.
- All or part of your benefits from the plans may be offset to recover overpayments made to you. The plans are required to recover overpayments.
- You fail to comply with the claims and appeals procedure, including its strict time limits.
- Benefits under the plans are paid only if the Plan Administrator decides in its discretion that the applicant is entitled to benefits under the applicable plan.
- The value of your 403(b) Plan account may decrease due to market conditions or poor investment performance. This could cause the value of your account to decrease to less than the amount of the original contributions.
- Certain 403(b) Plan fees will be charged against your account.

Amendment and Termination Authority

The Company has the right to amend the Pension Plan at any time, by action of its board of directors or by any person(s) authorized by the board. The Company may terminate the Pension Plan at any time with respect to the employees of any or all of the participating employers. Any residual assets remaining after distribution to participants and other affected parties shall be paid to the participating employers attributable to their contributions.

The Company and any participating employer may amend or terminate the 403(b) Plan at any time.


Trustee

The Trustee of the Pension Plan is BMO Harris Bank, P.O. Box 2977, Milwaukee, WI 53201-2977.

The Custodian of the 403(b) Plan is State Street Bank and Trust Company, One Lincoln Street, Boston, MA 02111.

Qualified Domestic Relations Order (QDRO) Procedures

You may obtain a copy of the QDRO procedures for each plan, without charge, by contacting the HSHS Pension Team at 1-855-394-4747 (Option #2).



These Plans are 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 plans are 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 plans are a “church plan”, certain federal laws do not apply, including but not limited to ERISA. For example, benefits under both plans are not insured by the Pension Benefit Guaranty Corporation.

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.