

Plan Highlights

The 403(b) Retirement Plan of Saratoga Hospital Inc.

The Retirement Plan of Saratoga Hospital Inc. (the “Plan”) is a 403(b) plan that has been designed to support your efforts to save for a more secure financial future. By participating in the Plan, you can take advantage of:

- Valuable tax benefits;
- Professional investment management & cost efficiencies that come with being part of a large group;
- A great way to accumulate assets to help fund your retirement lifestyle.

Participation in the Plan

You are eligible for immediate participation in the Plan, as early as your second paycheck. If you choose not to participate in the Plan (see Employee Contributions for more info), you must contact the Plan’s record-keeper, Transamerica, to opt out. If you do not contact them within 30 days after your date of hire, you will be automatically enrolled as outlined below. Employees can access information about their 403(b) account any time after their first paycheck by going to www.transamerica.com/portal/home or by contacting Transamerica at 800-755-5801. First time enrollees will need to create a user name and password, and walk through the welcome steps to view their account online.

Automatic Enrollment & Auto-Escalation

Enrollment in the Plan is automatic 30 days after your date of hire, if you have not taken any other action by that time. Plan provisions allow Saratoga Hospital to reduce participants’ pay by 2% in the form of a pre-tax contribution, which is then sent to Transamerica on the participant’s behalf. The 2% contribution rate entitles the employee to 100% of the Employer Contributions described below. Additionally, the Plan utilizes an “auto-escalate” feature to increase deferral amounts 1% each year on the anniversary of employment, up to a maximum of 8%. If you wish opt out of the 2% pay reduction or the auto-escalation feature, go to www.transamerica.com/portal/home or call Transamerica at 800-755-5801. Keep in mind that you may change your contribution percentage or stop/re-start contributing at any time.

Tax-Deferred Contributions

All contributions are paid into a custodial account at Transamerica, set up solely for the Plan’s participants. The money in that account will grow tax-deferred, which means you will not owe income tax on your principal investments or earnings until you take a distribution from the Plan.

Employee Contributions

Employee contributions are made through payroll deductions. You may elect to contribute any percentage of your eligible compensation, in increments of 1%, up to the maximum tax code limits*. Doing so will reduce the net amount received in your paycheck(s), and deposit the difference in a custodial account at Transamerica for your benefit. (For example, a paycheck of \$500 gross earnings where a 5% retirement plan contribution is made, would result in a \$475 net paycheck and \$25 being sent to your 403(b) account.) You may change your contribution percentage or stop/re-start contributions at any time by going to www.transamerica.com or by contacting Transamerica at 800-755-5801.

*The maximum you may contribute for 2020 is \$19,500, with an additional catch-up contribution of \$6,500 permitted for those age 50 and older.

Choosing your Contribution Type

Participants may elect to contribute to their 403(b) account on a **Pre-Tax** basis, which *reduces current taxable income* as well as taxes due on that income in the current calendar year. Alternatively, you may make contributions on a **Roth** (post-tax) basis, in which case you pay the taxes on that income *now* and save the tax benefit for when you make a withdrawal. Your money still grows tax-deferred but – presuming you reach at least age 59 ½ and have held the Roth account for 5 years – you will not owe income tax on your principal investments or earnings when you take a distribution from the Plan.

Obtaining Guidance

Saratoga Hospital provides access to onsite Retirement Education Consultants from The Okby Group at Morgan Stanley. These licensed financial advisors are available to assist you with online enrollment, processing a rollover, contribution types/amounts, financial planning or a multitude of other investment-related items. You may schedule an appointment with Stephen Aguglia or Zach Zaloga via the online meeting scheduler found on the 403(b) Retirement Plan page on SaraNet, or by calling 518-583-5601.

Employer Contributions

Saratoga Hospital is highly committed to helping you save for retirement. We recognize that setting money aside to fund your financial future can be very challenging so, to encourage you to save, the hospital may supplement your deferrals in two possible components: *Non-Elective Contributions* and *Matching Contributions*. To qualify for either one, you must complete an Eligible Year of Service (i.e., have attained age 21 and performed work for at least 975 hours by the end of that calendar year).

Both types of employer contributions are discretionary and will be determined each year. Similar to your own contributions, any deposits you receive from Saratoga Hospital will be based on a percentage of your eligible compensation within the applicable calendar year, and deposited once annually in the first quarter following the end of the plan/calendar year.

Currently, the **Non-Elective Contribution** equals 2.75% of eligible compensation. To qualify for the Non-Elective Contribution, you must complete an Eligible Year of Service. That means a participant that does not contribute to their 403(b) account will still receive the Non-Elective component in a year when one is given.

The **Employer Matching Contribution** requires you to contribute to the Plan and complete an Eligible Year of Service (as described above). The matching percentage increases as your eligible years of service within the Plan increase. At present, the matching percentage is as follows:

<u>Years of Plan Eligible Service</u>	<u>Percentage of Eligible Compensation</u>
0-5 Years	up to 0.8%
6-9 Years	up to 1.6%
10-20 Years	up to 2.4%
Over 20 Years	up to 3.0%

Note: only those contributing at least 2% of compensation (when assessed annually) will receive the *full* matching percentage.

Total Contributions

Each year the hospital will provide a formal communication indicating any changes in the Employer Contribution levels. Although both components of the Employer Contributions are discretionary, the chart below outlines how a participant’s deferrals may be combined with Employer Contributions to enhance overall contributions to the Plan. At present, an employee contributing 2% of their pay might look like:

	<u>Employer Matching</u>		<u>Employer Non-Elective</u>		<u>Total Employer</u>		<u>Employee</u>		<u>Total</u>
0-5 Years	0.80%	+	2.75%	=	3.55%	+	2.0%	=	5.55%
6-9 Years	1.6%	+	2.75%	=	4.35%	+	2.0%	=	6.35%
10-20 Years	2.4%	+	2.75%	=	5.15%	+	2.0%	=	7.15%
Over 20 Years	3.0%	+	2.75%	=	5.75%	+	2.0%	=	7.75%

Vesting

Vesting occurs when a financial instrument or account becomes wholly owned by the investor or participant. You are always 100% vested in your own deferrals, which means that if you terminate employment for any reason, you would be able to take those funds with you. Employer Non-Elective and Matching Contributions, however, vest according to the following schedule:

1st Year: 0% 2nd Year: 25% 3rd Year: 50% 4th Year: 75% 5th Year: 100%

In order to receive credit for vesting in any given plan year, a participant must work at least 975 hours during that year. You are automatically vested upon death, permanent disability or upon attaining the Plan’s Normal Retirement Age.

Normal Retirement Age

The Plan’s normal retirement age is 59 ½. This entitles participants to immediate vesting of all employer contributions. If you terminate employment and have reached age 59 ½ prior to the termination date, you would be eligible to receive any Employer Contributions for that plan year, even when 975 service hours were not performed.

Rollover Contributions

You may roll over assets from any former employer’s qualified retirement plan, or from any conduit IRA rollover account, into this Plan at any time after your employment date.

Benefit Statements

Quarterly benefit statements are generated as e-documents by default, and are available in your online account at www.transamerica.com. You may elect to have a paper statement mailed to your address of record by unsubscribing from e-documents at any time.

Withdrawals

Participant loans are not permitted under the Plan. Employees who remain actively employed by the hospital, may make withdrawals only under the following circumstances.

- **In-Service Withdrawals:** Once a participant has reached the Plan’s Normal Retirement Age (of 59 ½), the participant’s vested account balance may be withdrawn at any time. This withdrawal may be subject to state and federal taxes, however no IRS penalty is assessed.
- **Hardship Withdrawals:** Hardship withdrawals are permitted prior to age 59 ½ but only for specific purposes, including the medical expenses of, college tuition of, or funeral expenses for immediate family members, or for purchasing a principal residence, preventing foreclosure/eviction from a principal residence, or paying for required repairs to a principal residence that qualify as a casualty deduction. Refer to the Summary Plan Description for more information or contact Transamerica at 800-755-5801 for complete details and required paperwork. This withdrawal is subject to state and federal taxes, **and also comes with a 10% penalty from the IRS.**

Distributions Upon Termination

Whenever funds are withdrawn from a pre-tax retirement account, a taxable event occurs. Your tax documents will indicate that you received additional income for that year and you may be taxed accordingly. In order to avoid a taxable event, you may rollover your vested account balance into an IRA or another employer’s qualified retirement plan as soon as administratively feasible following your termination date. If your account balance is under \$5,000 and no action is taken to complete a rollover, you will be automatically paid out approximately 60 days after your termination (which could result in a taxable event). If your account balance is greater than \$5,000, you may leave your money in the Plan.

QUESTIONS ABOUT THIS PLAN – OR ANY OF THE DETAILS ABOVE – SHOULD BE DIRECTED TO [BENEFITS@SARATOGAHOSPITAL.ORG](mailto:benefits@saratogahospital.org).

This is not the complete description of your Plan, but only highlights of its principal provisions, and not every limitation or detail of the Plan is included. Every attempt has been made to provide concise and accurate information. However, if there is a discrepancy between this summary and the official Plan Document, the Plan Document shall prevail. To access the full Plan Document, go to SaraNet >> Employee Center >> Benefits & Pay >> 403(b) Retirement Plan.