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Lucile Packard Children's Hospital at Stanford

Booklet G

Retirement and TDA Plans

August 2012

Contact Information

Diversified is now the primary contact for the retirement plans. For questions and assistance with your retirement plan benefits or information in this booklet, log on to Diversified's website through:

www.healthysteps4u.org
or call (800) 755.5801

Lucile Packard Children's Hospital is a participating employer in the Stanford Hospital & Clinics employee benefit plan

BUILDING AN INCOME FOR RETIREMENT

Building retirement income takes advance planning and smart investments. LPCH encourages you to prepare financially for your future by offering two programs designed to help you save for retirement — the Retirement Plan and the Tax-Deferred Annuity Plan (the "Plans").

Table of Contents

Summary of the LPCH Plans

LPCH offers two plans to help employees save for retirement: the Retirement Plan and the Tax-Deferred Annuity (TDA) Plan. Both plans are designed to comply with Section 403(b) of the Internal Revenue Code. They are considered "defined contribution" plans. By participating in the Retirement and TDA Plans, you accumulate and invest money in mutual funds or an insurance contract. The amount of money you have at retirement depends on the performance of the investment funds you select. Investment options through our retirement plan providers, Diversified and TIAA-CREF, are made available to plan participants.

LPCH also helps you save for retirement through matching contributions to Social Security. For every dollar in Social Security taxes you pay, LPCH pays an equal amount.

Comparison of the LPCH Plans

	Retirement Plan	TDA Plan
When is your election effective?	The pay period beginning after one year of service;* represented employees should consult your collective agreement	The second paycheck following your election
How much can you contribute?	0% to 4% of eligible pay** each pay period	Up to IRS limits
How much does LPCH contribute?	An amount equal to 5% of your eligible pay each pay period; LPCH also matches your contributions** each pay period	LPCH does not contribute to the TDA Plan.
When do you become vested in the Plan?	You are always 100% vested in both of the Plans. This means when you leave LPCH, you may take your account balances with you.	
Can you withdraw your account balance while you are still working at LPCH?	No	Yes, you may take a: • Loan • Hardship Withdrawal, or • Partial or full withdrawal at or after age 59½
What are the payment options when you leave LPCH?	• Take part or all of your account balance in cash, • Roll your account to another employer's plan or to an IRA, • Leave part or all of your account balance in the Plans, or • Receive all or a part of your account balance in lifetime annuity payments.	
Who receives your account balance if you die while you are employed (or after you leave LPCH but before your account balance is paid out or annuity payments begin)?	Your beneficiaries receive the balance in your account. However, if you are married, your spouse automatically receives at least 50% of your account balances. You may name your spouse or anyone else for the remaining 50%. Your spouse can give up his or her right to at least 50% of your account balances by providing written, notarized consent. When you turn age 35, your spouse will have to give his/her consent again.	

**Employment or prior service with an employer in LPCH's controlled group may affect your eligibility. Please contact the HR Business Center at (650) 723-4748 or visit www.HR4Uonline.org if you were previously employed by Stanford University, SLAC, University HealthCare Alliance (previously Menlo Health Alliance), Packard Children's Health Alliance or SAA Sierra Programs LLC (including Alpine Chalet).*

***See Special Provisions for Certain Employees, page G-7.*

Saving for Retirement

When you retire, you stop receiving a paycheck and must live on your retirement income, such as a pension, savings, or Social Security. How can you be sure you will have enough to live comfortably during retirement? One way is to start saving early and stick to a consistent savings plan.

Why Use the LPCH Plans to Save for Retirement?

There are many good reasons for using the LPCH Plans to help you save for retirement:

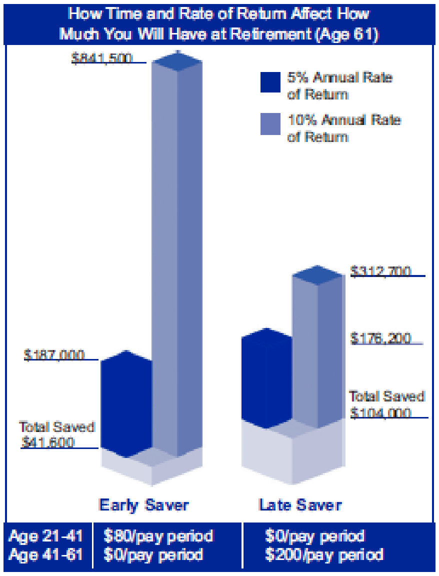
Convenience. Your contributions are automatically deducted from each paycheck.

LPCH Contributes. If you are eligible to participate in the Retirement Plan, LPCH will automatically deposit an amount equal to 5% of your eligible pay and match your contributions to the Retirement Plan. (See Special Provisions for Certain Employees, page G-7.)

Tax Advantage. When you save with pretax dollars, you keep more of your paycheck. Federal and state income taxes on your contributions, LPCH's contributions to the Retirement Plan and your investment earnings on all contributions are deferred until you withdraw them from the Plans.

Portability. You are always 100% vested in both plans. When you leave LPCH, you may take your account balances with you.

Investment Options. The Plans offer you a choice of investment options with varying risk and return potential.



Start Saving Now and Let Time Work for You!

The value of your accounts at any time depends on a number of factors, including:

- How much and how long you save,
- How your investments perform, and
- Whether you take any withdrawals or loans.

The examples on this page show how your accounts might grow assuming different savings patterns and different rates of return.

The examples also illustrate the value of time. The time at which you start saving could be the single most important factor in determining how much money you may accrue. Let time work for you! By consistently saving early, your money works for you – instead of you working for your money.

In the examples, the early saver saves less than the late saver, stops saving after 20 years, and still has more money at the end of 40 years than the late saver! Of course, it is always best to save as much as you can for as long as you can.

The examples are for illustrative purposes only. Your actual results will depend on the amount you save each year and the investment return the funds you select achieve.

Investing Your Savings

The amount of money you have in your accounts at retirement will depend on how much you save, when you start saving, and how you invest that money.

You can see from the examples the difference the rate of return makes. In order to maximize your return, consider these established principles of investing:

Understand Risk

All investments carry some risk. You should understand your own tolerance for the ups and downs of volatile investments. Make sure your choices outpace inflation while still meeting your personal tolerance for risk.

Diversify

It is rarely a good idea to have all your eggs in one basket. Stocks, bonds and lower-risk funds often behave very differently; if one fund is doing poorly, another may be doing well. Investing some of your money in several types of funds (instead of just one) can reduce short-term volatility.

Think Long Term

Once you establish your investment strategy, stick to it. Resist the temptation to move investments around in response to short-term blips in the market. By staying with a diversified portfolio, you maximize your chances for long-term investment growth.

Investment Management and Other Fees and Expenses

There may be commissions, sales charges, redemption or exchange fees or other transaction fees or expenses which directly affect the balance in your account. Fees or expenses may also be paid by the individual fund or by Diversified or TIAA-CREF.

In either case, these fees or expenses effectively reduce the rate of return for a particular investment option. Before selecting an investment option, consult the investment information (including prospectuses) provided by Diversified and TIAA-CREF and available on their websites.

Other Information You Should Obtain before Selecting Your Investment Options

Ask your investment company for the following additional information about any investment option you are considering:

- A description of the annual operating expenses (e.g., investment management fees, administrative fees, transaction costs) which reduce the rate of return and the aggregate amount of such expenses expressed as a percentage of average net assets,
- Copies of any prospectuses, financial statements and reports and other materials relating to the investment option,
- A list of assets comprising the portfolio of the investment option,
- The current value of shares or units in the investment option as well as past investment performance (determined net of expenses) on a reasonable and consistent basis, and
- Any voting rights, tender rights, or other similar rights that may be passed through to you.

Frozen Vendors

You may have an account balance under the TDA Plan with one or more of the TDA Plan's "frozen vendors" (Prudential, T. Rowe Price, BlackRock (formerly Merrill Lynch), and Lincoln (formerly UNUM)). The frozen vendors are not permitted to accept new contributions or transfers, but balances with frozen vendors can be transferred to Diversified or TIAA-CREF. Contact Diversified or TIAA-CREF for more information.

The Retirement Plan

Overview

LPCH wants to be sure that you have an opportunity to create a secure, comfortable retirement for yourself and your family. The Retirement Plan helps you save for retirement in several ways. After you complete the waiting period, you:

- Receive a contribution from LPCH each pay period equal to 5% of your eligible pay,
- May choose to contribute 1%, 2%, 3% or 4% of eligible pay each pay period,*
- May choose to make your contributions on a pre- or post-tax basis,
- Receive LPCH's dollar-for-dollar matching contribution,*
- Direct the investment of all contributions – both yours and those of LPCH – into a selection of investment funds, and
- Receive the money in your account when you retire or leave LPCH (and all employers in the controlled group).

TIP

Represented employees should consult your collective bargaining agreement to determine your eligibility for the Retirement Plan and the provisions, such as waiting period, that apply.

*See Special Provisions for Certain Employees on page G-7.

Who Is Eligible

Eligible employees of LPCH participate in the Retirement Plan on the first day of the pay period following completion of the waiting period.

You are not eligible to participate if you are:

- A relief or temporary employee (see Special Provisions for Certain Employees on G-7),
- Not on the LPCH payroll, such as an individual providing services through a temporary agency or a contract worker,
- A nonresident alien who is not receiving any U.S. source income, or
- An employee who was eligible for and elected to participate in the Staff Pension Plan. You will automatically be re-enrolled in the LPCH Staff Pension Plan if you leave LPCH and are rehired, unless one of the following applies to you:
  - You previously received your entire Staff Pension Plan benefit in a lump sum, or
  - You were an employee of UCSF before the November 1, 1997 merger, left UCSF Stanford Health Care, and are later rehired by LPCH.

Waiting Period

Employees must complete one year of service before participation in the Retirement Plan begins. You earn one year of service if you are credited with at least 1,000 hours of service during your first 12 months of employment. If you are not credited with 1,000 hours of service during your first 12 months of employment, you may earn one year of service during any calendar year beginning after your hire date during which you are credited with 1,000 hours of service. CRONA members should consult your bargaining agreement for the applicable waiting period.

Other Service Credited to Your Waiting Period

In some instances, other service will help you meet the waiting period to become a participant in the Retirement Plan.

Service as an Ineligible Employee

All service – even service as an ineligible employee – counts toward your waiting period when you become an eligible employee. However, service as a contract or temporary agency worker does not count toward the waiting period because contract and temporary agency workers are not LPCH employees.

IMPORTANT NOTE

If you earned a benefit in the Staff Pension Plan prior to November 1, 1997, and you elected to participate in the Retirement Plan while working at UCSF Stanford Health Care, you will participate in the Retirement Plan.

Service as a Former Employee

If you leave LPCH before you have completed the waiting period, and you return to work for LPCH within 12 months of your original hire date, your prior service will count toward the waiting period. If you leave LPCH after you have completed the waiting period and return to work for LPCH, you will not have to complete another waiting period.

Service with the Controlled Group

Service credit toward the waiting period is given to employees who leave Stanford University, SAA Sierra Programs LLC (including Alpine Chalet), University Healthcare Alliance (formerly Menlo Health Alliance), or Packard Children's Health Alliance and are subsequently hired as eligible employees by LPCH.

Please notify the Human Resources Talent Acquisition Recruiter at time of hire if you were previously employed by one of these employers.

Employees Who Become LPCH Employees as a Result of a Future Merger

Eligible individuals who become LPCH employees as part of a future merger or acquisition may be given credit for service with your former employer depending on the terms of the merger or acquisition.

Former UCSF Stanford Health Care Employees Who Became LPCH Employees on April 1, 2000

If you were a UCSF Stanford Health Care employee on March 31, 2000 and were hired as an eligible employee by LPCH on April 1, 2000, you receive credit toward the waiting period for service as a UCSF Stanford Health Care employee. If you had already completed the waiting period for the UCSF Stanford Health Care Retirement Plan, you do not have to complete another waiting period for the Retirement Plan.

Your Contributions

You may save 1%, 2%, 3% or 4%* of eligible pay through convenient payroll deductions. You decide if you want your contributions to come out of your eligible pay before taxes (pretax), which reduces the taxes you pay now, or after taxes (post-tax). You cannot contribute both pre- and post-tax dollars at the same time. If you want to contribute more than 4%* of your eligible pay, consider enrolling in the Tax-Deferred Annuity Plan.

Employees with at Least 10 or 15 Years of Service

Eligible employees with 10 or more years of service (based on your adjusted date of hire) may contribute up to 5% of eligible pay and eligible employees with 15 or more years of service may contribute up to 6% of eligible pay and receive a matching contribution equal to your contributions.

LPCH's Contributions

LPCH helps you save in two ways.

Automatic 5% Contribution*

Each pay period after you complete the waiting period, LPCH contributes an amount equal to 5% of your eligible pay for that pay period into your Retirement Plan account, whether or not you make any contributions.

Matching Contributions*

For every dollar you contribute to the Retirement Plan, LPCH contributes another dollar up to a maximum of 4%*.

Your Annual Retirement Plan Savings*	
LPCH's Automatic Contribution	5%
Your Maximum Contribution	4%
LPCH's Matching Contribution	4%
Total Saved	13%

This means if you contribute the maximum of 4%, a total amount equal to 13% of your eligible pay will go into the Retirement Plan.

*See Special Provisions for Certain Employees on page G-7.

Special Provisions for Certain Employees

Relief and Temporary Employees

After completing the waiting period, relief and temporary employees receive LPCH's 5% contribution at the end of each calendar year in which you complete 1,000 hours of service, provided you are active at the end of the year. Eligible relief and temporary employees may not contribute to the Retirement Plan or receive matching contributions, even in years in which you are credited with 1,000 hours of service. CRONA Relief Nurses should refer to your collective bargaining agreement regarding contribution rules.

Stanford Health Services Exempt Employees

Participants in the Stanford Health Services Exempt Employees Retirement Plan (EERP) on October 31, 1997, may contribute up to 5% of eligible pay and receive a matching contribution of up to 5% of eligible pay if, on October 31, 1997, you met one of the following criteria:

- Were at least age 40 with 10 or more years of service,
- Were at least age 50 with five or more years of service, or
- Had 15 or more years of service.

Contributions for Employees with at Least 10 or 15 Years of Service

Eligible employees with 10 or more years of service (based on your adjusted date of hire) may contribute up to 5% of eligible pay and eligible employees with 15 or more years of service may contribute up to 6% of eligible pay and receive a matching contribution equal to your contributions.

Represented Employees

Represented employees should consult your collective bargaining agreement for eligibility and contribution rules.

Definition of "Eligible Pay"

CRONA members should consult your collective bargaining agreement for the definition of eligible pay. For all other employees, for the purposes of the Retirement Plan "eligible pay" includes:

- Base pay, including pretax contributions to the Retirement and TDA Plans and Dependent Day Care, HSA and HIA Accounts, and contributions for your health insurance and parking,
- Non-weekend evening and night shift differential associated with straight time pay,
- Overtime compensation paid to a weekend x-ray technician who works consecutive eight-hour shifts, and
- Paid time off paid out as cash or pay.

Amounts described above that are paid after severance from employment will be included, provided the payment is made no later than the last day of the Plan Year following severance from employment (or 2 ½ months after severance from employment if payment is made later than the last day of the Plan Year).

Eligible pay does ***not*** include:

- Any earnings for any portion of the year when you are not a participant,
- Any earnings from overtime, double time, bonuses or extra service pay or any other allowances,
- Severance pay,
- Premium or on-call pay,
- Any military-related differential wage payment, or
- Annual pay over $250,000 for 2012 (this limit is periodically adjusted by the IRS).

For the purposes of the TDA Plan, “eligible pay” means total cash compensation, including pretax contributions to the Retirement and TDA Plans and the Reimbursement Accounts, and pretax contributions for your health insurance and parking. It excludes severance pay, any military related differential wage payments and any amounts paid after the later of the Plan Year following severance from employment or 2 ½months after severance from employment.

For information about IRS limits on contributions, see “Important Information about Both Plans” on page G-13.

Enrolling

To maximize your savings and to obtain LPCH’s matching contribution as soon as possible, start contributing to the Retirement Plan as soon as you are eligible. You must affirmatively elect to contribute to the Retirement Plan and indicate what percentage you wish to contribute. If you are participating in the Tax Deferred Annuity Plan, your current percentage will continue to be deducted from your pay and contributed to the TDA Plan unless you go online or call Diversified and lower your percentage. Your TDA Plan contribution percentage will not map over to the Retirement Plan. You should consider maximizing your contribution to the Retirement Plan before contributing to the TDA Plan so you can receive the maximum matching contribution from the hospital. See page G-14 for more information about the enrollment process.

You may choose Diversified <u>or</u> TIAA-CREF for your Retirement Plan account and all your contributions must be deducted from your eligible pay either pre- or post-tax.

If you do not enroll in the Retirement Plan, LPCH will still make the 5% contribution on your behalf beginning the first pay period after you become eligible to participate. Until you complete a written investment election form, LPCH’s automatic 5% contribution will be deposited every pay period into a default fund selected by the Retirement Committee*.

For more information about enrolling, choosing your investment funds, making changes and managing your account, see “Important Information about Both Plans” on page G–13.

**The current default fund is the age appropriate Vanguard Target Retirement fund.*

Withdrawals

Withdrawals from the Retirement Plan are not permitted while you are still working at LPCH or an employer in the controlled group. The TDA Plan does allow withdrawals while you are still working under certain circumstances. When your employment with LPCH terminates or you die, you or your beneficiary may take your account balance.

See "Payment Options" on page G-19 for a discussion of your distribution options when your employment with LPCH terminates.

Rollovers and Plan-to-Plan Transfers from Another Plan

The Retirement Plan does not accept rollover contributions or plan-to-plan transfers from other plans.

The Tax-Deferred Annuity (TDA) Plan

Overview

Along with the Retirement Plan, the Tax-Deferred Annuity (TDA) Plan is designed to help you save for retirement. Participation is voluntary and benefits are based on employee pretax contributions and any investment earnings. LPCH does not contribute to the TDA Plan.

Who Is Eligible

You are eligible to enroll in the TDA Plan after your date of hire. Your election will be effective the second paycheck following your election.

You are not eligible to enroll if you are not on the LPCH payroll (e.g., temporary agency or contract workers) or are a nonresident alien with no U.S. source income.

How the TDA Plan Works

The TDA Plan works as follows:

- You choose to contribute on a pretax basis a whole percentage (1%, 2%, etc.) of your eligible pay, up to the IRS limits discussed in the section “Important Information about Both Plans” on page G-13.
- You contribute on a pretax basis, which lowers your current taxable income. (The TDA Plan does not accept post-tax contributions other than as rollover contributions.) You do not pay federal and state income taxes on the money in the TDA Plan until you receive it.
- You choose how to invest your contributions.
- You or your beneficiary may elect to receive the money in your account when
  - You retire,
  - Your employment with LPCH (and all employers in the controlled group) terminates, or
  - You die.

You may also receive your money while you are working at or after age 59 ½ or by taking a loan or hardship withdrawal.

Amount You May Contribute

You may contribute up to the IRS limits discussed under “Important Information about Both Plans” on G-13.

Enrolling

See the enrollment section on page G-14.

For more information about enrolling, choosing your investment funds, making changes and managing your account, see "Important Information about Both Plans" on page G-13. Or, you may visit the Diversified website at shclpch.divinvest.com.

TIP

Maximize your contributions to the Retirement Plan before enrolling in or increasing your contributions to the TDA Plan because LPCH matches your contributions to the Retirement Plan.*

**See Special Provisions for Certain Employees on page G-7.*

Rollovers and Plan-to-Plan Transfers from Other Plans

You may roll over money from an IRA or a previous employer's 401(a), 401(k), 403(a), 403(b) or governmental 457(b) plan into your TDA Plan account with Diversified and/or TIAA-CREF (except that the TDA Plan does not accept rollovers of Roth 401(k) or 403(b) contributions). If your rollover includes post-tax contributions, it must come directly from another 403(b) plan or qualified trust. Call Diversified or TIAA-CREF for instructions on how to roll over money to your TDA Plan account.

If you have an account under the CRONA 403(b) Retirement Plan or the Packard Children's Hospital Tax-Sheltered Annuity Plan, you may transfer your account balance to the TDA Plan. Contact Diversified for more information.

Loans

You may borrow money from your TDA Plan account and your Rollover Account (if you have one) for any reason if your TDA Plan account balance is $2,000 or more. You may not borrow from your Retirement Plan account.

Amount You May Borrow

The minimum amount you may borrow from your account with each investment company is $1,000. The maximum amount you may borrow is the lower of: (a) 50% of your account balance with Diversified or 45% with TIAA-CREF, or (b) $50,000 (all LPCH investment companies combined) reduced by any outstanding loan balance in the prior 12 months (both investment companies combined).

You may have only one outstanding loan with each TDA Plan account vendor.

Please note: If you have retirement accounts with any employer in LPCH's controlled group, the rules described above relating to loan limits will be applied as if the employers in the controlled group and LPCH were one employer.

How Diversified Secures Your Loan

To fund your loan, money is deducted from all your TDA Plan account funds on a pro-rata basis. Each loan repayment (principal plus interest) is reinvested proportionately among all your investment funds according to your most current investment instructions.

How TIAA-CREF Secures Your Loan

TIAA-CREF funds your loan from its general assets and then withdraws 110% of the amount of your loan from your account. The withdrawal from your account is made from the fund you selected on your loan application and is invested in a collateral account that earns interest. Loan repayments are automatically deposited into the collateral account, and the collateral amount must always equal 110% of the outstanding loan amount. Transfers to other fund options from the collateral account can only be made in increments of $1,000 or more. When the loan is fully repaid, the balance in the collateral account can be re-allocated by contacting TIAA-CREF.

Applying For a Loan

Contact Diversified or TIAA-CREF to apply for a loan. Your investment company will provide you with the specific details of the loan process, such as the application process, timing of the loan distribution and repayment schedule.

If you are married, you must obtain your spouse's notarized written consent to take a loan.

Interest Rates

The interest rate you pay for loans from Diversified accounts is fixed for the term of the loan. The published prime rate plus 1% on the last day of each calendar quarter is used for all loans begun in the following quarter.

The interest rate for loans from TIAA-CREF accounts can vary each quarter. TIAA-CREF will notify you of your new loan rate each quarter if the interest rate changes.

Loan Terms

The minimum loan repayment period is 12 months and the maximum loan repayment period is 60 months or five years. The maximum loan term to purchase your primary residence is 120 months or 10 years.

Loan Fees

TIAA-CREF does not charge a fee for loans. Diversified charges $75 to set up the loan. The fee is deducted from your account.

Loan Repayment

You arrange directly with Diversified and TIAA-CREF to repay your loan on a monthly or quarterly basis by mailing a check or authorizing the transfer of funds from your designated checking or savings account. You may continue to pay your loan during an authorized leave of absence (including military leave) or you may request to suspend payments for up to one year (but no longer than the term of your authorized leave of absence). After you leave LPCH, you must continue to repay your loan or it will be distributed to you and become subject to any taxes and penalties.

You may pay off your loan early without a prepayment penalty. TIAA-CREF will accept partial or full payments sent directly to them. Diversified will accept full repayments.

If You Leave LPCH with an Outstanding Loan

You must continue repaying your loan for the balance of the loan term. The IRS treats any unpaid loan balance as a distribution subject to applicable income and penalty taxes.

Hardship Withdrawals

You can request a hardship withdrawal from your TDA Plan account. Hardship withdrawals are subject to strict limitations by the Internal Revenue Code.

Eligible Expenses

A hardship withdrawal is allowed only in situations of extreme financial hardship that cannot be met with any other reasonably available resources, including a regular withdrawal or loan from your TDA Plan account, bank or credit union (unless the loan would increase the financial hardship). Please note: If you have retirement accounts with any employer in LPCH's controlled group, the rules described above relating to the availability of a hardship withdrawal will be applied taking into account any retirement plans sponsored by the employers in the controlled group.

Under IRS regulations, you can make a hardship withdrawal for:

- Unreimbursed medical expenses (those that are not paid by medical coverage) for yourself, your spouse or a dependent,
- Purchase of your primary residence (down payment and closing costs, but not mortgage payments),
- Tuition, related educational fees and room and board expenses for the next 12 months for postsecondary education for you, your spouse or dependent,
- Payment to prevent eviction or mortgage foreclosure on your primary residence,
- Certain expenses related to the repair of damage to your primary residence that would qualify for a casualty deduction on your federal income tax return (determined without regard to whether the loss exceeds 10% of your adjusted gross income). For example, this would include expenses incurred to repair property damage that resulted from a natural disaster, flood damage or fire, or
- Burial or funeral expenses for your deceased parent, spouse or dependents.

Limits on Hardship Withdrawals

The maximum hardship withdrawal is the lesser of:

- The amount of your financial hardship plus any amounts necessary to pay federal, state or local income taxes, as well as penalty taxes on premature distributions, or
- The value of the portion of your account attributable to your pretax contributions and rollover contributions minus the income earned by your pretax contributions.

Earnings on your pretax contributions are not available for hardship withdrawals, nor are amounts transferred from the CRONA Section 403(b) Retirement Plan.

To Apply for a Hardship Withdrawal

Contact Diversified or TIAA-CREF directly to obtain the vendor application form and the Hardship Withdrawal forms. You must submit supporting documents and original distribution forms with your spouse’s notarized written consent if you are married. Upon receipt of original completed forms, the vendor will confirm eligibility within 10 business days. Your hardship withdrawal will be subject to income taxes and any applicable penalty taxes.

Other Withdrawals

In addition to loans and hardship withdrawals, withdrawals from your TDA Plan account are allowed when one of the following events occurs:

- You reach age 59 ½,
- Your employment with LPCH (and all employees in the controlled group) terminates,
- You become disabled (within the meaning of the Internal Revenue Code),
- You are eligible for a qualified reservist distribution, or
- You die.

See page G-19 for information about the payment options available when your money is withdrawn under one of these circumstances.

Important Information about Both Plans

The Retirement and TDA Plans have several common provisions you should know.

Vesting in Your Accounts

You are always fully vested in both Plans. This means you will never forfeit your contributions, the employer contributions LPCH makes to your Retirement Plan account or the earnings on these contributions. However, your account balances are affected by the investment performance of the funds you select.

IRS Limits on Contributions

The IRS limits the amount you and LPCH can contribute each calendar year to the Retirement and TDA Plans in two ways. Contributions to your Plan accounts may not exceed either limit.

Your Pretax Contribution Limit

This is a dollar amount that is periodically adjusted by the IRS. It applies to your total calendar year pretax contributions to all employer plans (including plans sponsored by employers other than LPCH); it does not apply to employer contributions. The dollar limit is higher for individuals who are or will be at least age 50 during the calendar year.

Your contributions to the TDA Plan will automatically stop and your contributions to the Retirement Plan will automatically change to a post-tax basis if you exceed the IRS' pretax limit. Unless you request otherwise, at the beginning of the next calendar year, your TDA Plan contributions will automatically restart at your prior rate and your Retirement Plan contributions will automatically revert back to pretax.

Your Pretax Contribution Limit (All Plans Combined)

Calendar Year	Under Age 50	Age 50 and Older
2011	$16,500	$22,000
2012	$17,000	$22,500
After 2012, the IRS may change these limits.		

TIP

1. Although it is generally better to contribute on a pretax basis, the IRS dollar limit may prevent you from contributing tax-deferred dollars to both the Retirement and TDA Plans. To maximize the LPCH contribution to the Retirement Plan and still tax defer the maximum allowed under the TDA Plan, consider making post-tax contributions to the Retirement Plan. You may not make post-tax contributions to the TDA Plan.

2. When you first enroll, consider any pretax contributions you may have made to another employer's plan in that calendar year. The "pretax" limit looks at all pretax contributions you make to all employer plans each calendar year. LPCH's payroll system only monitors contributions you make to LPCH plans.

Overall Limit

The IRS' overall calendar year limit for 2012 is $50,000 but may increase in future years with inflation. The overall limit applies to the following contributions:

- Your pre- and post-tax contributions to both Plans – excluding the extra amount you can contribute at or after age 50 (as shown in the "Pretax Contribution Limit" table), and
- LPCH's automatic 5% and matching contributions to your Retirement Plan account.

Per Paycheck Limit

In addition to the IRS limits, LPCH limits your combined pre- and post-tax contributions to both plans. Deductions from each paycheck are limited to 75% of gross pay.

Retirement Plan Fairness Tests

In return for favorable tax treatment, the IRS requires plans with pretax contributions and employer contributions to pass certain tests. If these tests are not met, it may be necessary to adjust the amounts permitted to go into the Retirement Plan. LPCH may reduce your contributions or matching contributions in order to pass these tests. If you are affected, you will be contacted.

Can You Contribute to an IRA?

You may be able to contribute to an Individual Retirement Account (IRA) on a post-tax basis, which may not be tax-deductible. For specific answers to your questions, please consult with your tax advisor.

Enrolling

To start your retirement savings in the Plans, follow these steps:

1. Decide how much you want to save.
2. Choose an investment company.
3. Direct contributions to the Retirement Plan and the TDA Plan to the same or different companies.
4. Enroll through the Diversified website for both Diversified and TIAA-CREF by logging on to www.healthysteps4u.org (you can also enroll for both Diversified and TIAA-CREF by calling Diversified at the number below). Click on the Financial Health tab and select the link out to Diversified. Read the Welcome Package you will receive from your investment company.
5. Select your investment funds on the Diversified or TIAA-CREF websites. If you do not elect an investment fund(s), Diversified will default you to an age appropriate Vanguard Target Retirement Date Fund and TIAA-CREF will default you to the CREF Money Market Fund.
6. Designate your beneficiary(ies) for each plan and for each company. If enrolled in Diversified, print out the form, complete and mail to Diversified. If enrolled in TIAA-CREF, complete your beneficiary designation(s) online at www.tiaa-cref.org.

Investment Fund Contact Information

Diversified

- Customer Service Representative: 800-755-5801
  Mon-Fri. 5 a.m. to 6 p.m. PT
- Website: shclpch.divinvest.com
- www.healthysteps4u.org and link to Diversified
- 24-Hour Automated Telephone Service: 800-755-5801

TIP

To learn about the services and mutual funds Diversified and TIAA-CREF offer, one-on-one on-site appointments with representatives are available.

Call Diversified or TIAA-CREF or visit their websites to set up an appointment.

TIAA-CREF

- Customer Service Representative: 800-842-2776
  Mon-Fri. 5 a.m. to 7 p.m. PT
  Sat. 6 a.m. to 3 p.m. PT
- Website: www.tiaa-cref.org
- www.healthysteps4u.org and link to TIAA-CREF
- 24-Hour Automated Telephone Service: 800-842-2252

Changing Your Contributions

TDA Plan

You can increase, decrease, or stop your TDA contributions at any time. The effective date of your change will be the second paycheck following your election change.

Retirement Plan

The effective date of your change will be the second paycheck following your election or as soon as administratively possible, whichever is later.

Changing Investment Allocations

You can change your investment allocation for future contributions and/or your existing account balance as often as you wish by calling your investment company or by accessing your account online. Most investment changes will be processed immediately, based on the current market rate. Each request to redistribute your existing account balances must be settled before you may make another request.

Changing Investment Companies

You may move all or a portion of your existing account balance from one investment company to the other by calling the investment company to which you want to transfer. Remember, Retirement Plan contributions must all go to one investment company. Submit both Retirement Plan and TDA Plan changes by going online to www.healthysteps4u.org or by calling 800-755-5801.

Investment Options

The Retirement and TDA Plans are intended to be plans described in section 404(c) of ERISA and the fiduciaries of the Retirement and TDA Plans are generally relieved of liability for any losses which are the direct and necessary results of investment instructions given by a participant or beneficiary, including deemed elections to invest in the Plans' default fund(s).

The Retirement Committee selects the investment options made available under the Plans. If you do not affirmatively direct the investment of your accounts, either at initial enrollment or when notified of a change in the investment menu, your accounts will be invested in the applicable default fund selected by the Retirement Committee.

Managing Your Account(s)

When you enroll in the Retirement and TDA Plans, you select and tailor your investments to meet your needs. You are responsible for managing your plan accounts.

Diversified and TIAA-CREF send an account statement to your home every quarter. In addition, they offer several ways to help you access your account, obtain information, or perform transactions every day.

TIP

1 If you suspend your contributions to the Retirement Plan, LPCH's matching contributions also stop.

2. Your contributions are calculated each pay period as a percentage of your current eligible pay. Whenever your hourly rate of pay changes, the dollar amount of your Plan contributions changes automatically.

Three Ways to Manage Your Account(s)

	1 **Call during business hours.** **Diversified** **800-755-5801** **Mon-Fri. 5a.m. to 6 p.m. (PT)** **TIAA-CREF:** **800-842-2776** **Mon-Fri. 5a.m. to 7 p.m. (PT)** **Sat. 6 a.m. to 3 p.m.**	**2** **Call the automated telephone help line 24 hours each day.** **Diversified** **800-755-5801** **TIAA-CREF:** **800-842-2776**	**3** **Go online over the internet to your investment company's website and setup a personal login number.** **www.healthysteps4u.org, Under the Financial Health tab link out to Diversified and TIAA-CREF:** **www.tiaa-cref.org**
What You Can Do			
Check account balance	+	+	+
Change investment allocations	+	+	+
Obtain fund information	+	+	+
Change beneficiary designation	+	+	+
Initiate a loan from your TDA Plan account	+		+
Initiate a hardship withdrawal from your TDA Plan account	+		+ TIAA-CREF only
Request a distribution or rollover when you leave LPCH	+		+ TIAA-CREF only
Transfer money from another investment company	+		
In addition, every quarter Diversified and TIAA-CREF send a monthly statement to your home.			

Naming a Beneficiary

When you participate in the Tax-Deferred Annuity (TDA) and/or Retirement Plans, you must designate a beneficiary under each plan in the event of your death. For each plan, your beneficiary can be anyone you choose and you can choose more than one person. If you choose more than one beneficiary, they will each receive equal shares of your account balance unless you indicate otherwise. You can also choose a contingent beneficiary to receive your account balance in the event that your primary beneficiary is not living at the time of your death.

Both companies provide a means to do this conveniently online or by submitting the appropriate form to

Diversified
4333 Edgewood Road NE,
Cedar Rapids, IA 52499

TIAA-CREF
P.O. Box 1259
Charlotte, NC 28201

Remember to designate a beneficiary for each plan in which you participate and with each vendor if you use both vendors.

If you have not named a beneficiary for the TDA and/or Retirement Plans, or if the beneficiary is no longer living at the time of your death, your account balance will revert to your spouse or, if you are unmarried, your estate.

Changing Your Beneficiary

You should review your beneficiary designations periodically to make sure they are current.

You can change your beneficiary designations anytime for your TDA and/or your Retirement Plan accounts. To do this, you need to contact Diversified at 1-800-755-5801 or TIAA-CREF at 1-800-842-2776.

Consent of a Spouse

For each plan, if you designate someone other than your spouse (or in addition to your spouse) to receive more than 50% of your account balance, your spouse must consent to this designation in writing on the proper form. This consent acknowledges the effect of your election and must be witnessed by a notary public. Diversified or TIAA-CREF will be able to give you more details about the spousal consent requirement.

If you were less than 35 years old when you initially submitted your spousal consent, you will need to obtain your spouse's notarized written consent again when you turn 35.

Designation of Minor Children

Designations of a minor child as a beneficiary under the Plans may require a formal court proceeding to appoint a guardian of the child's property. This process can be costly and delay the child's receipt of the funds. To avoid this, you may wish to designate that your account balance be paid to a named individual as custodian for the child or to a trustee of a trust created under your will or some other instrument for the benefit of your child.

Benefits for Employees on Military Leave

The Plans operate in compliance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and the Heroes Earnings Assistance and Tax Relief Act of 2008. If you return from qualified military service within the time frame outlined under USERRA, you will not be treated as having had a break in service. You will be entitled to make up your missed contributions and receive any corresponding matching contributions and/or 5% contributions to the extent required by, and consistent with, applicable law. If you are on a qualifying military leave, special rules may apply to your outstanding loans and you may also be permitted to receive a qualified reservist distribution. Please contact Diversified or TIAA-CREF with any questions relating to Plan benefits and your military service.

Payment Options

When your employment with LPCH (and all employers in our controlled group) terminates, you die, or you take a permissible in-service withdrawal from your TDA Plan account, you or your beneficiary will have the four payment options listed below.

To apply for a distribution from one or both of the Plans, call your investment company, and request a distribution form. If you are married, your spouse's notarized written consent to the distribution is required unless you elect payment in the form of a joint and survivor annuity.

1. Take the Cash Value of Your Account

When you elect to cash out a portion or all of your account balance, the check you receive from your investment company is made payable to you. The IRS requires your investment company to withhold 20% of your payment for income taxes. You can apply the withheld 20% to any income and penalty taxes you owe when you file your income tax return.

2. Direct Rollovers to Another Plan

You may elect to have your account balance directly rolled over into an IRA or another employer's 401(a), 401(k), 403(a), 403(b) or governmental 457(b) plan. Before requesting a rollover, verify with your new employer that their plan will accept the rollover.

3. Leave Your Account in the Plan

You may leave your accounts in the Plans. You must take a distribution from each plan by the April 1 of the year following the year in which you reach age 70 ½.

4. Lifetime Annuity Payments

You have several "guaranteed payment" options if you choose to have your account balance paid out under a lifetime annuity.

50% Joint and Survivor Annuity. This option pays you a monthly lifetime benefit. Following your death, your surviving spouse will receive a lifetime monthly benefit equal to 50% of your monthly benefit.

If you are receiving a joint and survivor annuity and your beneficiary dies before you, your monthly payment will remain the same and you cannot name a second beneficiary. Following your death, no benefits are payable. If you are married, are receiving a joint and survivor annuity with your spouse as your beneficiary and you later remarry (because of divorce or the death of your spouse) your second spouse will not be covered under this payment option.

Single Life Annuity. This option pays a higher monthly lifetime benefit than the 50% Joint and Survivor option but there is no death benefit payable to anyone following your death.

Other Options. Call Diversified and TIAA-CREF for information about other forms of annuity payments they offer.

Death Benefit Options

Your beneficiaries receive 100% of your account balance if you die before you begin to receive payments. Current law requires your spouse to receive a minimum of 50% of your account balance – unless he or she has given up this right by providing notarized written consent.

Your beneficiary has the same payment options you have, except:

- A beneficiary who is not your spouse may not roll your account over to another employer's plan.
- A beneficiary who is not your spouse must withdraw your account balance within five years of the date of your death or start receiving annuity payments within one year of the date of your death. (A beneficiary who is your spouse may leave your account balance in the Plan(s) until the date you would have turned age 70 ½.)
- The amount paid under the annuity option is based on your beneficiary's age. If you die while receiving annuity payments, death benefits will be issued in accordance with the type of payment you were receiving.

Income Taxes on Payments and Withdrawals

Federal laws give the Retirement and TDA Plans tax advantages to encourage you to save for retirement. As long as your contributions, employer contributions and earnings on all contributions remain in the Plans, they are not taxable under current federal tax laws. However, they become taxable once they are distributed to you. Lump-sum payments made directly to you are subject to a mandatory 20% federal income tax withholding. When you request a distribution, information about this mandatory withholding will be sent to you. In general, if you are younger than age 59 ½ when you receive the funds, you also will be subject to the penalty taxes described below.

IRS regulations allow you to postpone paying taxes on your plan distribution (and avoid the mandatory 20% federal income tax withholding) by rolling it over directly into an IRA or into another employer's plan that accepts rollover contributions.

Penalty Taxes for Premature Distributions

In many cases, federal tax law imposes a 10% penalty tax on distributions made before age 59 ½. This penalty tax is in addition to income taxes. Your investment company reports all distributions to the IRS and you must report the distribution when you file your taxes. At that time you will be subject to a penalty tax equal to 10% of the taxable portion of your distribution. Also, California currently imposes a 2 ½% penalty tax on premature distributions.

The penalty taxes generally do not apply if:

- You are age 59 ½ or older at the time of distribution,
- The taxable distribution is rolled over directly into an IRA or into another employer's plan within 60 days of receiving the distribution,
- The distribution is made because of:
  - termination of employment with LPCH (and all employers in the controlled group) after you reach age 55,
  - death,

  - disability, or
  - A qualified domestic relations order (QDRO). A QDRO is a court order under state domestic relations law that meets certain federal requirements and awards part or all of your plan account to your spouse, former spouse, child, or dependent,
- The amount of the distribution does not exceed the amount you could deduct on your federal income tax return for medical expenses,
- The distribution is paid in the form of an annuity in accordance with strict IRS requirements, or
- You are a qualified military reservist.

LPCH cannot give you tax advice. Please consult a tax advisor about the specific tax consequences before receiving your plan money. The tax laws are complex and change frequently.

Circumstances Which Can Affect Your Retirement and TDA Plan Accounts

This Handbook summarizes the major provisions of the Retirement and TDA Plans and when your Retirement and TDA Plan accounts are payable. There are some circumstances, however, when you or your beneficiary may find that some benefits are less than you may have expected or are not payable.

Some of these circumstances include:

- If you fail to keep your investment company informed of your current address and the name and current address of your beneficiary, this could delay or prevent the payment of your account,
- If the Retirement or TDA Plans are terminated, you will not be able to continue to make contributions to the Plans and LPCH will not continue to make contributions to the Retirement Plan, if any,
- If a qualified domestic relations order (QDRO) requires the Retirement Plan and/or the TDA Plan to set aside a portion of your account for payment to your spouse, former spouse or children, you will have no rights to that portion of the value of your account. If you need information about the Plans' QDRO procedures or would like a copy of the procedures at no charge, please contact the HR Business Center at (650) 723-4748 or by logging on to www.HR4Uonline.org. Please see the Booklet J for administrative contact information,
- The Internal Revenue Service places restrictions on the amount of contributions you can make each year to the Retirement and TDA Plans. If your contributions exceed IRS limits, part of your contributions may be returned to you, and
- The actual amount paid from the Retirement and TDA Plans may be more or less than you anticipated because your account balances are based on the market value of the investment funds which may increase or decrease. The Retirement and TDA Plans are intended to be plans described in section 404(c) of ERISA and the fiduciaries of the Retirement and TDA Plans are generally relieved of liability for any losses which are the direct and necessary result of investment instructions given by a participant or beneficiary (including deemed elections to invest in the Plans' default funds).

Future of the Retirement and TDA Plans

LPCH reserves the right to change or terminate either Plan at any time and for any reason.

Notes

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