

# Sutter Health Retirement Plan

## Summary Plan Description

Traditional Pension Design



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## INTRODUCTION

Having the financial security to maintain an active lifestyle once you are no longer working requires careful planning and saving throughout your working career. Since Americans are enjoying longer, healthier, and more active lives, retirement planning is more important than ever, and should begin long before you retire. Few people can, on their own, guarantee themselves a comfortable retirement income. For most of us, sources of retirement income will consist of our personal savings, Social Security benefits, and in your case, an employer retirement plan that provides additional benefits at retirement.

Sutter Health recognizes the importance of planning for future financial security and has implemented a comprehensive retirement benefits program. As part of this program, Sutter Health is offering this retirement plan, which was amended to include cash balance provisions effective March 31, 2000, and later amended to include an enhanced cash balance design and traditional pension design effective April 30, 2003. The Plan was most recently amended on January 1, 2022 to transition certain plan participants from the traditional pension design to the enhanced cash balance design.

Your employer has chosen to participate in this program by adopting the Sutter Health Retirement Plan. Your employer sees it as a way of rewarding your service and hopes that it will provide you and your family additional financial security during your retirement years. Your employer pays the entire cost of this Plan.

We have tried to explain the features of your Plan in this Summary Plan Description (SPD) in plain English, but you may still come across some words and phrases that have special meaning in the Plan. To help you understand them, we have included a Glossary of some of the words and phrases that are used in the Plan. If you have any questions that are not answered here, call the Sutter Health Pension Service Center at 1-833-407-2687.

**Note:** *This summary describes the major provisions of the traditional pension design of the Sutter Health Retirement Plan that are in effect as of January 1, 2022. If any conflict arises between this text and the provisions of the Plan, the terms of the actual Plan document will govern.*

*The administration of the Plan is the responsibility of the Plan Administrator. The Plan Administrator has the authority to interpret Plan provisions and to exercise discretion where necessary or appropriate.*

## YOUR PLAN AT A GLANCE

<b>Name of Plan</b>	Sutter Health Retirement Plan
<b>Effective Date</b>	The effective date of the Sutter Health Retirement Plan was April 1, 1959; it was amended to include cash balance provisions as of March 31, 2000; it was later amended to include a traditional pension design and an enhanced cash balance design as of April 30, 2003*; it was most recently amended on January 1, 2022
<b>Type of Plan</b>	Defined benefit plan
<b>Plan Design</b>	Final average pay
<b>Entry Date</b>	Date of hire
<b>Eligibility for Benefit Accrual</b>	1 Year of Service in which you work at least 1,000 hours
<b>Year of Service</b>	12 month period, usually a calendar year in which you work (or are paid for) at least 1,000 hours
<b>Vesting</b>	100% after 5 Years of Service
<b>Normal Retirement Date</b>	Last day of the month in which you have your 65th birthday
<b>Disability Benefit</b>	Any age at which you are determined to be totally and permanently disabled by the Social Security Administration
<b>Death Benefit</b>	If married and vested, your spouse will receive either a Qualified Pre-Retirement Survivor Annuity or, depending on the payment option you selected, a post-retirement annuity.

\* *Note:* If you were a participant in a plan that merged into this Plan, you may have a different effective date. The effective date of the traditional pension design for you depends on the effective date your employer adopted the Sutter Health Retirement Plan, traditional pension design. See Appendix B for a list of effective dates. Call the Sutter Health Pension Service Center at 1-833-407-2687 if you need additional information.

## GLOSSARY

The following terms have special meaning, so we have defined them in the section below.

**Beneficiary.** Beneficiary means the person or persons designated to receive any death benefit that may be payable under the Plan. Under this design, if you are married, your spouse is your Beneficiary; if you are not married, no death benefit is paid from the Plan other than any contributions you may have made to the Plan. However, a post-retirement death benefit may be paid if you elect one of the optional forms of benefits that provide a benefit after your death.

**Break in Service.** A Break in Service occurs in any year in which you earn fewer than 501 Hours of Service.

**Compensation.** Your Compensation is the amount reported to the Internal Revenue Service (IRS) on your annual Form W-2, plus amounts you contribute to a Section 125 “cafeteria plan” or a 403(b) or 401(k) plan. The maximum amount of compensation on which benefits can be based is indexed each year; for 2022, it is \$305,000.

**Covered Service.** Covered Service refers to the length of time you have been a participant under this traditional pension design. Years of Covered Service determine your benefit under this design. Years of Covered Service can be different from years of Vesting Service if you became a participant under this design on a date other than your date of hire. You earn one Year of Covered Service for each calendar year in which you are credited with at least 1,000 hours in an eligible employment status.

**Early Retirement Age.** When we refer to Early Retirement Age, we mean the earliest age at which you can begin receiving a benefit. The Early Retirement Age for this design is age 50 with five (5) Years of Service.

**Hour of Service.** You earn an Hour of Service for each hour for which you are paid, or entitled to be paid (directly or indirectly) for doing your job. An Hour of Service includes periods during which you do not work but are entitled to payment because of Paid Time Off (PTO), jury duty, or an authorized leave of absence. You may also be credited with up to 501 hours for periods of unpaid leaves of absence such as Employer Requested Absence (ERA) and periods during which you receive disability pay, based on your normally scheduled hours (as indicated in the Sutter Health HR/Payroll system).

**Normal Retirement Age.** The Normal Retirement Age for this Plan is age 65.

**Plan.** When we refer to the Plan, we mean the Sutter Health Retirement Plan.

**Plan Year.** A Plan Year is the 12 consecutive month period for which financial records are kept. For this Plan, it is a calendar year, January 1 to December 31.

**Retire.** When we refer to Retire or retirement, we mean that you have reached retirement age (as early as age 50) and have completely terminated employment in the Sutter Health system.

**Social Security Wage Base Average.** The Social Security Wage Base Average (SSWBA) is the average pay amount, based on the year of your birth, that may be considered to calculate the Social Security offset amount. The Social Security Administration periodically adjusts the Wage Base Average.

**Total and Permanent Disability.** Total and Permanent Disability means a physical or mental injury or disorder, which qualifies you for Social Security disability benefits.

**Vesting Service.** Vesting refers to your ownership of your accrued benefit in this Plan. Vesting in this Plan is based on Years of Service in the Sutter Health system. This includes service prior to the date your employer affiliated with Sutter Health. You earn one year of Vesting Service for each calendar year in which you are credited with at least 1,000 Hours of Service between all Sutter Health affiliates.

**Year of Service.** A Year of Service is a 12 consecutive month period, usually a Plan Year (January 1 to December 31), in which you are credited with at least 1,000 hours between all Sutter Health affiliates.



## **I. ELIGIBILITY AND PARTICIPATION**

### **Am I eligible to join the Plan?**

This Plan is provided to employees of Sutter Health and the Sutter Health affiliates that have adopted this Plan. Some affiliates may have different designs. See Appendix A for a list of Sutter Health affiliates that have adopted this Plan.

Effective January 1, 2003, you are generally eligible to join this Plan on your date of hire if you work for a participating employer. You are also eligible to join the Plan on the effective date your employer adopts the Plan.

Effective January 1, 2007, per diem, short-hour, and on-call employees of the following affiliates became eligible to participate:

- PAMF-Sutter Maternity and Surgery Center of Santa Cruz Division
- Sutter Care at Home - Santa Cruz Division
- Sutter Coast Hospital
- Sutter Delta Medical Center
- Kāhi Mōhala
- Sutter Santa Rosa Regional Hospital

The following employees are not eligible to participate in this Plan:

- Employees covered by a collective bargaining agreement, unless the agreement provides for participation in this Plan
- Independent contractors
- Medical directors
- Leased employees
- Employees in the Utah division of Sutter Health System Office and Sutter Shared Services
- Employees of California Pacific Medical Center or the Mission Bernal Women's Clinic classified as interns, residents, chaplain residents, clinical fellows, or employees/students in an approved teaching or training program

### **When do I become a participant?**

Under earlier Plan provisions, you were eligible to participate after completing one Year of Service; you then entered the Plan the following January 1 or July 1. Effective January 1, 2003, the participation provisions were changed, and you become eligible the day you start work with a participating employer.

If you were eligible to participate in the Sutter Health Retirement Plan on January 1, 2003, or another plan on the effective date of a plan affiliation or merger, you were given the choice to receive benefits under the enhanced cash balance or the traditional pension designs of the Sutter Health Retirement Plan. Benefit accruals for the Plan Year of affiliation or merger include the compensation and hours you worked from the affiliation date through December 31 of that year. See Appendix C for a list of effective dates.

### **How do I enroll in the Plan?**

Eligible employees automatically become a participant in the Sutter Health Retirement Plan on their date of hire. However, you must make an election regarding which of the two plan designs to receive benefits under, the enhanced cash balance design or the traditional pension design.

Information is sent to recently hired (or rehired) eligible employees approximately 90 days after date of hire or rehire. You must make your election online through the Sutter Health Retirement Plan Choice

Modeler. If you do not make your election online or if you miss the deadline indicated on the cover letter, you will be automatically enrolled in the enhanced cash balance design. This is a one-time irrevocable election.

### **Why are Hours of Service so important?**

Hours of Service are important because they are used to determine how much you will receive from the Plan, and when your benefit becomes vested. Service is based on hours worked or for which you are paid among all Sutter Health affiliates, whether or not they participate in this Plan. If you work at least 1,000 hours in a calendar year among all affiliates, you will be credited with a Year of Service and a year of Covered Service. Vesting is based on your Years of Service; benefit accrual is based on your years of Covered Service.

You are credited with an Hour of Service for each hour you work for which you are paid, and for each hour for which you receive back pay pursuant to a written settlement agreement, court or administrative agency order or an award issued in binding arbitration (provided that the agreement, order or award expressly requires back pay hours to be credited).

In addition, you are credited with an Hour of Service for each hour for which you are paid, or entitled to payment, when no duties are performed due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence. However, no more than 501 Hours of Service may be credited for any single continuous period of vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence.

*Example 1:* Judy takes PTO from January 6, 2022 to March 13, 2022. She works from March 16, 2022 to July 1, 2022. Judy then takes a leave of absence from July 2, 2022 to December 29, 2022. In addition to the Hours of Service she is credited for her periods of work, Judy is also credited with 400 Hours of Service for her PTO, and she is credited with 501 Hours of Service for her leave of absence.

*Example 2:* John takes a paid leave of absence from January 5, 2022 to June 5, 2022, and terminates employment effective June 6, 2022. He is only eligible to receive a credit of 501 Hours of Service for the period during which he is on leave of absence, including any PTO used to supplement his income during the leave period.

If you have an authorized military leave of absence and return to employment within the time and under the conditions that entitle you to reemployment rights under the federal laws of the United States of America known as USERRA, you will be credited with the Hours of Service you would normally have worked if you had not taken the leave.

See below for more information regarding Hours of Service credit for leaves of absence.

### **What happens if I do not work 1,000 hours my first year?**

The benefit accrual period is January 1 through December 31. If you do not work 1,000 hours from your hire date through the end of that calendar year, you will not earn a benefit for that period. Once you have worked at least 1,000 hours in any calendar year, you will accrue a benefit for that year.

*Example:* You begin work May 1, 2021, and by December 31, 2021, you have not worked 1,000 hours. You will not earn a benefit for 2021. However, let's assume you do complete 1,000 hours between January 1, 2022 and December 31, 2022. In this case, you would be eligible to receive a benefit for calendar year 2022.

### **What happens if I do not work 1,000 hours after I have joined the Plan?**

There may be times because of your work schedule that you will not work 1,000 hours or more during a calendar year. If this occurs, you will not receive credit for a Year of Service for that year for benefit accrual or vesting purposes.

### **How long will I be a participant in the Plan?**

Once you are enrolled in this Plan, your participation continues until you stop working in the Sutter Health system and take a distribution of your benefit or you die.

### **What happens if I transfer to/from another Sutter Health affiliate?**

If you transfer within the Sutter Health system to a participating employer (i.e., one that has adopted this Plan) and to an eligible position with an affiliate that offers this traditional pension design, you will continue to receive a benefit accrual for each calendar year in which you work at least 1,000 hours.

If you transfer from a position where you were grandfathered under the traditional pension design to a position represented by a different union or a different affiliate, you will transition to the enhanced cash balance design effective the January 1 following your date of transfer. Total service within the Sutter Health system will be counted toward benefit service and your future pay credits in the enhanced cash balance design.

If you transfer within the Sutter Health system to a non-participating employer, you will change to an inactive status. For the year in which you transfer, hours at both affiliates will count toward the 1,000-hour service requirement, but your average pay will be based only on pay earned at the participating affiliate. After that year, the accrued benefit you've already earned will be frozen. You will continue to earn Vesting Service based on total Years of Service within the Sutter Health system. Future benefits will be earned under the new affiliate's plan.

If you later return to work for a participating employer, you will return to active status on your start date or rehire date. Assuming you work at least 1,000 hours between both affiliates, you will receive a benefit accrual the year you transfer based on your eligible compensation while working for a participating employer. If that affiliate sponsored a defined contribution plan and you earned benefits under that plan, those benefits will continue to earn investment gains and losses.

If you transfer from a Sutter Health affiliate that has not adopted this traditional pension design to a participating employer, you are eligible to participate on your entity hire date and may receive a choice regarding which of the two plan designs to receive benefits under, the enhanced cash balance design or the traditional pension design. Whether you are eligible to make such a choice will depend on your position. If you are eligible for a choice and you elect the traditional pension design, the accrued benefit you receive will be based on your eligible compensation and service while working for a participating employer.

### **What if I work at more than one affiliate in a Plan Year?**

If you work at more than one participating affiliate in a Plan Year (either concurrently or consecutively) and work at least 1,000 hours between all affiliates, you will receive a benefit accrual based on your eligible compensation at each participating affiliate.

*Example:* In 2022, you work 925 hours at Mills-Peninsula and 600 hours at Novato Community Hospital in positions eligible for the traditional pension design. You worked more than 1,000 hours between the two affiliates and will therefore earn a year of Covered Service in 2022. Both

affiliates offer the traditional pension design, so you will be eligible to receive a benefit accrual based on total service and compensation for Plan Year 2022.

If you work at more than one affiliate in a Plan Year, one of which that offers the traditional pension design and one that does not, you will receive an accrued benefit (based on each affiliate's plan design) from each affiliate based on your eligible compensation.

*Example:* Using the same information from the example above, except that you work 600 hours at Sutter Care at Home instead of Novato Community Hospital, you would receive a benefit accrual from Mills-Peninsula under the traditional pension formula and from Sutter Care at Home under the original cash balance design formula.

If you work at more than one affiliate in a Plan Year, one of which that participates in this Plan and one of which that does not, and you work at least 1,000 hours between the two affiliates, you will receive a benefit accrual from the participating affiliate based on your eligible compensation at that affiliate.

*Example:* In 2022, you work eight (8) months at Sutter Santa Rosa Regional Hospital with 960 hours and compensation of \$60,000, and then work four (4) months at Palo Alto Medical Foundation with 480 hours and compensation of \$28,000. You worked at least 1,000 hours between the two affiliates and will therefore earn a year of Covered Service. You will receive a benefit accrual from Sutter Santa Rosa Regional Hospital based on \$60,000 compensation for 2022; any benefit earned at Palo Alto Medical Foundation would be subject to their plan's provisions.

### **What happens if I take a leave of absence?**

If you take an authorized leave of absence, you may be given credit up to a maximum of 501 Hours of Service during each continuous period of leave. However, you will not accrue additional benefits unless you earn at least 1,000 hours in an eligible position with a participating employer in a calendar year.

If your leave of absence is due to an authorized military leave, when you return you will be credited with the Hours of Service you would normally have worked if you had not taken the leave.

### **What happens if I leave the Sutter Health system and return at a later date?**

If you leave the Sutter Health system and are later rehired by a participating employer, you will be eligible to participate in this Plan on the day you return to work. If you are rehired by an affiliate not covered by this Plan, you will not be eligible to participate in this Plan, but will begin earning Hours of Service that will apply to Vesting Service under this Plan if you later transfer to a participating employer.

If you elected the traditional pension design January 1, 2003 or later, subsequently terminated your employment in the Sutter Health system and were rehired by an affiliate that offers the enhanced designs, you will continue to accrue a benefit under the traditional pension design. Your benefit will be based on your eligible compensation and years of Covered Service.

If you are in the traditional pension design at the time you cease employment with the Sutter Health system and you are subsequently rehired in a non-grandfathered position by a participating Sutter Health affiliate, you will automatically be placed in the enhanced cash balance design for all future benefit accruals. Upon rehire, your previously accrued benefit under the traditional pension design will also be converted to an opening account balance in the enhanced cash balance design if you have not commenced benefit payments prior to your date of rehire. Total eligible service within the Sutter Health system will be counted toward Benefit Service and your future Pay Credits in the enhanced cash balance design.

How long you worked in the Sutter Health system before you terminated your employment, the length of your Break in Service, and whether you took a distribution of your vested benefit will determine the level of benefits under this Plan when you return to work for a participating employer.

(To learn how vesting is affected by a Break in Service, see the question “*What happens if I leave the Sutter Health system and return at a later date?*” in the Vesting section of this booklet.)

**How do I obtain information about my accrued benefit?**

Contact the Alight Solutions Sutter Health Pension Service Center online, via phone or online chat.

How	When	What You Do
Speak with a Sutter Health Pension Service Center Representative	Monday-Friday, 7:00 a.m. to 5:00 p.m. Pacific Time	Call: 1-833-407-2687
Sutter Health Pension Service Center Address	Dept. 04546 PO Box 1590 Lincolnshire, IL 60069-1590	Via Mail
Sutter Health Pension Service Center Website	7 days a week, 24 hours a day	Visit the website at: <a href="https://digital.alight.com/sutterhealth">digital.alight.com/sutterhealth</a>

## II. VESTING

### How does vesting work?

Vesting refers to your permanent right to your Plan benefits. Your Plan benefits will be 100% vested when you have completed five (5) Years of Service as indicated by the following chart.

Years of Service	Vested Percentage
Less than 5 years	0%
5 or more years	100%

You will also become 100% vested when you attain Normal Retirement Age (age 65), or if you become totally and permanently disabled as determined by the Social Security Administration while employed in the Sutter Health system, or if you die while employed in the Sutter Health system.

### What service is counted toward vesting?

Service with all Sutter Health affiliates is counted toward vesting in this Plan, regardless of whether or not that affiliate sponsors this Plan. In order to earn a Year of Service, you must work at least 1,000 hours in a calendar year among all affiliates.

This means that all your prior service with all Sutter Health affiliates, regardless of whether the affiliate sponsors this Plan, and regardless of whether your prior position was eligible for accruing benefits (e.g., in a union plan), is counted toward vesting unless you leave the Sutter Health system and incur a Break in Service (see question “*What happens if I leave the Sutter Health system and return at a later date?*” below).

*Example.* You have three (3) years of Vesting Service with Palo Alto Medical Foundation. You then transfer to Sutter Lakeside Hospital. Once you have earned two (2) Years of Service with Sutter Lakeside Hospital, you will have a total of five (5) years of Vesting Service, and will be 100% vested under this design.

### What happens if I leave the Sutter Health system and return at a later date?

If you leave the Sutter Health system for a period of time and are later rehired, your Vesting Service when you return will depend on whether or not you have a Break in Service. A Break in Service occurs in any Plan Year in which you earn fewer than 501 Hours of Service. How long you have worked in the Sutter Health system determines when you will lose your Vesting Service, but it cannot happen before you have five (5) consecutive one-year Breaks in Service. This is important because it means that if you are rehired, you may get credit for your earlier Years of Service when you return.

Here are the guidelines we will use if you are rehired:

- If you were vested when you left, your prior Years of Service for vesting purposes will be restored after you complete a Year of Service in the Sutter Health system.

- If you were not vested when you left, your prior Years of Service will be restored if you return to work in the Sutter Health system before you have incurred a Break in Service of five (5) or more consecutive years. You must complete a Year of Service after you are rehired in order to have your prior Years of Service restored. If you return to work after a Break in Service of five (5) or more years, you will start over in regard to Vesting Service and Covered Service.

### **III. BENEFIT FORMULAS**

#### **What factors go into the calculation of my retirement benefits?**

The amount of your retirement benefit is based on:

- When you entered the Plan
- Your years of Covered Service
- Your compensation
- Your age when you begin to receive benefits
- Whether you choose to have payments continue to someone else after your death

Your normal retirement benefit is calculated as if you retired at age 65, using a fixed benefit formula. Both “pay” and “covered service” are used in the formula.

#### **What compensation is used in the benefit formula?**

In the traditional pension design formula, your compensation, or “average pay”, is based on the five (5) highest-paid consecutive years of Covered Service in the Plan at a participating Sutter Health affiliate.

Compensation includes:

- Regular pay, including shift differential
- Other payments such as bonuses, overtime, weekend differential, or call-back pay
- Paid Time Off (PTO), (including PTO payout at termination), holiday, vacation, sick time, jury duty, and bereavement leave
- Your contributions to a Section 125 “cafeteria plan” including an FSA “Medical Spending Account” and a Section 129 FSA “Dependent Care Spending Account”
- Your contributions to a tax-deferred 403(b) or 401(k) plan

Compensation does not include:

- Other types of payments such as standby pay, severance, non-comparable position lump sum pay, missed meal/break premium pay, reimbursements, awards, and back pay, unless expressly included or paid due to a payroll error

Compensation includes amounts paid after you have a severance from employment, but the payment must be regular compensation for services rendered and paid by the later of 2½ months after you leave or the end of the Plan Year during which you leave.

If you are on an authorized military leave of absence, Compensation also includes any differential wage payments made to you while you are on active duty. In addition, if you return from that leave, your compensation will be calculated as if you had continued to work the same schedule, provided however, that you return to employment within the time and under the conditions that entitle you to reemployment rights under the federal laws of the United States of America known as USERRA.

Additionally, the law limits the annual compensation that may be used to determine your benefit under this Plan. The limit is determined by the federal government and may change annually. For 2022, it is \$305,000.

#### **How is Covered Service determined?**

Covered Service is based on hours worked in an eligible employment status while covered under this traditional pension design. You earn a year of Covered Service for each calendar year in which you work



at least 1,000 hours in an eligible position under this design. Covered Service began when you started participating in this design.

### Is it possible to earn a partial year of Covered Service?

No, it is not. However, if you transfer to a Sutter Health affiliate that does not sponsor this design or if you work concurrently with a Sutter Health affiliate that does not sponsor this design, you will earn a year of Covered Service for benefit accrual purposes if you work at least 1,000 hours between all affiliates. Your benefit accrual for that year will be based on eligible compensation while working in an eligible employment status for the affiliate that sponsors this design.

*Exception:* Employees covered under the Mills-Peninsula prior plan may earn partial years of Covered Service; however, they must work 2,000 hours in order to receive a full Year of Service.

### How are my retirement benefits calculated?

When you retire, Sutter Health calculates the amount of your benefit according to a fixed mathematical formula. The formula begins by looking at your average monthly pay during the five (5) consecutive Plan Years in which you earned your highest pay while covered under this design. The formula then calculates a small Social Security offset, or reduction, based on the Social Security Wage Base Average for the year in which you were born. Traditional pension plan formulas often take into account the Social Security benefit employees will receive. The Sutter Health traditional pension design formula also does this. It recognizes that a portion of your total retirement income will come from Social Security, a benefit funded 50% by your employer. You can find your Social Security Wage Base Average for calendar year 2022 in the table on page 11.

The calculation is:

Step 1	2.2% (.022) of average monthly pay
	<u>X years of service under this design (up to 40 years)</u>
	= monthly benefit
Step 2	.65% (.0065) of your Social Security Wage Base Monthly Average
	<u>X years of service under this design (up to 27 years)</u>
	= Social Security offset subtracted from monthly benefit
Step 3	.15% (.0015) of your Social Security Wage Base Monthly Average
	<u>X years of service under this design (greater than 27 years and up to 40 years)</u>
	= Social Security offset subtracted from monthly benefit
Step 4	Step 1 amount
	<u>– (Step 2 amount + Step 3 amount)</u>
=	lifetime monthly annuity

*Note:* The Step 2 and Step 3 calculations will use your Social Security Wage Base Average or your average pay, whichever is less.

Below is an example of how the formula works to calculate a retirement benefit for a participant. Mary Jones is a full-time employee. When she retires at age 65, she will receive a monthly retirement benefit from this Plan equal to \$4,013.70.

The following assumptions are used for this example:

Mary's age at retirement	65
Years of Covered Service	30
"High 5" average pay	\$99,600 (\$8,300/mo)
Social Security Wage Base Average for those born in 1957*	\$97,620 (\$8,135/mo)

\* 2022 Social Security Wage Base Table; assumes no further increase in the Social Security Wage Base Average

	Benefit Formula	Mary Jones' Example	
Step 1	2.2% (.022) x Average Monthly Pay x Years of Covered Service (40 years maximum)	.022 x \$8,300 x 30	\$5,478.00
			—
Step 2	0.65% (.0065) x Social Security Wage Base Average x Years of Covered Service (27 years maximum)	.0065 x \$8,135 x 27	\$1,427.69
			—
Step 3	0.15% (.0015) x Social Security Wage Base Average x Years of Covered Service (greater than 27 up to 40) (13 years maximum)	.0015 x \$8,135 x 3	\$36.61
			=
TOTAL RETIREMENT BENEFIT			\$4,013.70 Month

**How does the Social Security Wage Base Average affect my retirement benefit?**

As we mentioned earlier, in Steps 2 and 3, an offset is taken from Step 1 of your benefit calculation, based on the Social Security Wage Base Average. Use the chart below to determine your monthly Social Security Wage Base Average (Steps 2 and 3 of the benefit formula). These amounts are based on the Social Security Wage Base for 2022. The Social Security Wage Base Average is tied to your year of birth. The Social Security Administration periodically adjusts the Wage Base Table.

Your Calendar Year of Birth	Social Security Wage Base Average
1957	\$8,135
1958	\$8,363
1959	\$8,586
1960	\$8,804
1961	\$9,017
1962	\$9,222
1963	\$9,427
1964	\$9,627
1965	\$9,822
1966	\$10,009
1967	\$10,186

Your Calendar Year of Birth	Social Security Wage Base Average
1968	\$10,355
1969	\$10,513
1970	\$10,661
1971	\$10,804
1972	\$10,945
1973	\$11,080
1974	\$11,206
1975	\$11,324
1976	\$11,431
1977	\$11,527
1978	\$11,622

Your Calendar Year of Birth	Social Security Wage Base Average
1979	\$11,718
1980	\$11,806
1981	\$11,885
1982	\$11,957
1983	\$12,025
1984	\$12,092
1985	\$12,140
1986	\$12,184
1987	\$12,217
1988	\$12,240
1989 & later	\$12,250

**What happens to the benefit I earned before I began participating in this design?**

If you were participating in another retirement plan at the time your affiliate chose to participate in this traditional pension design, you will receive the full value of the benefit you earned under your previous plan's formula. Here's how the transition will work.

If you participated in another defined benefit plan

If your prior plan merged with the Sutter Health Retirement Plan, your benefit from your prior plan was frozen when you began participating in this design. When you retire, both benefits will be added together and you will receive a single monthly annuity payment.

If your prior plan has not merged into the Sutter Health Retirement Plan, your benefit from your prior plan was frozen when you began participating in this Plan. When you retire, you will receive separate benefit checks from your prior plan and this Plan.

If you previously participated in the cash balance design

Once you began participating in this traditional pension design, no pay credits will be made to your cash balance account; however, your cash balance account will continue to receive interest credits. When you retire, you can take your cash balance account as a lump sum, or you can convert your account balance to an annuity and add it to the annuity you will receive from this traditional pension design. You will then receive a single monthly annuity payment.

If you participated in a defined contribution plan

Once you began participating in this design, no new employer contributions will be made to your defined contribution account (e.g., Sutter Health Retirement Income Plan or an affiliate-sponsored plan); however, your account will stay active and you will continue to direct your investments and receive investment gains and losses on your account balance. When you retire, you will most likely receive a monthly annuity payment from this traditional pension design. You will also be able to choose a payment option available from your defined contribution plan.

## **Does everyone have the same benefit formula?**

Yes, they generally do. An exception would be if you have a frozen benefit from a prior defined benefit plan that merged with the Sutter Health Retirement Plan, or if you were a participant in the Sutter Health Retirement Plan prior to January 1, 2000 and made a grandfathered election, and subsequently elected the traditional pension design. See the information below to see if you are affected. Contact the Sutter Health Pension Service Center for additional information.

### Sutter Health Retirement Plan Final Pay Design

Eligible employees who joined the Plan before January 1, 2000 and made a grandfathered election by March 31, 2000, are covered by another formula. The prior final average pay formula uses 1.15% of final average pay multiplied by years of credited service *plus* 0.62% of final average pay that is over the Social Security Wage Base Average multiplied by years of credited service (up to 35 years) for service after January 1, 1980. Different formulas apply to service from October 1, 1965 to October 1, 1972 for October enrollees, April 1, 1966 to April 1, 1972 for April enrollees and April 1, 1972 or October 1, 1972 through January 1, 1980. Plan participation also required employee contributions prior to 1980.

The benefit is calculated through December 31, 2002, and under the traditional pension design formula thereafter (unless the prior final average pay formula would provide a better benefit, in which case it would be used exclusively).

Credited service refers to the time you have been a participant under this design. You earn a year of credited service for each calendar year in which you work at least 1,000 hours in an eligible employment status.

### Sutter Auburn Faith Hospital

Eligible employees hired by Sutter Auburn Faith Hospital prior to January 1, 1992, are covered by another formula because their old plan was also merged with this one. The Sutter Auburn formula awards partial credit for first and last year of participation and requires 1,000 hours for all other years. The formula uses 1.6% for each year in the plan up to a maximum of 25 years.

This benefit applies to all years prior to 1992. The Sutter Health formula applies from January 1, 1992 forward (unless the Sutter Auburn formula would provide a better benefit, in which case it would be used exclusively).

### Sutter Coast Hospital

Eligible employees hired by Sutter Coast Hospital prior to January 1, 1991 are also covered under a different formula because their old plan was merged with this one. The Sutter Coast formula awarded partial credit for years of service with less than 12 monthly contributions, calculated pay differently, and used 1.25% and 0.75% instead of 1.15% and 0.62% in the benefit formula. The formula also required employee contributions.

The benefit is calculated under the Sutter Coast formula through December 31, 1990 and under the Sutter Health formula thereafter.

### Sutter Delta Medical Center

Eligible employees hired by Sutter Delta Medical Center prior to January 1, 1991 are covered under a different formula because their old plan was merged with this one. The Sutter Delta formula awards credit for years of service based on full-time equivalent service, calculates pay differently, and uses 0.60% and

0.50% instead of 1.15% and 0.62% in the benefit formula. The plan also provides participants with the additional choice of a 15-year Term Certain annuity.

The benefit is calculated under the Sutter Delta formula through December 31, 1990, and under the Sutter Health formula thereafter (unless the Sutter Delta formula would provide a better benefit, in which case it would be used exclusively).

#### Sutter Lakeside Hospital

Eligible employees hired by Sutter Lakeside Hospital prior to June 30, 1988 were participants in the Lakeside Community Hospital Pension Plan, which was frozen June 30, 1989. At that time, all participants were 100% vested. The Lakeside plan merged with the Sutter Health Retirement Plan on January 1, 1993. The Lakeside formula awarded 30% of average monthly compensation in excess of covered compensation, reduced 1/15th for each year of employment less than 15, plus 10% of average monthly compensation. The Sutter Health formula applies beginning January 1, 1993 for most employees.

The Plan also provides participants in the Lakeside Community Hospital Pension Plan as of June 30, 1989 with the additional option of a single lump sum payment for the benefit accrued through December 31, 2002, or plan design election, whichever is later.

#### Sutter Roseville Medical Center

Sutter Roseville Medical Center employees earned a benefit based on the Roseville Plan provisions through December 31, 2002 (through December 31, 2003 for CNA members) and under the Sutter Health formula thereafter. The Roseville formula was a career pay formula and excluded overtime pay. It provided for 1.1% of base pay for each Year of Service payable at age 65. At retirement, the benefit earned from all years was added together to arrive at the total annual benefit. The monthly retirement benefit is the total annual benefit divided by 12.

The Plan also provides participants with the additional option of a single lump sum payment for the benefit accrued through December 31, 2002 (through December 31, 2003 for CNA members) if employed on or after January 1, 1992 and the additional choice of a contingent annuitant option equal to 50% or 100% for the portion of your benefit accrued through December 31, 2002 or plan design election.

#### Sutter Solano Medical Center

Eligible employees hired by Sutter Solano Medical Center before January 1, 1987, were also covered under a different formula because their old plan was merged with this one. The Solano formula awarded partial credit for years of service with less than 1,000 hours worked, calculated pay differently, and used 0.9% and 0.75% instead of 1.15% and 0.62% in the benefit formula for certain years' pay.

The benefit is calculated under the Sutter Solano formula through December 31, 1986 and under the Sutter Health formula thereafter.

#### Sutter Tracy Community Hospital

Eligible employees hired by Sutter Tracy Community Hospital prior to January 1, 1995 are covered under another formula because their old plan was merged with this one. The Sutter Tracy formula awards partial credit for first and last years of participation, but requires 1,000 hours for all other years. The formula uses 1.0% of average of last 10 years pay multiplied by Credited Service. The Plan also provides participants with the additional option of a 15-year Term Certain Annuity or a reduced benefit for a fixed period of five (5), 10 or 15 years only.

This formula applies to all years prior to 1995. The Sutter Health formula applies from January 1, 1995 forward (unless the Sutter Tracy formula would provide a better benefit, in which case it would be used exclusively).

Sutter Medical Foundation Central

Eligible employees of certain medical groups that have affiliated with Sutter Health through Sutter Medical Foundation Central are covered under the Sutter Health Retirement Plan provisions. Prior service with the medical group was counted toward Vesting Service. In the year of affiliation, a year of Vesting Service was given if, between both employers, employees worked at least 1,000 hours.

For Plan Years prior to January, 1, 2000, if employees had a plan in which they could no longer participate due to the affiliation, credited service was given in the year of affiliation if an employee worked at least 1,000 hours between the date of affiliation and the end of the Sutter Health Plan Year (12/31); if an employee worked less than 1,000 hours in the year of affiliation, credited service was based on 1/12 of a year for each month in which 85 hours were worked.

For Plan Years prior to January 1, 2000, if employees did not have a retirement plan, or had a plan in which they continued to participate through the end of the Plan Year of affiliation, credited service began the January 1 following the affiliation date.

Mills-Peninsula Medical Center

Effective January 1, 2001, the Mills-Peninsula Health Services Retirement Plan was merged into this Plan. Eligible employees earned a benefit based on the Mills-Peninsula Health Services Retirement Plan through December 31, 2000. Peninsula Hospital and Mills Memorial Hospital employees have different formulas for service prior to July 1, 1986, as do employees with service from July 1, 1986 to December 31, 1992.

Participants with benefit service after December 31, 1992 will have an accrued benefit equal to 2.2% of 5-Year Average Compensation x years of benefit service (up to 40) less 0.65% of lesser of 5-Year Average Compensation or Social Security Wage Base Average x years of benefit service (up to 27) less 0.15% of lesser of 5-Year Average Compensation or Social Security Wage Base Average x years of benefit service (greater than 27 and up to 40). However, such reduction will not reduce your accrued benefit before the reduction is applied by more than 50%. The limits on service described above of 40 years and 27 years include benefit service before January 1, 1993.

Participants with benefit service prior to July 1, 1986, and between July 1, 1986 and December 31, 1992, with twenty-seven (27) or more years of service, shall substitute 0.15% with the following percentages, interpolating for months between 27 and 30 years of service.

Service Credited Prior to July 1, 1986 and between July 1, 1986 and December 31, 1992 Above	For Years of Service Between 30 and 40 Replace 0.15% With:
27 Years	0.15%
28 Years	0.10%
29 Years	0.05%
30 Years or More	0.00%

Participants with benefit service after December 31, 2002 who elected to stay with the Mills-Peninsula formula during the choice process in 2001 and 2003 earn an accrued benefit similar to the New Formula (above); however, the definitions for service and compensation are determined under different rules or basis. The old basis defines compensation as pay rate multiplied by full-time hours (2,080) regardless of actual hours worked and defines a full year of benefit service as 2,000 hours in a calendar year; prorated benefit service is earned for 1,000-1,999 hours. The new basis defines compensation as pension eligible compensation and defines a full year of Covered Service as 1,000 hours in a calendar year. The calculation is determined separately for each basis and the benefit received is the greater of the two. The Plan also provides certain participants with the additional option of a Modified Cash Refund annuity.

#### Marin General Hospital

Effective January 1, 2001, the Retirement Plan of Marin General Hospital was merged into this Plan. Employees earned a benefit based on the Retirement Plan of Marin General Hospital through December 31, 2000. The Marin General formula is a career pay formula, and excludes overtime and certain other types of pay. For each year of service after January 1, 1992, the formula provides the larger of 1.5% of monthly pay or 0.9% of monthly pay up to \$1,300 plus 1.9% multiplied by monthly pay above \$1,300. Benefits earned through December 31, 1991 are based on an alternate formula, which averages pay for the five (5) years 1987-1991 and applies a formula equal to 0.9% of average monthly salary (1987-1991) up to \$1,300 plus 1.9% of average monthly salary (1987-1991) above \$1,300 to arrive at a total monthly benefit for these five (5) years. The Plan also provides participants with the additional choice of a contingent annuitant option equal to 50%, 75% or 100% for the portion of your retirement benefit earned through December 31, 2002 or plan design election.

This benefit applies to all years prior to 2001. The Sutter Health formula applies from January 1, 2001 (unless the Marin General formula would provide a better benefit, in which case it would be used exclusively).

#### Alta Bates Summit Medical Center

Alta Bates Medical Center or Alta Bates Health System employees earned a benefit based on the Alta Bates Health System Pension Plan through December 31, 2002 when their old plan was merged with this Plan (through December 31, 2003 for CHEU members, December 31, 2004 for OPEIU and SEIU-UHW members and December 31, 2005 for HERE members). The Alta Bates formula is a career pay formula, and excludes overtime and certain other types of pay. It provides for 1.5% of pay for each year of service from January 1, 1986, plus an annual amount earned before January 1, 1986 under certain prior plans (if applicable). At retirement, the benefit earned from all years is added together to arrive at the total annual benefit. The monthly retirement benefit is the total annual benefit divided by 12, payable at age 65. An alternate formula provides for a minimum benefit of \$180 for each year of service (up to 15 years) if greater than the career pay formula. The Plan also provides participants with the additional choice of a contingent annuitant option equal to 50%, 75% or 100% for the portion of your retirement benefit earned through December 31, 2002 or plan design election.

This benefit applies to all years prior to 2002 unless otherwise indicated as follows: 2003 for CHEU members, 2004 for OPEIU and SEIU-UHW members and 2005 for HERE members. The Sutter Health formula applies from January 1, 2003 (from January 1, 2004 for CHEU members, January 1, 2005 for OPEIU and SEIU-UHW members and January 1, 2006 for HERE members) (unless the Alta Bates formula would provide a better benefit, in which case it would be used exclusively).

#### Eden Medical Center

Eden Medical Center employees that were participants in the Eden Medical Center Retirement Income Plan earned a benefit based on the Eden Medical Center Retirement Income Plan through December 31, 2002 when their old plan was merged with this one (through December 31, 2006 for SEIU-UHW members). The Eden Medical Center formula uses gross compensation and provides for 1.2% of average monthly pay (highest five (5) consecutive calendar years in last ten years of credited service)

multiplied by years of credited service to arrive at a monthly benefit payable at age 65. The Plan also provides participants with the additional choice of a contingent annuitant option equal to 50% or 100% for the portion of your retirement benefit earned through December 31, 2002 or plan design election.

This benefit applies to all years prior to 2002 unless otherwise indicated as follows: 2006 for SEIU-UHW members. The Sutter Health formula applies from January 1, 2003 (from January 1, 2007 for SEIU-UHW members) (unless the Eden Medical Center formula would provide a better benefit, in which case it would be used exclusively).

#### CPMC and Mission Bernal Women's Clinic

CPMC and Mission Bernal Women's Clinic employees that elected the traditional pension design formula and met the requirements below, earn a benefit under the Sutter Health traditional pension design formula, unless the prior Retirement Plan for Hospital Employees (RPHE Plan) formula would provide a better benefit, in which case it would be used exclusively.

- Employees that were hired prior to January 1, 2010, and transferred to Sutter Health pursuant to an employment transition initiated by CPMC or Sutter Health prior to January 1, 2011; or
- Employees who were employed by CPMC or Mission Bernal Women's Clinic prior to January 1, 2010 and entered this Plan January 1, 2011; or
- Members of CNA, SEIU or NUHW who were employed by CPMC or Mission Bernal Women's Clinic prior to January 1, 2010 and entered this Plan effective January 1, 2014.

The prior RPHE Plan formula is a career pay formula that uses gross compensation and provides a benefit equal to 1.9% of monthly earnings plus 0.35% of monthly earnings in excess of the Social Security Taxable Wage Base for each year of service. At retirement, the benefit earned from all years of service in this Plan are added together to arrive at the total monthly benefit.



## **IV. PAYMENT OF BENEFITS**

The Sutter Health Retirement Plan is intended to provide you with a source of retirement income. As a result, benefits are usually paid when you reach Normal Retirement Age. However, the Plan has provisions for distributions in case you become permanently disabled, die, or leave the Sutter Health system before you reach retirement age. As will be discussed later in this section, if you are entitled to a benefit under this Plan, it generally can be paid in a variety of annuity forms; a single lump sum payment may also be available.

Benefit payments are generally processed as soon as administratively feasible following receipt of your request. Generally, your benefit cannot be paid until you have accurately completed the benefit election process and you have returned the signed formal authorization, if required.

### **What happens if I terminate my employment with Sutter Health?**

If you terminate your employment from the Sutter Health system for any reason before you leave due to retirement or disability, or if you die, you will no longer be an active participant in this Plan. If you are 100% vested when you terminate your employment, you will be eligible to receive a benefit from the Plan. The amount of your benefit depends on your Covered Service and average pay at the time you leave and on your age when payments begin. The form under which it can be paid to you depends on whether the lump sum value is over or under \$75,000. If the value is more than \$75,000, you will receive your benefit as a monthly annuity. If the present lump sum value is between \$5,000 and \$75,000, you can elect either a lump sum distribution or a monthly annuity. If the value is less than \$5,000, you will receive your benefit as a single lump sum payment.

A Sutter Health Pension Service Center representative can discuss the available options with you at the time you terminate. A transfer to another Sutter Health affiliate is not considered a termination for Plan purposes, even if that affiliate does not sponsor this Plan.

If you leave before you are vested, you will not receive a retirement benefit from this Plan. However, if you made contributions to this Plan before 1980 (or prior to 1991 for Sutter Coast employees), you may elect to have these contributions paid out to you in a lump sum with interest if your employment ends.

### **How do I apply for my benefit?**

When you decide to Retire or terminate employment in the Sutter Health system, you should contact the Sutter Health Pension Service Center at least 90 days prior to your intended retirement/termination date (last date of employment). Notice of less than 90 days could result in a delay of the effective date of when your benefits begin. Online, you'll verify personal details such as your name, date of birth, and marital status. You'll review and update your contact information and beneficiary details, if applicable.

You'll be able to estimate payment amounts and make payment choices for how you want to receive your pension benefits. Depending on your marital status and other details, you may need to sign and return a formal authorization.

After the Sutter Health Pension Service Center receives your completed elections, including an election as to how you want your benefits paid, your request will be processed. You will need to choose carefully, because you cannot change the form of payment you have selected once payments begin.

If you have already terminated employment and elected to wait until a future date to receive your benefit, contact the Sutter Health Pension Service Center at least 90 days prior to the date you want to start

receiving your benefit. Notice of less than 90 days could result in a delay of the effective date of when your benefits begin.

It is important that you give sufficient notice and complete the process in a timely manner. Incomplete or inaccurate information may delay when payment of your benefit begins. Generally, *retroactive payments will not be paid*. If you do not contact the Sutter Health Pension Service Center in a timely manner, payments may not commence on your desired date and will instead begin the month following the date your election was processed, or as soon as administratively feasible.

If you are age 65 or older when you apply for your benefit, your age 65 benefit will reflect additional accruals if you continue to earn at least 1,000 hours in a Plan Year. Your benefit may also be adjusted for an actuarial increase to reflect the period from age 65 to the date of the first payment.

### **When can I begin receiving benefit payments?**

Assuming you are vested, you can Retire (i.e., terminate) and receive your benefit as early as age 50. You can elect to either receive your benefit at the time of your termination or at some future date (see “*Can I Defer Receipt of My Benefit?*” later in this section). In addition, retirement benefits can begin at any age if you terminate because you have become totally and permanently disabled as determined by the Social Security Administration rules.

If you want to receive your benefit at the time of your termination and elect to receive your benefit as an annuity payment, annuity payments may begin as early as the first of the month after your last day of employment in the Sutter Health system if you give 90 days prior notice.

*Note:* If you elect to receive monthly payments prior to age 65, your benefit will be reduced based on your age at the time you begin receiving benefits.

If the present value of your benefit is \$75,000 or less, you can elect to receive a single lump sum distribution regardless of your age when you terminate employment. You can also elect to receive your benefit as a monthly annuity if the value is more than \$5,000; however, annuity benefits generally cannot begin earlier than age 50. Your benefit can be paid as early as the first of the month after your last day of employment in the Sutter Health system if you give 90 days prior notice.

It is important that you give sufficient notice and complete the election process in a timely manner. Incomplete or inaccurate information may also delay when payment of your benefit begins. Generally, retroactive payments will not be paid. If you do not contact the Sutter Health Pension Service Center in a timely manner, payments may not commence on your desired date and will instead begin the month following the date your election was processed, or as soon as administratively feasible.

### **Can I receive my benefit if I transfer to a non-eligible status or a non-participating employer?**

No. You can generally receive a benefit from the Plan only if you no longer work in the Sutter Health system, regardless of your employment classification or whether your current employer sponsors this Plan.

*Exception:* If you work past age 65, you may begin receiving benefits while you continue to work, regardless of whether you work in an eligible or ineligible employment status or for a non-participating employer.

### Can payments be made to my former spouse if I'm divorced?

Yes. In case of a Qualified Domestic Relations Order (QDRO) arising from separation or divorce, your former spouse or your dependents may have the right to part of your benefit. You and your beneficiaries can obtain information about QDROs online at [www.qocenter.com](http://www.qocenter.com).

### When is normal retirement age?

The Normal Retirement Age under this Plan is age 65. When you reach age 65, you will become 100% vested regardless of your Years of Service in the Sutter Health system. At that time, you may elect to begin receiving benefits the first day of the month after the date you actually Retire (i.e., terminate). You may also elect to begin receiving retirement benefits and continue employment with Sutter Health. If you choose this option, you will be limited in your choice of payment options. You must give the Sutter Health Pension Service Center 90 days' notice.

### Can I retire before I reach age 65?

Yes. You may begin receiving retirement benefits as early as the month after your 50th birthday if you have completed at least five (5) Years of Service. If you terminate and begin monthly benefit payments before reaching age 65, your monthly retirement benefit will be smaller than an age 65 normal retirement benefit because it will be paid over a greater number of years. This is because it is intended to provide about the same total retirement benefit during your expected life span. Your benefit will be based on your average pay and years of Covered Service as of your termination date. However, you must terminate employment in the Sutter Health system in order to receive a benefit prior to reaching age 65 (Normal Retirement Age).

To determine how much you would receive if you Retire before age 65, first calculate your normal retirement amount from the benefit formula, and then multiply it by the percentage that applies to you from the following table:

Age Benefit Begins	Early Retirement Factor
65	100%
64	96%
63	92%
62	88%
61	84%
60	80%
59	76%
58	72%

Age Benefit Begins	Early Retirement Factor
57	68%
56	64%
55	60%
54	56%
53	52%
52	48%
51	44%
50	41%

*Note: If you were a participant in a prior defined benefit plan that merged with the Sutter Health Retirement Plan, different Early Retirement Factors may apply to the benefits accrued under the prior plan.*

In the previous example, Mary Jones retired at age 65. Assume instead that she retires one year earlier at age 64 and that her average monthly pay and Social Security Wage Base Average do not change. Her normal age 65 benefit, \$3,843.30 per month, is smaller because she has one less year of Covered Service. This amount is then multiplied by an Early Retirement Factor of 96%. Mary's monthly retirement check equals \$3,689.57 starting at age 64.

Normal Age 65 Benefit	\$3,843.30
Early Retirement Factor	x .96
Age 64 Monthly Benefit	\$3,689.57

### **Can I continue to work for Sutter Health after my normal retirement date?**

Yes, you can. If you work past age 65, you may defer receiving benefits until you actually stop working in the Sutter Health system. Your benefit will reflect additional accruals if you work at least 1,000 hours in a Plan Year or an actuarial increase to reflect the period from age 65 to the date of the first payment, whichever provides the greater benefit.

### **Can I receive my benefit prior to my retirement?**

Yes, you can. You may also choose to begin receiving annuity payments while you continue to work after Normal Retirement Age or take a single lump sum distribution (if the lump sum present value is \$75,000 or less). If you earn additional benefits, your retirement benefit will be recalculated on an annual basis; it will also be recalculated when you terminate your employment in the Sutter Health system. Any additional benefit will generally be paid in the same form as you received your initial benefit (i.e., as an annuity or lump sum distribution).

### **Can I defer receipt of my benefit?**

Yes. When you terminate employment in the Sutter Health system, you can defer receipt of your benefit until a future date.

- You can choose to defer payments up to the April 1 following the year in which you attain age 72 (if you attained age 70½ in calendar years *after* 2019).
- You can choose to defer payments up to the April 1 following the year in which you attained age 70½ (if you attained age 70½ in calendar years 2019 and prior).

When you decide you want to receive your benefit, contact the Sutter Health Pension Service Center at least 90 days prior to the date you want to start receiving your benefit. Notice of less than 90 days could result in a delay of the effective date of when your benefits begin.

It is important that you give sufficient notice and complete the election process in a timely manner. Generally, retroactive payments will not be paid.

### **When is the latest date I can begin receiving benefits?**

Minimum distributions are required to begin by the April 1 following the later of:

- The year you reach age 72 (if you attained age 70½ in calendar years after 2019), or the year you reach age 70½ (if you attained age 70½ in calendar years 2019 and prior), whichever is applicable to you; and
- The year you Retire, even if you have not yet applied for your benefit.

If you are affected by this rule, be sure to contact the Sutter Health Pension Service Center to apply for your benefit. If you do not begin receiving benefit payments by the required date, you may be liable for payment of a tax penalty to the IRS.

### **What happens if I retire and later return to work in the Sutter Health system?**

If you Retire (i.e., terminate) from the Sutter Health system, elect to receive retirement benefits, and later return to work for a participating affiliate, you will be eligible to earn additional benefits if you meet the eligibility requirements. Your prior Years of Service for vesting purposes will be restored. You will continue to receive your monthly payments even if you work 1,000 or more hours in a Plan Year.

Depending on your affiliate and employment status upon rehire, you may be transitioned to the cash balance design. For additional information about how this might impact you, contact the Sutter Health Pension Service Center.

If you are rehired into a position that is eligible for the traditional pension design, and you were under age 65 when your employment terminated, any benefit earned after you are rehired will be paid as an annuity or a lump sum distribution (if the value is \$75,000 or less), depending on the form you elect when you again Retire. If you were age 65 or older when your employment terminated, any benefit earned after you are rehired will be recalculated each January 1 and generally paid in the same form as you received your initial benefits, i.e., as an annuity or a lump sum distribution.

If you were transitioned to the cash balance design upon your rehire, any benefit earned after you are rehired will be paid as an annuity or a lump sum distribution, depending on the payment type you elect when you again Retire.

### **How much will my retirement benefit be?**

The amount of your retirement benefit will depend on your compensation, years of Covered Service, your age at the time you Retire (terminate), and the age at which you elect to receive your benefit. Your benefit is based on your years of Covered Service and your highest five (5) year average pay while under this design.

### **How will my benefit be paid to me?**

This design offers you several ways in which you can receive payment of your benefits. These options, discussed below, depend on your marital status and the value of your benefit. You will need to choose carefully because you cannot change the form of payment you have selected once payments begin.

### **If I am single, what are my payment options?**

If you are single as of the date your benefit begins, your benefit under this Plan will be paid in the following form:

- Single Life Annuity – a monthly benefit paid to you for your lifetime. At the time of your death, all benefit payments will stop.

You may also elect to have your benefit paid under the following options:

- Term Certain & Life Annuity – you can select either 60 or 120 months as the term certain. This annuity is a reduced monthly benefit that is paid to you for your lifetime. However, in the event of your death before the selected period (60 or 120 months), your designated Beneficiary will receive the remainder of the 60 or 120 monthly payments. If you die after the selected time period, the payments will stop at the time of your death.
- Social Security Adjustment Annuity (Age 65 Level Income Annuity) – a single life annuity that provides an increased benefit amount prior to age 65 and then a dramatically reduced benefit thereafter for the duration of your lifetime based on the amount of your estimated Social Security benefits at age 65.
- Single Lump Sum Payment – a one-time single sum payment of the value of your accrued benefit. This option is available only if the present lump sum value of your accrued benefit is \$75,000 or less at the time of your distribution.

### **If I am married, what are my payment options?**

If you are married as of the date your benefit begins, your benefit under this Plan will be paid in the following form:

- Qualified Joint and 50% Survivor Annuity – a reduced monthly benefit paid to you for your lifetime. At the time of your death, your spouse will continue to receive a lifetime monthly benefit equal to 50% of the monthly amount you received from this Plan.

You may also elect to have your benefit paid under the following option:

- Qualified Joint and 100% Survivor Annuity – a reduced monthly benefit paid to you for your lifetime. At the time of your death, your spouse will continue to receive a lifetime monthly benefit equal to 100% of the monthly amount you received from this Plan.

If your spouse agrees, you may also choose one of the following optional forms:

- Single Life Annuity – a monthly benefit paid to you for your lifetime. At the time of your death, all benefit payments will stop.
- Term Certain & Life Annuity – you can select either 60 or 120 months as the term certain. This annuity is a reduced monthly benefit that is paid to you for your lifetime. However, in the event of your death before the selected period (60 or 120 months), your designated Beneficiary will receive the remainder of the 60 or 120 monthly payments. If you die after the selected time period, the payments will stop at your death.
- Social Security Adjustment Annuity (Age 65 Level Income Annuity) – a single life annuity that provides an increased benefit amount prior to age 65 and then a dramatically reduced benefit

thereafter for the duration of your lifetime based on the amount of your estimated Social Security benefits at age 65.

- Qualified Joint and 75% Survivor Annuity (Qualified Optional Survivor Annuity) – a reduced monthly benefit paid during your lifetime. At the time of your death, your spouse will continue to receive a lifetime monthly benefit equal to 75% of the monthly amount you received from this Plan.
- Single Lump Sum Payment – a one-time single sum payment of the value of your entire benefit. This option is available only if the present lump sum value of your accrued benefit is \$75,000 or less at the time of your distribution.

### **Are there any reductions to my benefit amount if I elect a Joint & Survivor or Term Certain Annuity?**

Yes, there are. If you select an annuity option other than the Single Life Annuity, your monthly benefit amount will generally be reduced to pay for your Beneficiary's benefit.

### **If I am married, must my spouse agree to a benefit other than a Joint & Survivor Annuity?**

Yes, in order to elect a form of benefit other than the Qualified Joint & 100% Survivor Annuity or Qualified Joint & 50% Survivor Annuity options, such as the single lump sum distribution, your spouse must consent in writing to that election. Your spouse's consent must be notarized by a Notary Public in order to be valid.

### **Is it possible to receive my benefit in a single lump sum?**

Yes. If the present lump sum value of your accrued benefit is \$75,000 or less at the time the benefit is paid to you, you may receive your benefit in the form of a single lump sum distribution. If the present value of your monthly annuity exceeds the \$75,000 limit at the time of your distribution, you will no longer be eligible to receive your benefit as a single lump sum distribution, and your benefit will be paid to you in the form of a monthly annuity.

The present value of your accrued benefit is affected by the interest rate and life expectancy assumptions (i.e., mortality rates) in effect at the time of your distribution. In addition, the applicable interest rates and mortality assumptions change each calendar year. Generally, if interest rates increase, it will result in a lower single lump sum payment amount, and if interest rates decrease, it will result in a higher single lump sum payment amount. Alternatively, if mortality rates increase (life expectancy is anticipated to be shorter), it will result in a lower single lump sum payment amount and if mortality rates decrease (life expectancy is anticipated to be longer) it will result in a higher single sum payment.

### **What options do I have if I take a single lump sum payment?**

If the present value of your benefit is \$75,000 or less at the time the benefit is paid to you, you may elect to have the value of your benefit paid to you as a single lump sum distribution. You have three options as to how the money will be distributed to you:

- Cash Out. The check is made payable to you. After you receive the money, you decide what to do with it. When you choose this option, 20% of the amount will be withheld for federal income tax purposes. If you are under age 59½, additional taxes and penalties may be assessed at the time you file your taxes, unless an exception applies, or you roll the funds over to another employer's qualified plan, an Individual Retirement Account (IRA) or Roth IRA within 60 days of

the date of the check. The IRS may waive the 60-day rollover requirement in certain situations if you missed the deadline because of circumstances beyond your control.

- Direct Rollover to a Qualified Plan or IRA. The check is made payable to another employer's qualified plan or to an Individual Retirement Account (IRA) you have established. The amount is paid directly to that plan or your IRA. No taxes are withheld.
- Direct Rollover to a Roth IRA. The check is made payable to the Roth IRA trustee or custodian. Your distribution will be taxable, but no early withdrawal penalties will be assessed if you are under age 59½. You may elect to have taxes withheld and certain limitations may apply.

### **How is my benefit taxed?**

Benefit payments are generally taxed as ordinary income in the year in which they are received. In addition, if you receive a single lump sum distribution, federal law requires that 20% of the distribution amount be withheld toward that year's income taxes, unless the Plan transfers your distribution directly to another employer's qualified plan or to an Individual Retirement Account (IRA).

In general, if you receive a single lump sum distribution before you reach age 59½, you will also have to pay a 10% federal income tax penalty and a 2.5% California tax penalty. This is in addition to any federal, state, and local income tax that may be due when you file your taxes. Certain exceptions to this additional tax may apply, such as:

- You elect to receive your benefit under an annuity option after you have separated from service, with payments to be made over your expected lifetime, or
- You elect to receive a single lump sum distribution (if available), and the entire amount is rolled directly over into another employer's qualified plan, or
- You elect to receive a single lump sum distribution (if available), and the entire amount is rolled directly over to an Individual Retirement Account, or
- You are considered totally and permanently disabled by the Social Security Administration.

### **How do rollovers work?**

As mentioned above, you (or your spouse in the event of your death) may be able to defer paying taxes and penalties on your single lump sum distribution from the Plan (if available) through a "direct rollover". A direct rollover lets you transfer all or part of your lump sum distribution directly to another qualified plan, if that plan accepts rollovers, or to an Individual Retirement Account (IRA) that you or your spouse, as Beneficiary, has established.

### **How do I know which is best for me?**

Because tax laws are complicated and change frequently, and because only you know your personal financial situation, you should consult with a financial advisor before making any decisions regarding your distribution.

### **Can I repay a distribution from the Plan?**

No, you cannot. If you take a distribution of the value of your vested benefit when you terminate, you will not be allowed to repay that distribution if you return to work in the Sutter Health system. As a result, any additional benefit accrued after your rehire date will be reduced by any benefit amounts already received.



## V. DISABILITY AND DEATH BENEFITS

### What happens if I become disabled?

If you terminate employment in the Sutter Health system due to disability, you will become 100% vested and may be eligible for immediate benefits. You will be considered totally and permanently disabled under this Plan if you are also considered totally and permanently disabled by the Social Security Administration. You must have at least five (5) years of Covered Service under this design to be eligible to receive an unreduced benefit at any age. Since this provision became effective January 1, 2003, generally only service on or after January 1, 2003 will count for years of Covered Service. In addition, you must be leaving employment due to your disability.

*Note:* Employees covered under the Marin General prior plan have different eligibility provisions.

If you think you may be eligible for disability benefits, contact the Sutter Health Pension Service Center to begin the retirement benefit process. Online, you'll verify personal details such as your name, date of birth, and marital status. Once you have completed the retirement process and returned any required authorizations, your payments will be processed as soon as administratively feasible, but no earlier than the first of the month after your last day of employment in the Sutter Health system.

Your benefit will be calculated using your Covered Service and eligible pay through your termination date and will not be reduced for early commencement (i.e., if the benefit begins prior to age 65). However, it may be reduced if you have fewer than five (5) years of Covered Service.

### How will my disability benefit be paid to me?

If you are eligible for immediate benefits, your disability benefit under this Plan will be paid to you in one of the following forms depending on whether you are married or single on the date your benefit begins:

- If you are married, your benefit will be paid as a Qualified Joint and 50% Survivor Annuity. This annuity form provides for reduced monthly benefit payments to you for the rest of your life. If you die prior to reaching age 65, your spouse will receive a qualified pre-retirement annuity (see *"What if I die while I am employed in the Sutter Health system?"* on the next page).
- If you are single, your benefit will be paid as a Single Life Annuity. This annuity form provides for an unreduced monthly benefit payment to you for the rest of your life. No survivor benefit is paid under this option.

### Do I have an option as to how my disability benefit will be paid to me?

No, you do not have an option if you are under age 65 when your disability benefits begin. This benefit will be paid to you until you are no longer considered disabled according to Social Security Administration guidelines or you reach age 65. At that time, if you are at least age 50, you will be given a choice of the available payment options.

### Will I be eligible for a disability benefit if I have less than five (5) years of Covered Service?

If you have less than five (5) years of Covered Service under this traditional pension formula, the disability benefit you will be eligible to receive will depend on whether you had disability benefits under a prior plan design.

- If you have disability benefits under a prior plan design, those prior plan provisions will apply to your accrued benefit under the Sutter Health Retirement Plan's traditional pension formula.
- If you do not have disability benefits under a prior plan design, the benefit you receive under the Sutter Health Retirement Plan's traditional pension formula will be in the form of an annuity. The benefit will begin no sooner than age 50 and will be reduced by an early retirement percentage based on the age at which you begin receiving benefits (see the early retirement factors chart on page 19).

### **What if I die while I am employed in the Sutter Health system?**

In the event you die before you terminate from the Sutter Health system, your plan benefit will become 100% vested. If you are married at the time of your death, your spouse will receive reduced monthly payments for his or her life, starting no sooner than the date you would have reached age 50. This is called a Qualified Pre-retirement Survivor Annuity. The benefit will be calculated as if you had retired on your date of death or age 50, whichever is later, and had elected the 50% Joint and Survivor Annuity option. Your spouse could also elect to receive a single sum distribution if the present lump sum value of your accrued benefit is \$75,000 or less at the time of payment.

If you are not married, generally no death benefit will be payable under this Plan.

### **What if I die while performing military service?**

If you have an authorized military leave of absence and die while on the military leave of absence, you will become 100% vested in your plan benefits. Benefits will be paid in the same manner as if you had died while employed in the Sutter Health system (see question "*What if I die while employed in the Sutter Health system?*" above).

### **Who is my beneficiary?**

If you are married, your spouse is your sole primary Beneficiary. If you are not married, no pre-retirement benefits are paid. However, a post-retirement benefit may be paid to a non-spouse Beneficiary if you had elected one of the term certain optional forms of benefits that provide a benefit after your death.

*Note:* Employees of Sutter Medical Center, Sacramento (prior to 1980) and Sutter Coast Hospital (prior to 1991) who contributed a portion of their salary to this Plan may designate a beneficiary (including a beneficiary who is not their spouse) to receive those contributions (plus interest). However, if you are married and name someone other than your spouse, your spouse must consent in writing to this election. Your spouse's consent must be notarized by a Notary Public in order to be valid.

### **How does my beneficiary apply for my benefit?**

Your Beneficiary will need to call the Sutter Health Pension Service Center to notify them of your passing. Once they have completed the distribution process and returned any required authorizations, the distribution will be made as soon as administratively feasible.

## **VI. OTHER INFORMATION YOU SHOULD KNOW**

In addition to the information presented so far, there is some other important information about the Sutter Health Retirement Plan that we want you to know.

### **What kind of Plan is this?**

The Sutter Health Retirement Plan is classified under the Employee Retirement Income Security Act (ERISA) as a defined benefit pension plan. This means that the formula for determining your final benefit is defined by the Plan.

### **Who pays for the Plan?**

The full cost of the Plan is paid by Sutter Health through contributions to the Plan's trust fund. Sutter Health makes contributions to the Plan as determined by an independent actuary to ensure that there are sufficient funds in the trust to pay for current and future benefits, and to meet the minimum funding standards established by law.

### **Who administers the Plan?**

Sutter Health is the Administrator of this Plan. Total Rewards - Retirement keeps the records of the Plan. Alight Solutions is the third-party administrator.

The Sutter Health Retirement Plan is subject to the provisions of ERISA. Your ERISA rights are included in the ERISA section of this booklet.

### **What happens if I move or change my name?**

If you are no longer actively employed in the Sutter Health system and have deferred the receipt of your benefit until a future date, or are currently receiving a monthly benefit, it is necessary for you to advise the Sutter Health Pension Service Center if you move or change your name:

- Move – You can change your address online using the Sutter Health Pension Service Center Website at [digital.alight.com/sutterhealth](https://digital.alight.com/sutterhealth) or by calling 1-833-407-2687.
- Change your name – You must submit your name change in writing. Please contact the Sutter Health Pension Service Center for assistance by calling 1-833-407-2687.

This information is necessary so you can be sent periodic information relating to the Plan and to your benefits under the Plan.

### **Does this Plan accept rollovers from other plans?**

No, it does not. If you are an employee who recently received or will receive a distribution from a similar plan sponsored by your former employer, you will not be able to roll that distribution over into this Plan. Instead, you will need to establish an IRA to receive that distribution or roll it over into your Sutter Health Savings Plan.

### **Are my benefits from this Plan related to Social Security benefits?**

No, they are not. Benefits from this Plan are in addition to any benefits you may receive from Social Security. The Social Security Adjustment Annuity (Age 65 Level Income Annuity) option takes into account your Social Security benefit but does not affect the amount you will receive from Social Security.

### **Is the Plan insured?**

Benefits under this Plan are insured by the Pension Benefit Guaranty Corporation (PBGC) to protect you if the Plan terminates. In the event the Plan terminates without sufficient assets to provide the benefits, the PBGC will provide for the unfunded benefits up to a certain limit. However, the PBGC does not guarantee all types of benefits, and the amount of benefit protection is subject to certain limits.

The PBGC generally covers: (1) normal and early retirement benefits, (2) disability benefits if you become disabled before the plan terminates, and (3) certain benefits for your survivors.

The PBGC guarantees vested benefits at the level in effect on the date of Plan termination. However, the guarantee generally does not cover: (1) benefits greater than the maximum guaranteed amount set by law for the year in which the plan terminates; (2) some or all of benefit increases and new benefits based on plan provisions that have been in place for fewer than five (5) years at the time the plan terminates; (3) benefits that are not vested because you have not worked long enough for the company; and (4) benefits for which you have not met all of the requirements at the time the plan terminates.

For more information about the PBGC and the benefits it guarantees, ask the Plan Administrator or the PBGC's Technical Assistance Division. Inquiries to the PBGC should be addressed to:

Pension Benefit Guaranty Corporation  
1200 K Street, N.W., Suite 930  
Washington, DC 20005-4026  
202-326-4000

TTY/TTD users may call the federal relay service toll-free at 800-877-8339 and ask to be connected to 202-326-4000. Additional information about the PBGC's pension insurance program is available through the PBGC's website at <http://www.pbgc.gov>.

### **Are there any limits to the amount that I can receive?**

Yes. The IRS restricts the amount of the benefit payable to you from the Plan. These are called "Section 415" limits. Generally, the Plan cannot pay a benefit to you in an amount more than what is allowed under Section 415 of the Internal Revenue Code.

In some cases, this maximum Plan benefit may have to be reduced in order to meet certain federal tax regulations. In order for the Plan to continue to be qualified under IRS regulations, the IRS requires that benefit amounts be balanced among all participants so that they do not discriminate in favor of the highly paid. To demonstrate that our Plan is not discriminatory, it must pass special tests each year. If the Plan does not pass these tests, the accrued benefits of some employees may be adjusted. If you are affected, the Plan Administrator will notify you.

In addition, the Plan is not permitted to take into account more than \$305,000 of compensation in 2022 (this amount may be indexed in future years for cost-of-living adjustments). This means that if your eligible compensation is more than this amount, we can only use this amount in determining the eligible compensation on which to base your annual benefit accrual.

### **Are there any special rules if the Plan is Top Heavy?**

Yes. Current tax laws require that plans be tested to ensure that they do not favor “key employees”. In general, key employees include certain highly paid officers. A “top heavy plan” is one where more than 60% of the value of the benefits belong to key employees. It appears unlikely that this Plan will ever be top heavy. However, if this does happen and you are affected, you will be notified by the Plan Administrator.

### **Are there any special rules if the Plan becomes underfunded?**

Yes. Current laws provide that limitations on certain types of benefit payments and enhancements to Plan benefits may apply in the event that the Plan becomes substantially underfunded as determined by the Funding Target Attainment Percentage (FTAP). It is Sutter Health’s intent that this Plan will continue to be adequately funded. However, if it does become substantially underfunded and you are affected, you will be notified by the Plan Administrator.

### **Can the Plan be amended or terminated?**

Sutter Health intends to continue to offer the Plan to all affiliates that choose to adopt the Plan. However, your employer and any of its officers, agents, employees or members of the Board of Directors cannot guarantee that the Plan will continue indefinitely. Furthermore, the Plan is governed by the rulings of the Internal Revenue Service (IRS) and current tax laws. The Plan will be amended from time to time to stay in compliance with these laws.

Sutter Health reserves the right to change or even terminate the Plan. Your employer also reserves the right to terminate participation in this Plan. Termination of the Plan is highly unlikely, but if it happens, you will automatically become 100% vested in the benefit you have earned under this Plan as of the termination date. You will receive your benefit as soon as practical, in accordance with the terms of the Plan and in a manner approved by the IRS.

### **Where are the assets kept?**

All of the Plan’s assets are held in a trust fund. The Northern Trust Company is the Trustee of the assets. The trust fund is a separate and distinct fund, which is not part of Sutter Health; its assets are not commingled with any of Sutter Health’s assets. The trust fund is protected by law, and no part of it can be attached by creditors of any Plan participant or Sutter Health.

### **Who owns the benefits provided by the Plan?**

The benefits described in this SPD are only intended for you and your Beneficiary. Neither you nor your Beneficiary can transfer, assign or pledge any of them unless required by a court of law under a Qualified Domestic Relations Order (QDRO). Participants and their beneficiaries can obtain information about QDROs online at [www.qocenter.com](http://www.qocenter.com).

### **Is there any way my benefits could be reduced or lost?**

The only way you would lose any benefits would be if you leave the Sutter Health system before you are fully vested.

### **What is the Plan's claims procedure?**

Participants and beneficiaries of the Plan have the right to make a claim for benefits under the Plan. Your initial application for benefits should be made in writing to the Plan Administrator at the following address:

Sutter Health Retirement Plan  
Claims and Appeals Management  
Dept. 04546  
PO Box 1407  
Lincolnshire, IL 60069-1407

All claims for benefits must be submitted to the Plan Administrator in a form and manner that is acceptable to the Plan Administrator. Contact your Plan Administrator for more information.

In the event your claim for benefits is denied, the Plan Administrator will generally provide you with written notice within 90 days after the Plan receives your claim. If the Plan Administrator determines that special circumstances require an extension of time to process your claim, you will receive written notice of the extension from the Plan Administrator prior to the expiration of the initial 90-day period. Such an extension may not exceed 90 days following the end of the initial 90 day period. As part of the extension notice, the Plan Administrator will inform you of the special circumstances requiring an extension of time and the date by which the Plan expects to render the benefit determination.

Written notice of the denial of a claim will include the specific reasons for the denial, a reference to the specific provisions of the Plan on which the determination is based, a description of additional material or information necessary for the claimant to perfect the claim and an explanation of why it is required. In addition, information will be provided about the steps that must be taken to timely appeal the decision, including a statement of your right to bring a civil action under Section 502(a) of ERISA following an adverse determination upon review.

### **What is the Plan's procedure for appealing a denied claim?**

If your claim for benefits is denied, you may appeal the denial of your claim by filing a written request for review with the Plan Administrator. Your appeal must be filed within 60 days after the date you receive notification of the denial, and may include comments, documents, records, and other information relating to your claim for benefits. Upon your request, and free of charge, you will be given reasonable access to, and copies of, all documents, records, and other information relevant to your claim for benefits. The appeal review will take into account all comments, documents, records, and other information submitted by you relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

Generally, the Plan Administrator will provide you with written notice of the Administrator's decision within 60 days after the Plan receives your appeal. If the Plan Administrator determines that special circumstances require an extension of time to process your appeal, the Plan Administrator will send you written notice of the extension prior to the end of the initial 60-day period. The extension may not exceed 60 days following the end of the initial 60-day period. As part of the extension notice, the Plan Administrator will inform you of the special circumstances requiring an extension of time and the date by which the Plan expects to render the benefit determination.

In the event your appeal is denied, the Plan Administrator will provide you with written notice setting forth the reasons for the denial, and a reference to the specific provisions of the Plan on which the determination is based. In addition, the written notice will provide a statement of your right to bring a civil action under Section 502(a) of ERISA following an adverse determination upon review.

Appeals may be submitted to the Plan Administrator at the following address:

Sutter Health Retirement Plan  
Claims and Appeals Management  
Dept. 04546  
PO Box 1407  
Lincolnshire, IL 60069-1407

## VII. YOUR RIGHTS UNDER ERISA

Sutter Health provides this Plan for its employees. The basic provisions of this Plan are described in this booklet. While your employer is not required to provide this Plan, because it does, you, as a participant, are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). This portion of the SPD summarizes these rights.

### A. Receive Information About Your Plan and Benefits

ERISA provides that all plan participants shall be entitled to:

- Examine, without charge, at the Plan Administrator's office, all documents governing the Plan, including a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the Plan, including a copy of the latest annual report (Form 5500 Series) and updated SPD. The Plan Administrator may make a reasonable charge for the copies.
- Receive a summary of the Plan's funding status every year. The Plan Administrator is required by law to furnish each participant with a copy of this annual funding report.
- Obtain a statement telling you whether you have a right to receive a pension benefit at your Normal Retirement Date, and, what your benefits would be at your Normal Retirement Date if you stopped working as of the date of the statement. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. The Plan must provide the statement free of charge.

### B. Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries.

No one, including your employer, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA.

### C. Enforce Your Rights

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.



If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a qualified domestic relations order, you may file suit in federal court. If the Plan fiduciaries misuse the Plan's money or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

D. Assistance With Your Questions

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, United States Department of Labor listed in your telephone directory, of the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, United States Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

## **Administrative Information**

Normally, the Sutter Health Pension Service Center should be able to help you resolve any question you might have about your rights to benefits. All Plan documents and other related information are available if you wish to study these materials.

The following information is provided to give you additional information about this Plan.

### **What is the name of the Plan?**

The name of the Plan is the Sutter Health Retirement Plan.

### **What are the Plan Identification Numbers?**

Two numbers identify each benefit plan covered by ERISA. One number is the Plan Sponsor's Employer Identification Number, which is assigned by the IRS. The other number is the Plan Number assigned by the sponsoring company. A list containing the Employer Identification Number for each of the sponsoring employers is available from the Plan Administrator.

Sutter Health Employer Identification Number: 94-2788907

Sutter Health Retirement Plan Plan Number: 333

### **What is the Plan Year?**

Financial records for this Plan are maintained on a calendar year basis, January 1 to December 31.

### **What is the effective date of the Plan?**

The effective date of the Sutter Health Retirement Plan was April 1, 1959. This Plan was amended to include cash balance provisions as of March 31, 2000; it was amended to include an enhanced cash balance design and new traditional pension design as of April 30, 2003. It was most recently amended on January 1, 2022. The effective date of the traditional pension design for you depends on when your employer adopted the traditional pension provisions. See Appendix B for a list of effective dates. See Appendix A for a list of affiliates that participate in the traditional pension design.

### **Who is the Plan Sponsor and Employer?**

The Plan Sponsor and Employer of the Sutter Health Retirement Plan is:

Sutter Health  
2200 River Plaza Drive  
Sacramento, CA 95833

### **Who is the Plan Administrator?**

Sutter Health is the Plan Administrator (or its authorized delegate). The Plan Administrator's address and telephone number are:

Sutter Health Retirement Plan  
c/o Total Rewards - Retirement  
2300 River Plaza Drive  
Sacramento, CA 95833

The third-party administrator for the Plan is Alight Solutions. You can contact Alight by calling 1-833-407-2687.

**Who is the Agent for Service of Legal Process?**

The designated agent for service of legal process is:

General Counsel  
Sutter Health  
2200 River Plaza Drive  
Sacramento, CA 95833

Process may also be served on the Plan Administrator.

**Who is the Plan Actuary?**

The actuary for the Plan is:

Willis Towers Watson  
345 California Street, Suite 2000  
San Francisco, CA 94104

**Who is the Plan Trustee?**

All Plan assets are held in a trust fund and managed by the Plan Trustee:

The Northern Trust Company  
50 South La Salle Street  
Chicago, IL 60603

The Plan and its trust fund exist for the exclusive benefit of participants and their beneficiaries.

## APPENDIX A Participating Affiliates

**A-1.** The following Sutter Health affiliates have adopted the Sutter Health Retirement Plan as of 7/1/2022:

### Sutter Health Bay Area

Alta Bates Summit Medical Center  
California Pacific Medical Center  
Eden Medical Center  
Health Ventures, Inc.  
Mills-Peninsula Medical Center  
Mission Bernal Women's Clinic  
Novato Community Hospital  
PAMF-Sutter Maternity & Surgery Center  
of Santa Cruz Division  
Sutter Delta Medical Center  
Sutter East Bay Medical Foundation  
Sutter Lakeside Hospital  
Sutter Pacific Medical Foundation  
Sutter Santa Rosa Regional Hospital

### Sutter Health Valley Area

Memorial Hospital Los Banos\*  
Memorial Medical Center\*  
Sutter Amador Hospital  
Sutter Auburn Faith Hospital  
Sutter Center for Psychiatry  
Sutter Davis Hospital  
Sutter Medical Center, Sacramento  
Sutter Medical Foundation Central  
Sutter Medical Foundation North  
Sutter Medical Foundation West  
Sutter Roseville Medical Center  
Sutter SeniorCare PACE  
Sutter Solano Medical Center  
Sutter Tracy Community Hospital  
Sutter Valley Hospitals Support Services

### Freestanding

Kāhi Mōhala  
Sutter Care at Home  
Sutter Coast Hospital  
Sutter Health Plan  
Sutter Health System Office  
Sutter Shared Lab  
Sutter Shared Services

*\*The Plan is frozen to new participants from Memorial Hospital Los Banos and Memorial Medical Center.*

**A-2.** The following Sutter Health affiliates participate in the traditional pension design as of 7/1/2022:

Sutter Health Bay Area

Alta Bates Summit Medical Center  
California Pacific Medical Center  
Eden Medical Center  
Mills-Peninsula Medical Center  
Novato Community Hospital  
Sutter Delta Medical Center  
Sutter Lakeside Hospital  
Sutter Santa Rosa Regional Hospital

Sutter Health Valley Area

Sutter Amador Hospital  
Sutter Auburn Faith Hospital  
Sutter Center for Psychiatry  
Sutter Roseville Medical Center  
Sutter Solano Medical Center  
Sutter Tracy Community Hospital

Freestanding

Sutter Coast Hospital

**A-3.** The following Sutter Health affiliates participate in the enhanced cash balance design as of 7/1/2022:

Sutter Health Bay Area

Alta Bates Summit Medical Center  
California Pacific Medical Center  
Eden Medical Center  
Mills-Peninsula Medical Center  
Mission Bernal Women's Clinic  
Novato Community Hospital  
PAMF – Sutter Maternity & Surgery Center  
of Santa Cruz Division  
Sutter Delta Medical Center  
Sutter Lakeside Hospital  
Sutter Santa Rosa Regional Hospital

Sutter Health Valley Area

Memorial Hospital Los Banos\*  
Memorial Medical Center\*  
Sutter Amador Hospital  
Sutter Auburn Faith Hospital  
Sutter Center for Psychiatry  
Sutter Davis Hospital  
Sutter Medical Center, Sacramento  
Sutter Medical Foundation Central  
Sutter Roseville Medical Center  
Sutter SeniorCare PACE  
Sutter Solano Medical Center  
Sutter Tracy Community Hospital  
Sutter Valley Hospitals Support Services

Freestanding

Sutter Coast Hospital  
Sutter Health Plan  
Sutter Health System Office, excluding the  
Utah Division  
Sutter Shared Lab  
Sutter Shared Services, excluding the Utah  
Division

**A-4.** The following Sutter Health affiliates participate in the original cash balance design as of 7/1/2022:

Health Ventures, Inc.  
Kāhi Mōhala  
Sutter Care at Home  
Sutter East Bay Medical Foundation

Sutter Medical Foundation North  
Sutter Medical Foundation West  
Sutter Pacific Medical Foundation

*\*The Plan is frozen to new participants from Memorial Hospital Los Banos and Memorial Medical Center.*

## **APPENDIX B**

### **Effective Date of Traditional Pension Provisions**

Sutter Health Retirement Plan: If you did not elect to receive benefits from the traditional pension design of the Sutter Health Retirement Plan by April 30, 2003, the enhanced cash balance design became effective for you as of April 30, 2003. If you transitioned from the traditional pension design to the enhanced cash balance design on January 1, 2022, the enhanced cash balance design became effective for you January 1, 2022.

Alta Bates Summit Medical Center: If you did not elect to receive benefits from the traditional pension design of the Sutter Health Retirement Plan by April 30, 2003, the enhanced cash balance design became effective for you as of April 30, 2003.

Eden Medical Center: If you did not elect to receive benefits from the traditional pension design of the Sutter Health Retirement Plan by April 30, 2003, the enhanced cash balance design became effective for you as of April 30, 2003.

Memorial Medical Center and Memorial Hospital Los Banos: If you did not elect to receive benefits from the traditional pension design of the Sutter Health Retirement Plan by April 30, 2003, the enhanced design of the Sutter Health Retirement Income Plan became effective for you as of April 30, 2003.

Sutter Lakeside Community Services: If you did not elect to receive benefits from the traditional pension design of the Sutter Health Retirement Plan by April 30, 2003, the enhanced cash balance design became effective for you as of April 30, 2003.

VNA of Santa Cruz: If you did not elect to receive benefits from the traditional pension design of the Sutter Health Retirement Plan by April 30, 2003, the enhanced cash balance design became effective for you as of April 30, 2003.

San Leandro Hospital: If you did not elect to receive benefits from the traditional pension design of the Sutter Health Retirement Plan by October 31, 2004, the enhanced cash balance design became effective for you as of October 31, 2004.

Sutter Medical Foundation Central: If you did not elect to receive benefits from the traditional pension design of the Sutter Health Retirement Plan by March 31, 2007, the enhanced cash balance design became effective for you as of March 31, 2007.

California Pacific Medical Center: If you were hired or rehired on or after January 1, 2010 and did not elect to receive benefits from the traditional pension design of the Sutter Health Retirement Plan by the date indicated on the election form, the enhanced cash balance design became effective for you on your hire or rehire date.

If you were eligible to participate on January 1, 2011 and if you did not elect to receive benefits from the traditional pension design of the Sutter Health Retirement Plan by March 31, 2011, the enhanced cash balance design became effective for you on March 31, 2011.

St. Luke's Health Care Center (now known as Mission Bernal Women's Clinic): If you were hired or rehired on or after January 1, 2010 and did not elect to receive benefits from the traditional pension design of the Sutter Health Retirement Plan by the date indicated on the election form, the enhanced cash balance design became effective for you on your hire or rehire date.

If you were eligible to participate on January 1, 2011 and if you did not elect to receive benefits from the traditional pension design of the Sutter Health Retirement Plan by March 31, 2011, the enhanced cash balance design became effective for you on March 31, 2011.

Sutter Health Plan: If you were hired on or after June 1, 2013 and did not elect to receive benefits from the traditional pension design of the Sutter Health Retirement Plan by the date indicated, the enhanced cash balance design became effective for you on your hire or rehire date.

Sutter Shared Lab, LLC.: If you were hired or rehired on or after May 8, 2016 and did not elect to receive benefits from the traditional pension design of the Sutter Health Retirement Plan by the date indicated, the enhanced cash balance design became effective for you on your hire or rehire date.

## **APPENDIX C**

### **Effective Date of Participation**

Sutter Health Retirement Plan: If you were an active employee of a participating affiliate on January 1, 2003, you were given the choice to receive benefits under the traditional pension design or the enhanced cash balance design. If you did not elect to receive benefits under the traditional pension design by April 30, 2003, the enhanced cash balance design became effective for you as of April 30, 2003. Benefit accruals for the 2003 Plan Year will include the compensation and hours you worked from January 1, 2003 through December 31, 2003.

Alta Bates Health System Retirement Plan: If you were eligible to participate on January 1, 2003, you were given the choice to receive benefits under the traditional pension design or the enhanced cash balance design. If you did not elect to receive benefits under the traditional pension design by April 30, 2003, the enhanced cash balance design became effective for you as of April 30, 2003. Benefit accruals for the 2003 Plan Year will include the compensation and hours you worked from January 1, 2003 through December 31, 2003.

Eden Medical Center Retirement Income Plan: If you were eligible to participate on January 1, 2003, you were given the choice to receive benefits under the traditional pension design or the enhanced cash balance design. If you did not elect to receive benefits under the traditional pension design by April 30, 2003, the enhanced cash balance design became effective for you as of April 30, 2003. Benefit accruals for the 2003 Plan Year will include the compensation and hours you worked from January 1, 2003 through December 31, 2003.

Memorial Medical Center and Memorial Hospital Los Banos: If you were eligible to participate on January 1, 2003, you were given the choice to receive benefits under the traditional pension design of the Sutter Health Retirement Plan or the enhanced design of the Sutter Health Retirement Income Plan. If you did not elect to receive benefits under the traditional pension design of the Sutter Health Retirement Plan by April 30, 2003, the enhanced design of the Sutter Health Retirement Income Plan became effective for you as of April 30, 2003. Benefit accruals for the 2003 Plan Year will include the compensation and hours you worked from January 1, 2003 through December 31, 2003.

Sutter Lakeside Community Services: If you were eligible to participate on January 1, 2003, you were given the choice to receive benefits under the traditional pension design or the enhanced cash balance design. If you did not elect to receive benefits under the traditional pension design by April 30, 2003, the enhanced cash balance design became effective for you as of April 30, 2003. Benefit accruals for the 2003 Plan Year will include the compensation and hours you worked from January 1, 2003 through December 31, 2003.

VNA of Santa Cruz (now Sutter Care at Home-Santa Cruz Division): If you were eligible to participate on January 1, 2003, you were given the choice to receive benefits under the traditional pension design or the enhanced cash balance design. If you did not elect to receive benefits under the traditional pension design by April 30, 2003, the enhanced cash balance design became effective for you as of April 30, 2003. Benefit accruals for the 2003 Plan Year included the compensation and hours you worked from January 1, 2003 through December 31, 2003.

San Leandro Hospital: If you were eligible to participate on the date of the merger of Eden Medical Center and San Leandro Hospital effective July 1, 2004, you were given the choice to receive benefits under the traditional pension design or the enhanced cash balance design. If you did not elect to receive benefits under the traditional pension design by October 31, 2004, the enhanced cash balance design became effective for you as of October 31, 2004. Benefit accruals for the 2004 Plan Year included the hours you worked from January 1, 2004 through December 31, 2004, and the compensation you earned from July 1, 2004 through December 31, 2004.



Sutter Medical Foundation Central: If you were eligible to participate on January 1, 2007, you were given the choice to receive benefits under the traditional pension design or the enhanced cash balance design. If you did not elect to receive benefits under the traditional pension design by March 31, 2007, the enhanced cash balance design became effective for you as of March 31, 2007. Benefit accruals for the 2007 Plan Year included the compensation and hours you worked from January 1, 2007 through December 31, 2007.

California Pacific Medical Center: If you were hired or rehired on or after January 1, 2010, you were given the choice to receive benefits under the traditional pension design or the enhanced cash balance design. If you did not elect to receive benefits under the traditional pension design by the date indicated, the enhanced cash balance design became effective for you as of your hire or rehire date.

If you were eligible to participate on January 1, 2011, you were given the choice to receive benefits under the traditional pension design or the enhanced cash balance design. If you did not elect to receive benefits under the traditional pension design by March 31, 2011, the enhanced cash balance design became effective for you as of March 31, 2011. Benefit accruals for the 2011 Plan Year included the compensation and hours you worked from January 1, 2011 through December 31, 2011.

St. Luke's Health Care Center (now known as Mission Bernal Women's Clinic): If you were hired or rehired on or after January 1, 2010, you were given the choice to receive benefits under the traditional pension design or the enhanced cash balance design. If you did not elect to receive benefits under the traditional pension design by the date indicated, the enhanced cash balance design became effective for you as of your hire or rehire date.

If you were eligible to participate on January 1, 2011, you were given the choice to receive benefits under the traditional pension design or the enhanced cash balance design. If you did not elect to receive benefits under the traditional pension design by March 31, 2011, the enhanced cash balance design became effective for you as of March 31, 2011. Benefit accruals for the 2011 Plan Year included the compensation and hours you worked from January 1, 2011 through December 31, 2011.

Sutter Health Plan: If you were hired or rehired on or after June 1, 2013, you were given a choice to receive benefits under the traditional pension design or the enhanced cash balance design. If you did not elect to receive benefits under the traditional pension design by the date indicated, the enhanced cash balance design became effective for you as of your hire or rehire date.

Sutter Shared Lab, LLC.: If you were hired or rehired on or after May 8, 2016, you were given the choice to receive benefits under the traditional pension design or the enhanced cash balance design. If you did not elect to receive benefits under the traditional pension design by the date indicated, the enhanced cash balance design became effective for you as of your hire or rehire date.

## APPENDIX D Eden Vesting Schedule

### What if I was a participant in the Eden Medical Center Retirement Income Plan on December 31, 2002?

If you were a participant in the Eden Medical Center Retirement Income Plan on December 31, 2002 or were an employee of Eden Medical Center on December 31, 2002, and were given the choice to receive benefits under one of the two designs in the Sutter Health Retirement Plan by April 30, 2003, and had at least two (2) Years of Service as of January 1, 2003, you will become vested gradually as indicated by the chart below if you chose the traditional pension design.

Beginning January 1, 2003, the time period used for counting your vesting was changed from your anniversary date to a calendar year January 1 through December 31. As a result, you may have received an additional year of Vesting Service on December 31, 2003.

Years of Service	Vested Percentage
Less than 2 years	0%
2 years	30%
3 years	40%
4 years	50%
5 or more years	100%

In addition, if you had three (3) or more Years of Service as of June 30, 2003 or were at least age 45 as of April 30, 2003, you were 50% vested. If you were at least age 50 on this date, you will be 75% vested, and if you were at least age 55 on this date, 100% vested.