ETAROS
ACTUARIAL SERVICES, LLC

August 11, 2018

To: Currently Employed Participants of the Singing River Health System Employees' Retirement Plan and Trust

Dear Plan participants,

I received an e-mail from an employed participant asking about the Return of Contributions option and I want to share the answer with everyone.

The question was:
What percentage or amount is being charged for the taking of one's funds instead of leaving them in the Plan?

It's a great question! But I apologize - the answer is not a short and simple one – because there is no flat percentage or amount of reduction in this case. The choice being offered is either to remain in the Plan in its current form or to receive a refund of ONLY your own employee contributions back with interest.

Currently, the Plan pays monthly benefits at retirement. The monthly benefits are paid from a fund that consists of employee money, money contributed by the hospital, and earnings on that money as it is invested. I also expect additional funds to be deposited soon according to the terms of the settlement assuming it is upheld once all of the litigation has ended.

What is being offered at the moment to employed participants is the option to receive a one-time – single lump sum - return of employee contributions with interest INSTEAD OF the retirement benefit offered by the Plan.

If you choose to stay in the Plan and you do NOT take this option, then the amount you, as a participant, may receive in total from the Plan depends on several factors:

1. When you retire. Retiring early may mean that monthly benefits are reduced, but are paid for a longer period of time. This makes the benefits more valuable in theory (this is not a "penalty" as it is sometimes referred to – it's actually a "subsidy")
2. What form of payment you choose. You have the option at retirement to choose to have your benefits paid over your own lifetime or the lifetime of both you and your spouse.
3. How long you live. Since the Plan pays lifetime benefits, the value of those benefits can be estimated using life expectancy tables – but in reality, your benefit depends on how long you (and perhaps your spouse) actually live.

4. Potential changes to benefits that may increase or decrease the monthly amounts in the future as a result of court orders.

The option to leave the Plan with ONLY your own money back is just that – an option. If you do not want to pursue this option and you want to remain in the Plan, that is absolutely your right. I expect the Plan to continue operating indefinitely and to continue paying monthly benefits. You are still entitled to a monthly benefit if you do not take this option.

Most people who choose this option will receive a lesser amount than the present value of their benefit. So you may not want to do this. However, the difference between the value of contributions versus the value of the monthly benefit is different for each person because of the factors described above. Each person's personal circumstances are unique and so all employed participants get to decide for themselves what is best for them. In other words – I cannot tell you how much more or less you may receive if you choose to do this. Not because it is a secret – but because I don't know – and no one currently knows – the answers to the four factors noted above.

Some participants will see an advantage in taking this option and some will not. It is entirely an individual choice and no one is obligated to take it.

If anyone has further questions about this option or about their benefits in the Plan, please contact me.

I am and will continue to be working for you.

Sincerely,

Traci M. Christian, EA, MAAA, FCA, MSPA
Special Fiduciary
Singing River Health System Employees' Retirement Plan and Trust